



# Harnessing Strengths

Report to Shareholders 2015

# Harnessing Strengths

*The Keppel Group harnesses and synergises the distinctive strengths of its multi businesses to capture opportunities arising from the global demand for energy, sustainable urbanisation and connectivity. Our strong culture and enduring values drive our people to strive for execution excellence and operational efficiency. With financial discipline and sharp focus on optimising returns, we will seize opportunities as well as innovate solutions and services to build a long-term and competitive position and capture sustainable returns for our stakeholders.*

## Vision

A global company at the forefront of our chosen industries, shaping the future for the benefit of all our stakeholders – Sustaining Growth, Empowering Lives and Nurturing Communities.

## Mission

Guided by our operating principles and core values, we will execute our businesses in Offshore & Marine, Property, Infrastructure and Investments profitably, safely and responsibly.

## Operating Principles

- 1 Best value propositions to customers.
- 2 Tapping and developing best talents from our global workforce.
- 3 Cultivating a spirit of innovation and enterprise.
- 4 Executing our projects well.
- 5 Being financially disciplined to earn best risk-adjusted returns.
- 6 Clarity of focus and operating within our core competence.
- 7 Being prepared for the future.

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# Key Figures for 2015

## Revenue

# \$10.3b

Decreased 22% from FY 2014's \$13.3 billion.

Revenue decreased due mainly to lower volume of work in the Offshore & Marine Division and lower revenue from the Infrastructure Division. This was partially offset by the Property Division's higher revenue from China.

## Return On Equity

# 14.2%

Decreased by 4.6 percentage points from FY 2014's 18.8%.

Return on Equity decreased due mainly to the decline in net profit and higher equity.

## Earnings Per Share

# \$0.84

Decreased 19% from FY 2014's \$1.04 per share.

There was no significant dilution in Earnings Per Share because no major capital call has been made since 1997.

## Net Asset Value Per Share

# \$6.13

Increased 7% from FY 2014's \$5.73 per share.

## Net Profit

# \$1,525m

Decreased 19% from FY 2014's \$1,885 million.

Net profit decreased due mainly to the Offshore & Marine and Infrastructure divisions, partially offset by higher contribution from the Property Division arising from lower non-controlling interest following the privatisation of Keppel Land Limited.

## Economic Value Added

# \$648m

Decreased \$1,130 million from FY 2014's \$1,778 million.

Economic Value Added was lower due mainly to lower net operating profit after tax.

## Cash Dividend Per Share

# 34.0cts

Decreased 29% from FY 2014's cash dividend of 48.0 cents per share.

Total distribution for 2015 will comprise a final proposed cash dividend of 22.0 cents per share and an interim cash dividend of 12.0 cents per share.

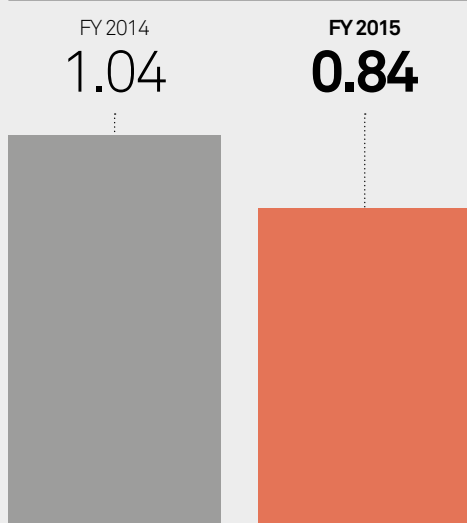
## Net Gearing Ratio

# 0.53x

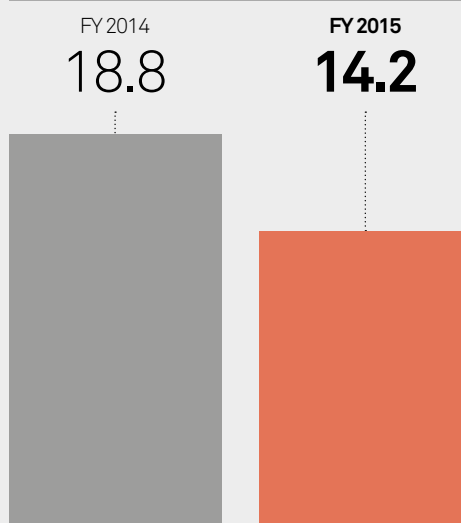
Increased from FY 2014's net gearing of 0.11x.

## Group Financial Highlights

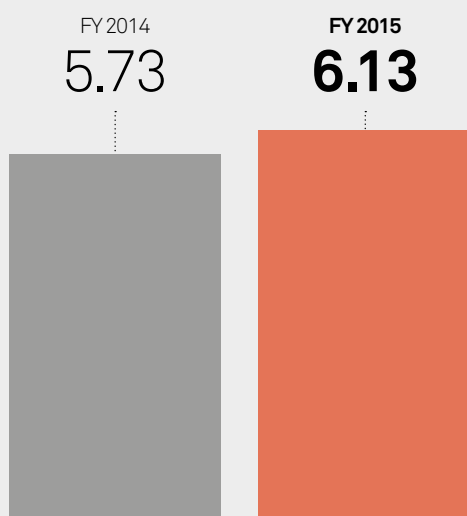
Earnings Per Share (\$)



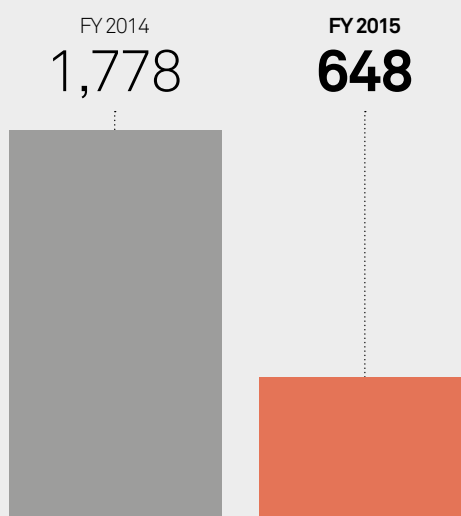
Return On Equity (%)



Net Asset Value Per Share (\$)



Economic Value Added (\$ million)



## Group Financial Highlights

## Group Quarterly Results (\$ million)

	2015					2014				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Revenue	2,814	2,563	2,440	2,479	10,296	2,996	3,177	3,185	3,925	13,283
EBITDA	464	479	425	366	1,734	478	533	632	996	2,639
Operating profit	398	414	371	331	1,514	415	467	565	926	2,373
Profit before tax	455	498	470	574	1,997	492	593	642	1,162	2,889
Attributable profit	360	397	363	405	1,525	339	406	414	726	1,885
Earnings per share (cents)	19.8	21.9	20.0	22.3	84.0	18.7	22.3	22.9	39.9	103.8

	2015	2014	% Change
<b>For the year (\$ million)</b>			
Revenue	10,296	13,283	-22%
Profit			
EBITDA	1,734	2,639	-34%
Operating	1,514	2,373	-36%
Before tax	1,997	2,889	-31%
Net profit	1,525	1,885	-19%
Operating cash flow	(705)	5	n.m.
Free cash flow*	(694)	729	n.m.
Economic Value Added	648	1,778	-64%
<b>Per share</b>			
Earnings (\$)	0.84	1.04	-19%
Net assets (\$)	6.13	5.73	+7%
Net tangible assets (\$)	6.07	5.67	+7%
<b>At year-end (\$ million)</b>			
Shareholders' funds	11,096	10,381	+7%
Non-controlling interests	830	4,347	-81%
Capital employed	11,926	14,728	-19%
Net debt	6,366	1,647	+287%
Net gearing ratio (times)	0.53	0.11	n.m.
<b>Return on shareholders' funds (%)</b>			
Profit before tax	17.7	22.4	-21%
Net profit	14.2	18.8	-24%
<b>Shareholders' value</b>			
Distribution (cents per share)			
Interim dividend	12.0	12.0	-
Final dividend	22.0	36.0	-39%
Total distribution	34.0	48.0	-29%
Share price (\$)	6.51	8.85	-26%
Total Shareholder Return (%)	(22.3)	(17.8)	n.m.

n.m. = not meaningful

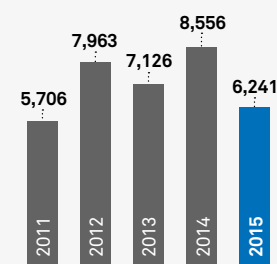
\* Free cash flow excludes expansionary acquisitions and capex, and major divestments.

## Group at a Glance

### Offshore & Marine

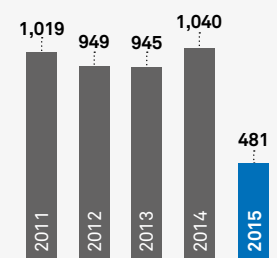
Revenue (\$ million)

**\$6,241m**



Net Profit (\$ million)

**\$481m**



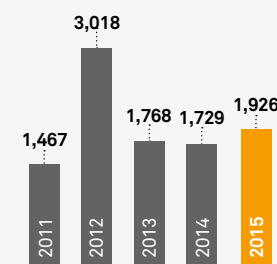
#### Focus For 2016/2017

- 1 Execute existing backlog of orders on time and on budget.
- 2 Continue to rightsize operations in tandem with workload requirements.
- 3 Invest prudently in R&D, productivity and core competencies for long-term growth.

### Property

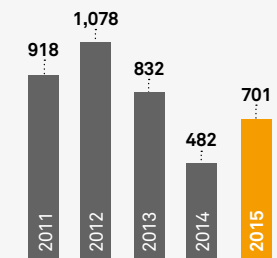
Revenue (\$ million)

**\$1,926m**



Net Profit (\$ million)

**\$701m**



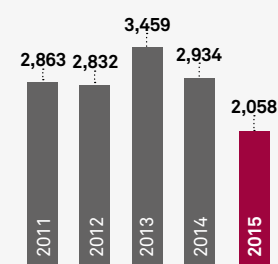
#### Focus For 2016/2017

- 1 Invest strategically and opportunistically in developed and emerging markets, in new and existing platforms, projects and properties.
- 2 Tap demand in China and Vietnam with over 14,000 launch-ready homes over the next few years.
- 3 Actively scale up commercial presence and leverage retail management capability to build new growth platforms.
- 4 Monetise assets strategically to recycle capital and achieve good returns.

### Infrastructure

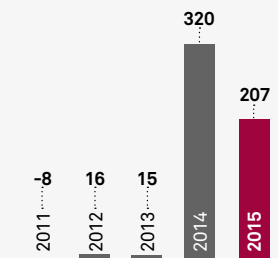
Revenue (\$ million)

**\$2,058m**



Net Profit (\$ million)

**\$207m**



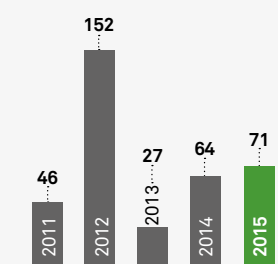
#### Focus For 2016/2017

- 1 Continue seeking out value-enhancing projects, leveraging the Division's project development, engineering, operations and maintenance expertise.
- 2 Improve operational efficiencies by harnessing the strengths of an integrated gas and power business platform.
- 3 Continue building up a portfolio of quality data centres and providing higher value services to customers.
- 4 Enhance capability to deliver high-value, efficient logistics services in Asia Pacific.

### Investments

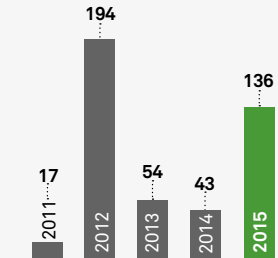
Revenue (\$ million)

**\$71m**



Net Profit (\$ million)

**\$136m**



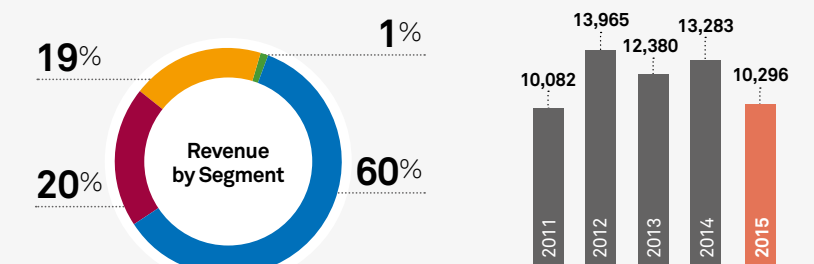
#### Focus For 2016/2017

- 1 Keppel Capital will focus on integrating and growing the Group's asset management platform.
- 2 k1 Ventures will focus on managing existing investments to drive shareholder value and distribute excess cash when investments are monetised.
- 3 M1 will focus on enhancing customer experience to maintain its market position.
- 4 KrisEnergy will focus on maintaining production and maximising efficiencies.

### Keppel Corporation

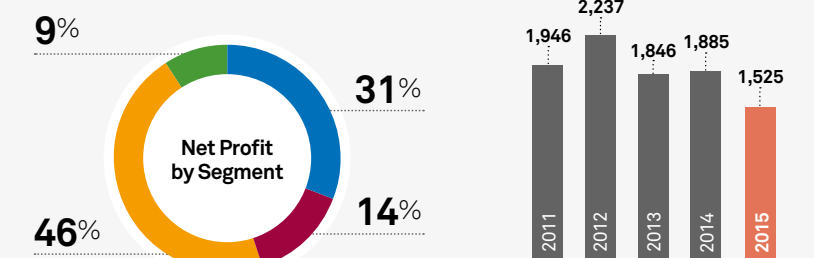
Revenue (\$ million)

**\$10,296m**



Net Profit (\$ million)

**\$1,525m**



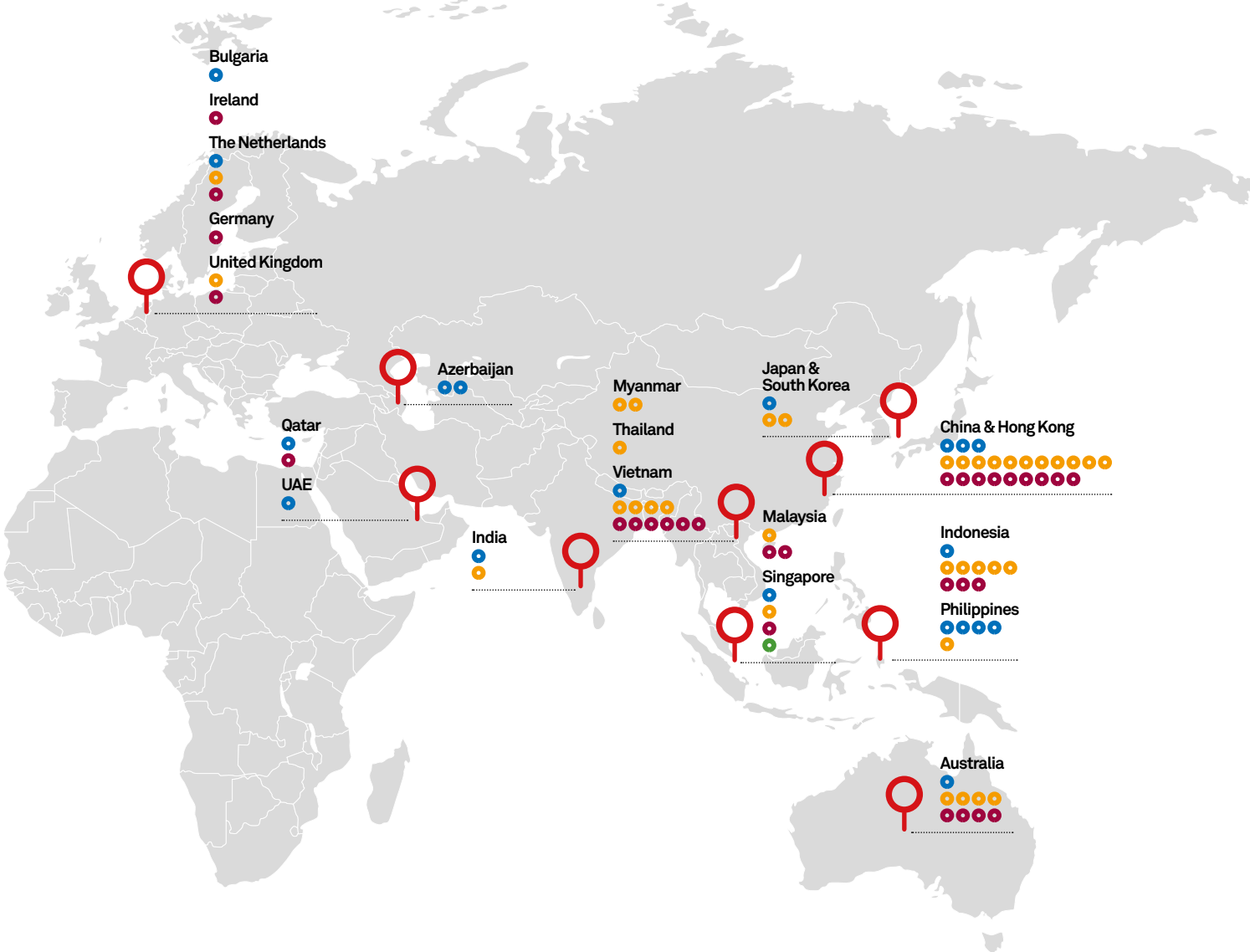
#### Focus For 2016/2017

- 1 Stay focused on the multi-business model, harnessing the Group's core strengths to achieve its financial, people, stakeholder and process goals.
- 2 Sharpen execution through constant improvements in safety, productivity and efficiency.
- 3 Invest continuously in R&D and innovation to provide customers with the best value proposition and cultivate a spirit of enterprise.
- 4 Bolster bench strength through talent management and succession planning.
- 5 Enhance collaboration across business verticals to create synergy.
- 6 Maintain strong financial discipline and deploy capital astutely to seize opportunities for the best risk-adjusted returns.

# Keppel Around the World

We leverage our global network to create sustainable growth and value.

- Offshore & Marine
- Property
- Infrastructure
- Investments



Total FY 2015 Revenue

\$10,296m

Group revenue was 22% lower than in FY 2014.

North America

\$1,449m

South America

\$1,009m

Singapore

\$2,980m

China & Hong Kong

\$1,479m

Rest of the World

\$820m

Europe

\$1,903m

Middle East

\$358m

Japan & South Korea

\$222m

Australia

\$76m

\* The figures are based on the geographic locations of the Keppel Group's customers.

# Chairman's Statement

**Lee Boon Yang**  
Chairman

*Against a challenging backdrop, Keppel performed creditably, demonstrating how our multi-business strategy stands Keppel in good stead during testing times.*

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## Key Developments in 2015

- The privatisation of Keppel Land fully aligned the interests of our Property Division with the Group, providing a strong pillar for earnings.
- Keppel Infrastructure Trust was successfully combined with CitySpring Infrastructure Trust and 51% of Keppel Merlimau Cogen was injected into the enlarged trust.
- Keppel Offshore & Marine is in the process of acquiring the LETOURNEAU™ rig designs and aftermarket business to further broaden our suite of solutions.





*We are committed to strengthen and transform the Company into a global best-in-class conglomerate at the forefront of our chosen industries.*

### Dear Shareholders,

2015 was a very eventful year for Singapore. We celebrated SG50 to mark fifty successful years as a nation, built on foundations laid by the pioneer generation. We marked the passing of our Founding Prime Minister Mr Lee Kuan Yew. We had a General Election which saw the government return with a resounding mandate thus renewing confidence in Singapore's further growth and vitality for the future.

It was also a challenging year for businesses buffeted by international financial volatility and slowing growth in emerging markets including China. At the same time, violent acts of terrorism and pockets of geopolitical tension continue to threaten the already vulnerable global economy.

The continuing mismatch between supply and demand for oil had also depressed oil prices, to below US\$30 per barrel at the start of 2016. The sharp fall in oil price has had significant repercussions not just on the oil and gas industry, but the international economy.

### Resilient Conglomerate

Against this challenging backdrop, Keppel performed creditably, demonstrating how our multi-business strategy stands Keppel in good stead during testing times.

For the whole of 2015, we achieved a net profit of about \$1.53 billion, albeit down 19% from \$1.89 billion in 2014. Higher contributions from Property and Investments were offset by lower profits from Offshore & Marine and Infrastructure, which included the provisions for the Sete Brasil projects and Doha North Sewage Treatment Works, as well as lower income from the power and gas business and the absence of gains from data centre assets which were divested in 2014 to Keppel DC REIT.

The Group generated positive Economic Value Added of \$648 million in 2015, while our Return on Equity (ROE) was 14.2%. Taking into account the Group's performance as well as the Company's needs for future growth, the Board is pleased to propose a final dividend of 22 cents per share. Together with the interim cash dividend of 12 cents per share, this brings the full year cash dividend to 34 cents per share for 2015.

### Strategic Moves

One of Keppel's key strengths as a multi-business conglomerate with a strong balance sheet is our access to capital and ability

to invest during tough times when opportunities present themselves.

We are committed to strengthen and transform the Company into a global best-in-class conglomerate at the forefront of our chosen industries. We have simplified our corporate structure, and will be sharpening our business model, recycling capital to seek the best possible returns, and promoting innovation, collaboration and synergy across the Group's businesses.

The privatisation of Keppel Land in 2015 was a strategic move that has fully aligned the interests of our Property Division with the Group. It was immediately accretive and is providing a strong pillar for earnings and long-term value creation, with the Property Division contributing 46% of the Group's net profit in 2015.

The full ownership of this Division has strengthened our ability to rightsize the balance sheet of our property business to capture opportunities, recycle capital and allocate resources across the Group for optimal returns and deliver on our multi-business strategy.

In January 2016, in a major restructuring exercise to grow the contribution from our Investments Division, Keppel Corporation announced plans to consolidate our interests in business trust management, real estate investment trust management and fund management businesses (collectively, Asset Management) under the wholly-owned subsidiary Keppel Capital Holdings Pte Ltd (Keppel Capital).

Keppel's Asset Management businesses currently manage \$26 billion of quality assets and contributed about \$60 million of profits in 2015.

The consolidation under Keppel Capital is also part of our transformation strategy. We plan to grow our assets under management and expand our capital platform for co-investing. Creating and developing high quality real estate and infrastructure assets, as well as stabilising and monetising them to generate strong cash flow and recurring income are integral parts of Keppel's business. Subject to obtaining the relevant approvals, we aim to complete the proposed consolidation by the second half of 2016.

### Offshore & Marine

With oil price plunging to its lowest in more than a decade, oil companies have cut back

## Chairman's Statement

### Net Profit

**\$1.53b**

of which the Property Division contributed 46% to the Group's net profit.

spending on exploration and production, and several drilling contractors have scaled back their fleet renewal and expansion plans. As a global leader in offshore and marine, Keppel is not spared from the storm hitting the industry.

In Brazil, a key customer base, political and economic challenges as well as the Lava Jato scandal continue to erode confidence. After our customer Sete Brasil ceased payments over a year ago, Keppel had proactively taken steps to mitigate our exposure by slowing the construction of their rigs.

By the end of 2015, we stopped construction altogether and will not resume work until we receive further payments.

We await further clarity on the situation as the Sete Brasil board mulls over the future plans for the company. In prudence, we have made a provision of about \$230 million for the Sete Brasil projects, after assessing the status of the construction progress, payments received, amounts due to vendors and other factors.

Notwithstanding the challenges we currently face, Keppel remains positive about the long-term fundamentals of the offshore and marine industry. Despite the increasing focus on renewable energy, we believe fossil fuels will continue to account for the lion's share of global energy demand in the foreseeable

future. We expect oil price to eventually reach a sustainable equilibrium, driven by, among others, continuing demand for energy from a rising middle class and the increasing urbanisation in developing countries.

With our extensive suite of offshore and marine solutions and continuous investment in R&D, Keppel Offshore & Marine is able to serve a wide spectrum of customers in both drilling and non-drilling markets, who continue to require various solutions, be it for oil production, subsea construction, or offshore liquefaction. In 2015, we secured orders amounting to about \$1.8 billion. Of Keppel O&M's current \$9.0 billion net orderbook, non-drilling solutions make up more than a third.

To deal with the downturn, we are keeping our overheads under control and rightsizing our operations and resources. Our network of yards and large pool of contract workers give us considerable flexibility in workforce deployment.

Even as we work at reducing costs and optimising current operations, we are still investing prudently in R&D, as well as improving our productivity and core competencies. For instance, Keppel O&M is in the process of acquiring the LETOURNEAU™ rig designs and aftermarket business to broaden our suite of jackup rig design solutions and aftermarket sales and services.



**01** *The world's first-of-its-kind FLNG Vessel conversion project, the Hilli, undertaken by Keppel Shipyard for its customer Golar LNG, is progressing on schedule and on budget.*

In 2015, a new design and technology arm, Gas Technology Development, was set up to sharpen our efforts in developing solutions for Liquefied Natural Gas (LNG) markets. This includes the development of a suite of products with LNG applications as well as designs for LNG support vessels and LNG systems for vessels.

In January 2016, Keppel O&M and the BG Group (now part of Royal Dutch Shell) won a joint bid to supply LNG bunker to vessels in the Port of Singapore. The move is in line with Keppel's strategy to provide solutions for the global LNG market.

As the shipping industry's demand for green solutions continues to rise, we will also be able to help meet the needs for sustainable shipping with our growing LNG solutions, such as tug designs with dual-fuel diesel LNG engines and the retrofitting of vessel engines to run on LNG.

### Property

Our Property Division performed well in 2015, despite headwinds. In Singapore, with the property market cooling measures remaining in force, the residential market continued to be subdued. However, this was offset by the improved sales of homes in other key cities in Asia.

In 2015, Keppel Land sold about 4,570 homes, almost double the units taken up in 2014. About 72% of these were sold in China and another 20% in Vietnam. Despite media reports of an oversupplied property market in China, Keppel's experience has been positive in the cities where we operate. We sold 3,280 homes in the country, as compared to some 1,900 units in 2014.

China's easing of monetary measures has improved market sentiments and housing demand. Given real estate's status as a pillar industry of the economy, we believe the Chinese government

will provide the necessary support for the sector, and maintain stable and sustainable growth in the property market over the long term.

Vietnam, our second largest overseas residential market after China, has recovered after almost five years of housing slump. With the country's strong GDP growth, growing middle class and low interest rate, we expect the upward momentum in the residential market to continue.

Keppel Land seized opportunities to recycle capital from its property assets in line with the Group's focus on higher returns, including for example, the sale of BG Junction in Surabaya, Indonesia. We also invested some \$615 million in a residential site in West Jakarta, an office building in London, and a joint venture for a prime residential development in Chengdu with partner China Vanke.

Continued economic development as well as a rising middle-class population will fuel demand for quality homes and prime commercial space in Asia. Keppel Land will continue to tap demand in property markets across Asia with about 20,000 launch-ready homes in its portfolio, mostly in China. At the same time, Keppel Land is actively developing its portfolio of commercial properties which has increased to about 840,000 square metres of gross floor area.

In the property fund management business, total assets under management by Keppel REIT and Alpha Investment Partners have increased 10% from \$18.7 billion as at end-2014 to \$20.5 billion as at end-2015.

In 2015, Keppel REIT completed its acquisition of three prime retail units at 8 Exhibition Street in Melbourne and in early 2016, it divested its 100% interest in 77 King Street in Sydney, Australia, for A\$160 million, resulting in a gain of approximately A\$28 million.

Meanwhile, Alpha's Asia Macro Trends Fund II has invested in three prime office properties with City Development. With the success of the first two Asia Macro Trends Funds, it is embarking on its third such fund.

Our asset management businesses will continue to feature strongly in the Group's capital recycling strategy and provide stable income streams over the longer term.

### Infrastructure

Over the past year, developments in our Infrastructure Division demonstrate our continuing plans to grow this third business vertical.

We achieved significant milestones for our Engineering, Procurement and Construction (EPC) projects in 2015. In the first half of the year, Keppel Seghers handed over Phases 1 and 2 of the Greater Manchester Energy-from-Waste facility in the UK to the client. We closed the year with Keppel Seghers achieving a substantial handover of the Doha North Sewage Treatment Works in Qatar to the client. At the same time, Keppel Seghers also commenced the operations and maintenance phase of the contract for its liquids stream, solids thickening and dewatering facilities for 10 years.

Over in Poland, Keppel Seghers handed over, on schedule and on budget, the Bialystok waste-to-energy combined heat and power project to the client, Bialystok's municipal solid waste management company, on 31 December 2015.

With the weight of the EPC projects off our shoulders, our team can now focus on building Keppel Infrastructure into a stable contributor to the Group's bottom line, pursuing growth opportunities in areas such as gas-to-power and waste-to-energy, both in Singapore and overseas.



## Chairman's Statement



01

Our data centre and logistics businesses under Keppel Telecommunications & Transportation (Keppel T&T) are also making good progress. Keppel T&T embarked on its fourth data centre development in Singapore. In October, Keppel T&T opened Almere Data Centre 2, its first greenfield data centre in Europe. Meanwhile, our T27 data centre in Tampines, which is more than 80% occupied, is on track for injection into Keppel DC REIT. In Logistics, Keppel T&T commenced operations at its Tampines Logistics Hub in Singapore and a distribution centre in Vietnam.

Keppel DC REIT, Asia's first data centre REIT to be listed on the Singapore Exchange, was active in its first year of operations. It acquired Intellicentre 2 in Australia and maincubes Data Centre in Germany, adding to its portfolio of high-quality data centres across Asia Pacific and Europe, which amounted to over \$1 billion of assets under management.

Another major milestone was the combination of Keppel Infrastructure Trust (KIT) with CitySpring Infrastructure Trust.

During the year, Keppel Infrastructure injected 51% of Keppel Merlimau Cogen (KMC), which owns the 1,300-MW power plant on Jurong Island, into the enlarged KIT, as part of its efforts to unlock value from matured assets in its portfolio. The enlarged trust, with the inclusion of KMC, is Singapore's largest listed infrastructure business trust with total assets of over \$4 billion.

### Commitment to Sustainability

In 2015, a historic agreement was reached at COP21 in Paris, with the commitment by 195 nations to reduce emissions and work at keeping global warming to below 2 degrees. While governments around the world will come up with their respective national contributions and measures to achieve these targets, it will take the will and support of all sectors of society to combat climate change effectively.

As a conglomerate operating globally, Keppel places sustainability at the heart of our corporate strategy and operations, so as to create enduring value for all our stakeholders – sustaining growth, empowering lives

and nurturing communities. Sustainability is a key factor in underpinning Keppel's long-term competitiveness, and we will work with our stakeholders to create a more sustainable future.

Reflecting our strong commitment to sustainable development, Keppel Corporation earned a place amongst the prestigious Global 100 Most Sustainable Corporations in the World 2016, ranking at the top of the Industrial Conglomerates category and 55th worldwide. We are also listed as an index component of the Dow Jones Sustainability Indices (DJSI) Asia Pacific Index, the MSCI Global Sustainability Index and the Euronext Vigeo World 120 Index. The Company recently won the Singapore Sustainable Business Awards for Strategy and Sustainability Management.

Keppelites are our most important asset, and Keppel is committed to providing multiple pathways to success for those who will rise to the challenge across geographies, industries and functions. During the year, the Company invested \$14.2 million in the training and development of its employees.

**01** Keppel Land will continue to unlock value and recycle capital to generate better returns for the Group.

*Keppel is committed to providing multiple pathways to success for those who will rise to the challenge across geographies, industries and functions.*

In April 2015, we opened the Keppel Leadership Institute, whose vision is developing global leaders who exemplify Keppel's core values to grow sustainable businesses and touch lives. Since its opening, the Institute has provided a spectrum of enriching courses and events as well as collaborative spaces for thousands of Keppelites from Singapore and overseas.

Safety, our core value, will always be first priority. Our Board Safety Committee, established in 2006, continues its relentless efforts to build a strong safety culture in the Group. In spite of our safety focus, sadly, we suffered four fatalities in 2015. We are deeply saddened by the loss of our colleagues. We have investigated these incidents thoroughly and rigorously, and instituted measures to prevent any recurrence.

Our commitment to sustainability extends to our communities. Shaping the future of our communities, the Keppel Centre for Art Education at the National Gallery Singapore was opened in November 2015. As a Founding Patron of the Gallery, we committed \$12 million to establish the Centre, which is set to benefit some 250,000 children, youths and families a year, nurturing generations of creative and critical thinkers through art education.

In the past year, Keppel Volunteers continued to support Keppel Care Foundation through engaging and caring for our beneficiaries through a variety of activities promoting education and wellness. On top of the existing programmes, Keppel Volunteers aims to further engage our middle management and senior staff by tapping their experience and expertise for skills-based volunteering. This initiative will not only enhance the management skills of our charities but also make every sponsored dollar go the extra mile for our beneficiaries.

To communicate its sustainability strategy, practices and performance, Keppel Corporation produces an annual Sustainability Report in accordance with Global Reporting Initiative guidelines and Singapore Exchange's Guide to Sustainability Reporting for Listed Companies.

Our Sustainability Report is validated in accordance with the DNV GL Protocol for Verification of Sustainability Reporting, which draws on AccountAbility's AA1000 Assurance Standard 2008 and the International Standard on Assurance Engagements 3000 by the International Federation of Accountants.

We will be publishing Keppel Corporation's sixth sustainability report, which discusses the economic, environmental and social aspects of our activities and initiatives. Highlights of our sustainability efforts are outlined in this Annual Report.

### Acknowledgements

On behalf of the Board, I would like to express my deep appreciation to Mr Tony Chew, who retired from the Board in May 2015 after 13 years of distinguished service. The Keppel Group benefited from his extensive business experience, wisdom and entrepreneurial spirit. Tony was Lead Independent Director from 2006 to 2009, and had served as Chairman of the Nominating Committee from 2009 to 2015.

We are pleased to welcome Ms Veronica Eng as Independent Director on the Board. Ms Eng comes to Keppel with extensive and in-depth knowledge and experience in capital management, investment, value creation and risk management. She will contribute to the Board's efforts to guide Management to achieve better performance for the Group.

The business environment that we operate in is changing rapidly. Amidst the challenging economic landscape, the Board and Management will continue to build on the Company's business model and push ahead with our transformative efforts.

I would like to thank my fellow directors for their invaluable advice, guidance and commitment to steer Keppel safely through the troubled waters. I also thank our many partners and stakeholders for their unwavering confidence in Keppel. Last but not least, I commend Keppelites worldwide for their dedication and drive, which enable the Keppel Group to turn adversity to advantage and emerge stronger than before.

Yours sincerely,



**Lee Boon Yang**  
Chairman  
2 March 2016



# Harnessing Strengths

Leadership

Governance

Capital

Acumen

Scalability

Synergy

*We will leverage and enhance strengths intrinsic in our different businesses, promote collaboration and harness human, knowledge and financial capital across the Group to forge sustainable growth for Keppel.*

## Leadership

*Keppel aims to build strong and leading businesses, recognised for world-class quality, innovation and execution excellence.*

We have chosen to be in the businesses where we can become frontrunners and create the most value. Our distinctive blend of businesses provides innovative and sustainable solutions to address the world's needs for energy, connectivity and clean urban living environments.



## Governance

*Our businesses are underpinned by Keppel's core value of integrity which drives corporate governance from the highest level.*

We believe that a genuine commitment to good corporate governance is essential to the sustainability of our businesses and performance. We will continue to maintain strong Board independence and oversight, as well as steadfast commitment in ensuring that good business ethics are practised across the Group.

## Capital

*Building resilience, Keppel exercises prudent capital allocation and disciplined financial management, with a focus on returns.*

Through good or challenging times, we keep vigilance on our gearing and cash flows, maintaining an institutional quality balance sheet. We are focused on improving productivity, as well as making our assets work harder and recycling them at the right time for the best returns.



## Acumen

*Keppel's key strengths as a conglomerate include access to capital and the ability to make timely investments for future growth.*

With keen market and industry knowledge, Keppel is agile to seize opportunities, innovating and integrating solutions to tap strategic megatrends. By investing in our people, processes and technology, we can create and capture value in every aspect of our businesses.

## Scalability

*With our key verticals shaping up strongly, Keppel can better harness the Group's core strengths to capture growth opportunities.*

We have built a robust ecosystem for recycling assets created by our business verticals to support long-term growth and value creation. We will also tap like-minded co-investors to expand our capital base, equipping the Group with even greater financial capacity to grow.



## Synergy

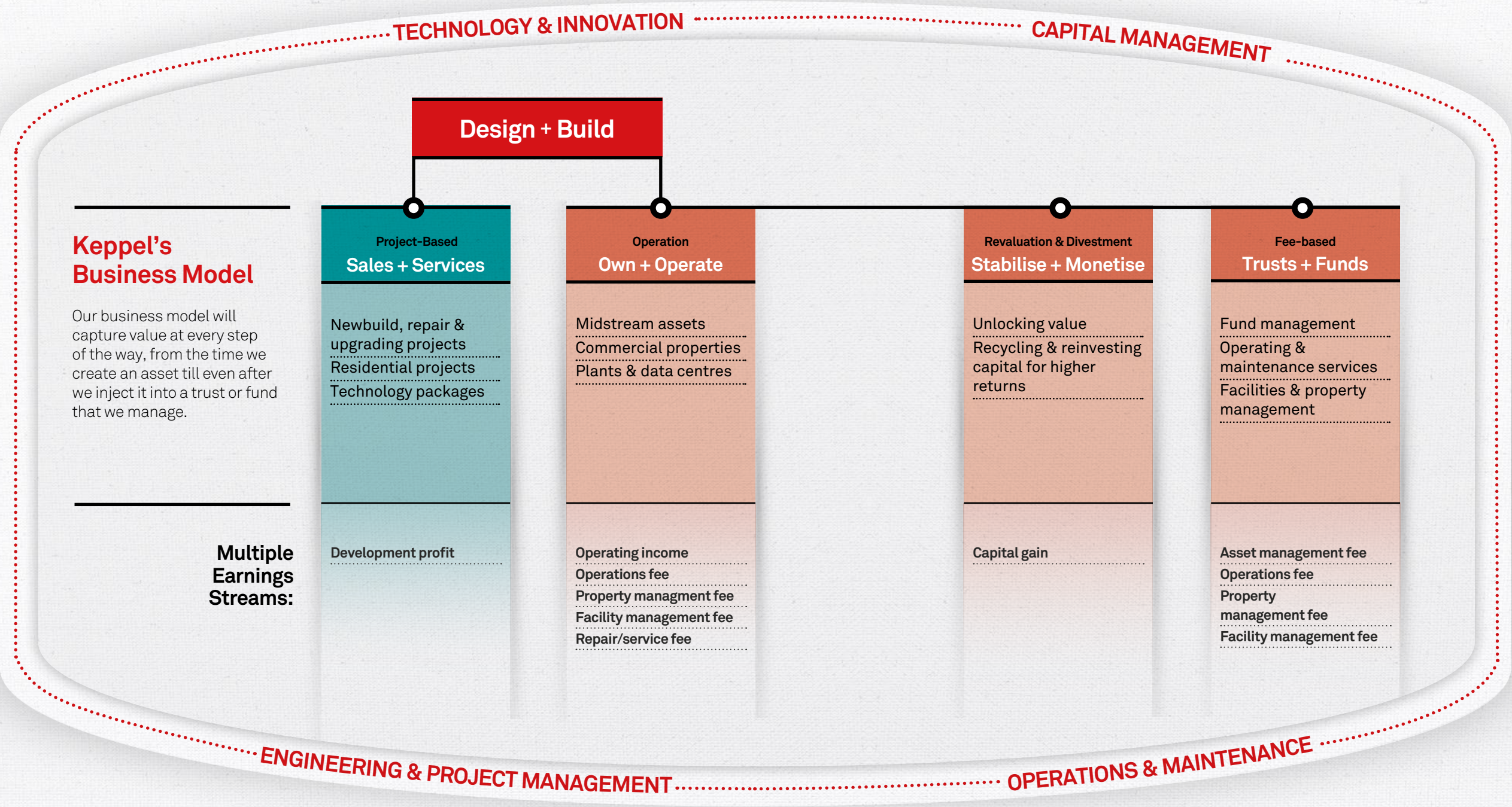
*Our multi-business model draws on complementary strengths of our verticals, extracting synergies and tapping opportunities to create greater value.*

We seek to generate synergy and accelerate growth by "hunting as a pack" and exploring new avenues for collaboration across our businesses, capitalising on our wealth of industry knowledge, expertise and networks. We are well-placed to reap economies of scale and share best practices across the Group.



# Creating Sustainable Value

Keppel is building on a robust ecosystem to create and capture greater value from all businesses of the Group, leveraging its core competencies in Technology & Innovation, Engineering & Project Management, Operations & Maintenance and Capital Management.



## A Robust Ecosystem that

- harnesses collective strengths and expertise for growth
- enhances operational resilience and agility
- sharpens competitive advantage
- enables effective capital recycling for the best returns
- improves quality and stability of earnings across business cycles



## Interview with the CEO

**Loh Chin Hua**  
CEO

*The market has yet to fully recognise Keppel's merits as a conglomerate. We have a set of unique strengths and potential synergies which can be harnessed across the Group.*



*Keppel is fighting-fit and prepared to weather the volatile conditions, drawing on our collective strengths and hunting as a pack. We have, over the past two years, streamlined and restructured our key business verticals thoughtfully, sharpening focus, building resilience and growing our competitive advantage.*

*We are staying the course on a multi-business strategy, which has steadied the Group reliably through many a cyclical downturn. Creating and capturing higher value from all parts of Keppel, we will drive collaboration across verticals for synergy and recycle capital for the best possible returns.*

*Mr Loh Chin Hua, CEO of Keppel Corporation discusses how the Group is adapting to meet the challenges and transforming itself for the future.*



Q

**The low oil price environment has taken a toll on Keppel. Are there any aspects of the Company that investors need to give more consideration to in the current climate?**

*With access to capital and the ability to invest when times are tough, we will use this period to prudently sow into strategic areas and build new muscles to ride the upturn.*

A

Keppel is more than just an Offshore & Marine company. Our results in 2015 would have been much weaker had we been so. We are a multi-business group, and our strategy takes into consideration the different cycles of our businesses.

As we have shown, business cycles do attenuate in a diversified conglomerate such as Keppel. In spite of strong headwinds, as a Group, we made about \$1.53 billion in profits for FY 2015 due to higher contributions from the Property and Investments divisions cushioning the impact of weaker earnings from Offshore & Marine.

These are creditable results, which point to how a sound and well-executed multi-business strategy can steady a ship in rough waters.

Of course, we want our engines firing on all cylinders. But even when we go through turbulence and one of the engines slows down, the other engines would be able to pick up the pace.

I believe that the market has yet to fully recognise Keppel's merits as a conglomerate; that we have a set of unique strengths and potential synergies which can be harnessed, particularly through the cross-pollination of our business units.

The resilience and strength of Keppel should not be overlooked in the current environment. As a conglomerate, with access to capital and the ability to invest when times are tough, we will use this period to prudently sow into strategic areas and build new muscles to ride the upturn.

## Interview with the CEO

**Q**

***The offshore and marine industry is slipping deeper into the doldrums, with deflated oil prices, the crisis in Brazil and more project delays and possible cancellation risks. How will Keppel weather the long winter?***

**A**

We are entering into the offshore industry downturn on a firm footing, anchored by our multi-business strategy. As distance tests a horse's strength, so are we confident of riding out the turbulence and emerging stronger, like how we have done so over the past 48 years.

In spite of the challenges, Keppel Offshore & Marine (Keppel O&M) is still doing well, and had contributed \$481 million or to a third of the Group's income for the whole of 2015. Excluding the \$230 million provision made for its projects with Sete Brasil, Keppel O&M's underlying operating margins would have been 17.1% for 4Q 2015 and 13.4% for FY 2015. These are very respectable results, and they attest to the robustness of our core Offshore & Marine operations.

We know that this is a cyclical business. And even when times were better, we had been careful not to over-invest in growing our capacities. Our prudence has served us well.

However, we need to continue adapting ourselves to weather the present storm. The adjustment process is not simple, and we have to take a pragmatic approach to restructuring. Keppel O&M is keeping vigilant and rightsizing its operations to ensure that it keeps its overheads under control. In 2015,

Keppel O&M's overall direct staff strength came down by about 17% or about 6,000 positions, while its subcontract workforce in Singapore was lowered by 24% or about 7,900 positions. Manpower had also been redeployed from offshore to marine operations where resources are needed to manage a steady stream of repair and conversion projects.

After carefully assessing the situation in Brazil, we had stopped work on our semisubmersible projects for Sete Brasil by the end of 2015. We had also made a provision of \$230 million for them, taking into account our construction progress, payments received and what is due from the customer and to our vendors, amongst other areas. This provision had been reviewed and approved by our Board and auditors. We think that it is appropriate and adequate for now, until there is more clarity on the situation and options available.

While some of our customers may have delayed their rig deliveries, the cancellation risks are not likely to be great as we have been disciplined in taking on quality contracts with sound pricing and payment terms. We will continue to work hand-in-glove with our customers, ensuring that we execute and deliver quality projects to their satisfaction.

**Q**

***Working capital needs should increase as more of your customers defer their rig deliveries. Are you concerned about the Group's gearing, and what are you doing to keep it at a reasonable level?***

**A**

Amidst the current challenges, we are keeping a watchful eye on our gearing and cash flows, exercising financial discipline to maintain an institutional quality balance sheet.

We will continue to execute our orderbook well, and deliver our projects on time and within budget. Our focus will be on improving margins and productivity, and rightsizing. These efforts will help ensure that we can remain profitable in Offshore & Marine even with a lower top line.

For our asset heavy businesses, we would want our assets to work harder and recycle them at the right time. The creation of Keppel Capital will not only improve our ability to recycle capital into the various REITs and Trusts but also allow us to expand our capital

base through the creation of private funds in our real estate, infrastructure and energy space.

A case in point is how we have raised about \$3.5 billion by recycling property and infrastructure assets like Marina Bay Financial Centre Tower 3, Keppel Merlimau Cogen (KMC) and our data centres. That, coupled with the deconsolidation of Keppel REIT from our balance sheet in 2013, has enabled us to privatise Keppel Land for \$3 billion whilst still keeping our net gearing at a comfortable level.

We will be maintaining our debt to equity ratio below 1x; this is a comfortable level for a diversified group like Keppel. It will keep us nimble whilst providing sufficient headroom to respond to opportunities and challenges effectively.



**Notwithstanding the present gloom, which are some of the bright spots you see in the Offshore & Marine business? How is Keppel making use of this crisis period to prepare itself to capture these opportunities?**



While the oil and gas industry that we serve is tracking a difficult path to recovery, I am confident that the market, supported by sound fundamentals, will eventually rebalance itself. The current low oil prices will gradually boost demand and reduce supply. At some point, the oil companies would have to spend to replenish their reserves.

Meanwhile, our focus in 2016 will be on executing our projects with our customers well, and delivering them safely, on time and on budget. We will continue pursuing opportunities in the non-drilling market where there is still demand for solutions like accommodation semisubmersibles, Plug & Abandonment jackups, liftboats and specialised vessels.

We will also seek out opportunities in niche markets where we can establish a competitive advantage through our technology and *Near Market, Near Customer* strategy. The acquisition of LETOURNEAU™ for instance, will not only expand our suite of jackup rig designs but also broaden aftermarket sales and services to customers.

The gas industry continues to be a very interesting space where Keppel's aspirations and capabilities in the LNG business stretch across the value chain. Alongside the FLNG solutions that we are converting for Golar LNG, we have also expanded our technology suite with onshore and offshore liquefaction and LNG transportation solutions.

We have recently been awarded a licence to supply LNG bunker to vessels in the Port of Singapore jointly with BG Group, now Shell. Together, we will deliver end-to-end bunkering solutions in 2017, leveraging their diversified LNG portfolio and Keppel O&M's expertise servicing in LNG vessels. As the demand for green solutions in the shipping industry rises, we will be in a strategic position to cater solutions and services such as designing tugs with dual-fuel diesel LNG engines and retrofitting vessel engines to run on LNG.

We shall not waste a good crisis. This downturn presents opportunities to improve on our expertise and processes and grow our competitive advantage. As we hunker down, we will also continue investing prudently in our human capital and new capabilities, which will stand us well in the upturn.



**What about the other businesses in the Group? The takeover of Keppel Land was the most significant corporate action in 2015, how has that met your objectives?**



The Property Division, at 46%, was the largest contributor to the Group's net profit for 2015. This has clearly bolstered our performance and speaks volumes of the timeliness of Keppel Land's privatisation.

Not only was it immediately accretive, Keppel Land's privatisation had also brought the interests of our Property Division into full alignment with the Group. The transaction has resulted in \$252 million of additional contributions to Keppel Corporation, after taking in the interest cost of \$15 million.

At the Group level, we now have a simpler corporate structure and better control over all our key business verticals. With the ability to regulate the property balance sheet in response to opportunities, we can more effectively recycle capital and allocate resources across the Group for the best possible returns.

*At the Group level, we now have a simpler corporate structure with better control over all our key business verticals.*

## Interview with the CEO

**Q**

**What are your aspirations for the Property Division now that Keppel Land has been privatised?**

**A**

Keppel has been in Property for more than 30 years. We know this business very well and have built up a strong track record and brand name in Asia. In terms of Return on Equity, Keppel Land is one of the best performing property companies in Asia, returning an average of 18.9% per annum for a decade since 2006.

Our aim is to develop Keppel Land into a multi-faceted property player, riding on urbanisation trends in Asia. Apart from residential development and trading, Keppel Land is also growing its presence in the commercial sector which continues to do well.

To be a leader in the property industry does not mean that we have to be the biggest player. We want instead to be a property developer with the highest return in Asia, and that will be our focus for the Property Division moving forward.

**Q**

**There has been quite a bit of restructuring in Infrastructure, what are your plans for this Division? Concerning the difficult Engineering Procurement and Construction (EPC) projects in the UK and Qatar, are you finally out of the woods?**

**A**

Since the integration of Keppel Energy and Keppel Integrated Engineering in mid-2013, we have covered good ground in reshaping our Infrastructure Division into a stable third leg for the Group. Today, this Division comprises Keppel Infrastructure, which focuses on energy-related infrastructure, and Keppel Telecommunications & Transportation (Keppel T&T), which operates our data centre and logistics businesses. It is a much clearer and more efficient structure.

Through streamlining and the divestment of non-core operations such as the facilities management company Keppel FMO, Keppel Infrastructure has brought sharper focus to our environmental engineering business. This has also given us the needed clarity and bandwidth to tackle our challenging EPC projects in the UK and Qatar. These projects, I am pleased to say, have been largely completed and handed over in 2015.

Our EPC journey, arduous as it was, has equipped us with invaluable experience and insights for creating high quality infrastructure assets worldwide. With a difficult chapter behind us, our team will focus on opportunities to build, own and operate related assets. These will be in areas where we have strong technical knowledge and deep understanding of the markets and key value chains.

Like Property, the Infrastructure business is asset heavy. Once these assets have been stabilised and de-risked, we will monetise them and recycle the capital into projects with a higher rate of return. Replicating the success achieved between Keppel Land and Keppel REIT, we launched Keppel DC REIT at end-2014 and merged Keppel Infrastructure Trust with CitySpring Infrastructure Trust in 2015.

Through the injection of data centre assets and 51% of KMC respectively into Keppel DC REIT and Keppel Infrastructure Trust, we have gained a total of \$419 million. Being Sponsor to our REITs and Trust, we continue to participate in the growth of our asset management units, whilst building up a solid platform for the Group to recycle its capital.

*By enlarging the pie with like-minded co-investors, we can give the Group even greater financial capacity to grow.*

Q

**Tell us more about what is happening to the Investments Division, which until now had been mainly a segment for reporting non-core investments. What is the thinking behind the integration of the Group's asset managers under Keppel Capital Holdings in this Division?**

A

We are taking a long term view on developing our Investments Division into a pillar of recurring income for the Group.

Through the years, Keppel has built up an enviable track record for developing high quality assets, as well as operating and managing them. Today, we oversee a total portfolio of \$26 billion in property and infrastructure assets, which has grown at a rate of 30% per annum for over a decade since 2006. For FY 2015, Alpha Investment Partners (Alpha), the managers of Keppel REIT and Keppel DC REIT and the Trustee-Manager of Keppel Infrastructure Trust, contributed a total of \$60 million in recurring fee income to the Group.

To sustain growth and value creation, we need to build and maintain a robust ecosystem for recycling assets created by our business verticals. This was the objective for integrating our asset managers under Keppel Capital, and reporting them as a new segment in our Investments Division.

This timely restructuring provides greater focus and scale to our asset management business and the vehicles managed.

By bringing together the strengths of our four asset managers, we can create synergies by centralising certain non-regulated support functions, as well as enhance talent recruitment and retention, and the sharing of best practices.

Many institutional investors have told us that they want to get closer to the coal face to own niche assets in the offshore and marine, infrastructure and data centre industries. These investors appreciate a partner like Keppel who is not only able to create quality assets but also manage them, and who is prepared to align interests by putting in part of its balance sheet.

Through Keppel Capital, we will be looking to create more private funds and co-investment vehicles with like-minded investors, which will expand our capital base to seize opportunities without putting a strain on our balance sheet. By enlarging the pie with like-minded co-investors, we can give the Group even greater financial capacity to grow.

Q

**With diverse businesses each having their own needs, how would you prioritise capital allocation across the Group?**

A

We are acutely mindful of deploying our capital to earn the best risk-adjusted returns. With a simplified corporate structure and almost full control of the Group's key business verticals, we now have more flexibility in deploying capital and other resources across the Group than before.

When we select projects, we take a bottom-up approach, which allows us to assign resources to those that best meet our strategic goals and hurdle rates. We can also look forward to growing our capital base, tapping co-investors with the likes of pension and sovereign wealth funds and other institutions to seize opportunities in our chosen sectors.

## Interview with the CEO

Q

*We have looked at each business unit in some detail, the next question is, how will you make Keppel into a greater whole than the sum of its parts?*

A

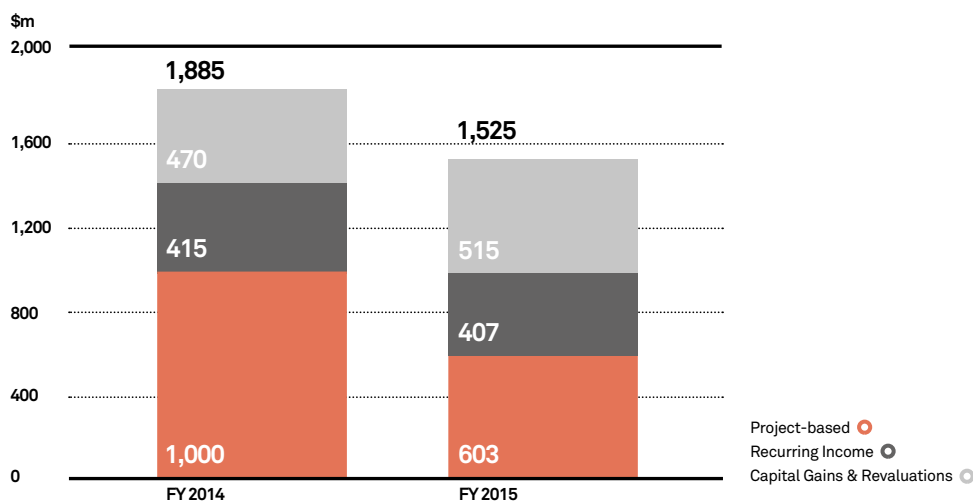
That's a good question. What we are looking for is 1+1+1+1 equals 6 or 8, instead of just 4. To realise our full potential as a conglomerate and to open up new growth opportunities, our business units need to collaborate even more with one another, capitalising on the wealth of expertise, industry knowledge and networks that they have.

The Sino-Singapore Tianjin Eco-City is a showcase for how we have been able to bring our various business divisions together to create impactful projects. Starting from barren saline and alkaline land in 2008, the Tianjin Eco-City has now become one of the best known green developments in China, with some 50,000 people working and living there.

Other synergies are also emerging through Keppel T&T and Keppel Land's joint venture to develop data centres, as well as Keppel Land and M1's partnership to offer smart living solutions at our properties.

Looking ahead, there will be more opportunities for Keppel's diverse units to link up and participate along critical value chains, be they in the harvesting, transportation and retailing of natural gas or the development of townships and data centres. In all these areas, Keppel Capital can play a part by creating investment opportunities for investors and at the same time pull through projects for our business verticals.

**Net Profit by Income Type (\$m)**





**How are you preparing the Group to fully capture the synergies and deliver creditable performance across cycles?**



With our key verticals firming up well, we can better work the Group's core strengths in technology and innovation; engineering and project management; operating and maintenance and capital management to create more growth opportunities.

The goal of our business model is to capture value at every step of the way, from the time we create an asset till even after we inject it into a trust or fund that we manage. The ability to improve the overall quality of earnings with more recurring income will help us fund our capital spending and dividends.

Until now, we have been playing more to the left in terms of real estate, infrastructure and investments where the businesses tend to be asset heavy. To offer our customers the best value propositions in line with our aim of generating good returns, we will need to provide higher-value solutions and services to the right of our value chains. We will also have to co-create and collaborate with our customers, suppliers and other stakeholders to stay ahead of the game.

In addition to providing turnkey solutions and services, such as developing homes for sale and building, converting and repairing offshore vessels, which Keppel has been very good at, we can also create quality assets across our business lines to generate stable cash flows for the Group over a longer period.

We can develop office buildings, data centres, power and waste-to-energy plants, as well as midstream assets such as FLNG vessels, and then own, manage and operate them. Operations and maintenance expertise is a key differentiator for Keppel; it not only complements our ability to create quality assets but also generates streams of recurring income for us.

Once our assets have been stabilised and de-risked, we will need to recycle them and reinvest the capital into new projects with higher returns. This is where our asset management units play a key role. As we provide asset management and operations and maintenance services for the assets injected into our business trust and REIT vehicles, we will earn stable, recurring fees to bolster our bottom line. All sources of earnings are important to us, and we will harness them for growth.



**Keppel is renowned for being a well-run company. What else are you doing to facilitate growth and make the Group more efficient?**



The simplified corporate structure encourages collaboration across our verticals by aligning them to the Group's objectives and reducing administrative layers and costs. We are looking at further enhancing the way we bring people, processes and technology together to consistently create value.

By putting in place shared services and supporting functions such as IT and human resources, we can optimise the delivery of cost-effective, flexible and reliable services to all units. Not only will we achieve economies of scale from these measures, we will also be able to exercise better governance and share best practices across the Group.

Shared services will add resilience into our ecosystem, enabling our operating units to focus on managing and growing the businesses to become leaders of their respective fields.

## Interview with the CEO



**Which critical factors will determine Keppel's future success and enable it to achieve its longer term objectives?**

*We are creating an ecosystem that is robust, scalable and self-sustaining to take Keppel into the future. It will foster a dynamic environment for greater collaboration, innovation and the creation of synergies.*



Business is not as usual. To stay on top of our game, we need to be in tune with the significant shifts in the external environment that could spell opportunity or potential disruption to our businesses. International responses to climate change in the wake of COP 21, the digitisation of the global economy, and the rise of millennials in the market place and workforce are just some examples.

We need to stay nimble whilst keeping a watchful eye over these events. Our corporate milestones in the past two years serve to reinforce Keppel's business verticals and shape market leaders in our Property, Infrastructure and Investments divisions. These are part of our growth plan towards 2020. We are resolved to imbue a spirit of enterprise and culture of innovation that will keep Keppel agile, resilient and future-ready.

Through our business model, we are creating an ecosystem that is robust, scalable and self-sustaining to take Keppel into the future. It will foster a dynamic environment for greater collaboration, innovation and the creation of synergies.

People are the most vital resource that we have in our ecosystem. My leadership team and I are committed to manage succession as well as attract the right talents and develop them to their full potential. In April 2015, we opened the Keppel Leadership Institute, our very own global leadership development centre to groom leaders and equip them to drive and support the long term growth of our businesses.

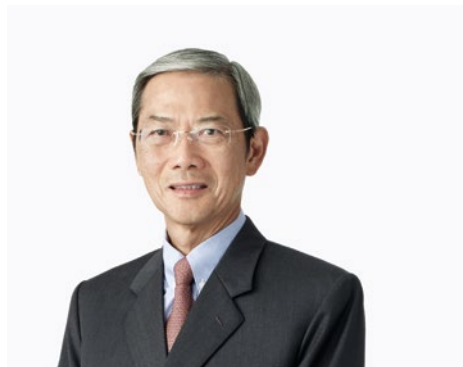
We will continue providing more opportunities for our talents to grow in their careers across geographies, industries and functions. Ultimately, we need them to espouse the same passion and core values that orientate us towards the true North. Last year, we also introduced a set of operating principles to guide us in running and providing stewardship for our many businesses.

The world is changing continuously and so must we. Even as we strive do well, we must also do good, holding ourselves to the highest ethical standards, and creating enduring, positive social impact wherever we plant our flag. I am confident that we can take advantage of the downturn to transform Keppel into an even stronger company, creating and sustaining value for generations to come. This is our time.



# Board of Directors

*Our Board of Directors brings to the table their diverse expertise for the Group's strategic governance, and seeks to act in the best interest of the Group and our shareholders at all times.*



**Lee Boon Yang** age 68  
**Chairman, Non-Executive and Independent Director**

Date of first appointment as a director:  
1 May 2009  
Date of last re-election as a director:  
17 April 2015  
Length of service as a director  
(as at 31 December 2015):  
6 years 8 months

**Board Committee(s) served on:**  
Remuneration Committee (Member);  
Nominating Committee (Member); Board Safety  
Committee (Member)

**Academic & Professional Qualification(s):**  
B.V.Sc Hon (2A), University of Queensland, 1971

**Present Directorships  
(as at 1 January 2016):**  
*Listed companies*  
Singapore Press Holdings Limited (Chairman)

*Other principal directorships*  
Keppel Care Foundation Limited (Chairman);  
Singapore Press Holdings Foundation Limited  
(Chairman); Jilin Food Zone Pte Ltd (Chairman);  
Jilin Food Zone Investment Holdings Pte. Ltd.  
(Chairman)

**Major Appointments  
(other than directorships):**  
Nil

**Past Directorships held over the preceding 5 years  
(from 1 January 2011 to 31 December 2015):**  
Nil

**Others:**  
Former Minister for Information, Communications  
and the Arts (May 2003 to March 2009);  
Former Member of Parliament (December 1984  
to April 2011)



**Loh Chin Hua** age 54  
**Executive Director and Chief Executive Officer**

Date of first appointment as a director:  
1 January 2014  
Date of last re-election as a director:  
17 April 2014  
Length of service as a director  
(as at 31 December 2015):  
2 years

**Board Committee(s) served on:**  
Board Safety Committee (Member)

**Academic & Professional Qualification(s):**  
Bachelor in Property Administration, Auckland  
University; Presidential Key Executive MBA,  
Pepperdine University; Chartered Financial Analyst

**Present Directorships  
(as at 1 January 2016):**  
*Listed companies*  
Keppel Telecommunication & Transportation Ltd  
(Chairman); KrisEnergy Ltd

*Other principal directorships*  
Keppel Offshore & Marine Ltd (Chairman); Keppel  
Land Limited (Chairman); Keppel Infrastructure  
Holdings Pte. Ltd. (Chairman); Alpha Investment  
Partners Limited (Chairman)

**Major Appointments  
(other than directorships):**  
Nil

**Past Directorships held over the preceding 5 years  
(from 1 January 2011 to 31 December 2015):**  
Keppel REIT Management Limited  
(Manager of Keppel REIT); Keppel Energy Pte Ltd;  
Keppel Land China Limited; Various fund  
companies under management of Alpha Investment  
Partners Limited

**Others:**  
Nil

## Board of Directors



**Oon Kum Loon (Mrs)** age 65  
**Non-Executive and Independent Director**

Date of first appointment as a director:  
15 May 2004  
Date of last re-election as a director:  
17 April 2015  
Length of service as a director  
(as at 31 December 2015):  
11 years 8 months

**Board Committee(s) served on:**

Board Risk Committee (Chairman);  
Audit Committee (Member); Remuneration  
Committee (Member)

**Academic & Professional Qualification(s):**  
Bachelor of Business Administration (Honours),  
University of Singapore

**Present Directorships  
(as at 1 January 2016):**

*Listed companies*  
Nil

*Other principal directorships*

Keppel Land Limited;  
Singapore Power Limited;  
Jurong Port Pte Ltd

**Major Appointments  
(other than directorships):**  
Nil

**Past Directorships held over the preceding 5 years  
(from 1 January 2011 to 31 December 2015):**

China Resources Microelectronics Limited;  
Aviva Life Insurance Company Limited; Aviva Ltd;  
Navigator Investment Services Ltd; Keppel Land  
China Limited; Aircraft Capital Trust Management  
Pte Ltd; SP PowerAssets Limited; PowerGas Limited

**Others:**

Former Chief Financial Officer of DBS Group



**Tow Heng Tan** age 60  
**Non-Executive and Non-Independent Director**

Date of first appointment as a director:  
15 September 2004  
Date of last re-election as a director:  
17 April 2014  
Length of service as a director  
(as at 31 December 2015):  
11 years 4 months

**Board Committee(s) served on:**

Nominating (Member); Remuneration (Member);  
Board Risk Committee (Member)

**Academic & Professional Qualification(s):**  
Fellow of the Association of Chartered Certified  
Accountants; Fellow of the Chartered Institute of  
Management Accountants

**Present Directorships  
(as at 1 January 2016):**

*Listed companies*  
ComfortDelGro Corporation Limited

*Other principal directorships*

Pavilion Capital Holdings Pte Ltd;  
Pavilion Capital International Pte Ltd;  
Fullerton Financial Holdings Pte Ltd;  
ST Asset Management Ltd

**Major Appointments  
(other than directorships):**

Pavilion Capital International Pte. Ltd. (CEO);  
Centre for Asset Management Research &  
Investment, NUS (Board Member); National Council  
of Social Services (Member of Investment Committee)

**Past Directorships held over the preceding 5 years  
(from 1 January 2011 to 31 December 2015):**

CapitaLand Township Holdings Pte. Ltd.

**Others:**

Former Chief Investment Officer of Temasek  
International (Private) Ltd; Former Senior Director  
of Business Development at DBS Vickers Securities  
(Singapore) Pte Ltd; Former Managing Director  
of Lum Chang Securities Pte Ltd

## Board of Directors

**Alvin Yeo Khirn Hai** age 54**Non-Executive and Independent Director**

Date of first appointment as a director:

1 June 2009

Date of last re-election as a director:

19 April 2013

Length of service as a director

(as at 31 December 2015):

6 years 7 months

**Board Committee(s) served on:**

Audit Committee (Member); Nominating Committee (Member)

**Academic & Professional Qualification(s):**

LLB Honours, King's College London, University of London; Gray's Inn (Barrister-at-Law); Senior Counsel

**Present Directorships****(as at 1 January 2016):***Listed companies*

United Industrial Corporation Limited; Neptune Orient Lines Limited

*Other principal directorships*

Thomson Medical Pte Ltd; Valencia C.F

**Major Appointments****(other than directorships):**

WongPartnership LLP (Chairman and Senior Partner); Monetary Authority of Singapore advisory panel to advise the Minister on appeals under various financial services legislation (Member); The Court of the Singapore International Arbitration Centre (Member); The ICC commission on Arbitration (Member); The Court of the London Court of International Arbitration (Member); Fellow of the Singapore Institute of Arbitrators

**Past Directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):**

Singapore Land Limited; Tuas Power Ltd

**Others:**

Past member of the Senate of the Academy of Law; Past member of the Council of the Law Society; Past member of the board of the Civil Service College; Former Member of Parliament (2006 to 2015)

**Tan Ek Kia** age 67**Non-Executive and Independent Director**

Date of first appointment as a director:

1 October 2010

Date of last re-election as a director:

19 April 2013

Length of service as a director

(as at 31 December 2015):

5 years 3 months

**Board Committee(s) served on:**

Board Safety Committee (Chairman); Nominating Committee (Member); Board Risk Committee (Member)

**Academic & Professional Qualification(s):**

BSc Mechanical Engineering (First Class Hons), Nottingham University, United Kingdom; Management Development Programme, International Institute for Management Development, Lausanne, Switzerland; Fellow of the Institute of Engineers, Malaysia; Chartered Engineer of Engineering Council, United Kingdom; Member of Institute of Mechanical Engineer, United Kingdom

**Present Directorships****(as at 1 January 2016):***Listed companies*

SMRT Corporation Ltd; KrisEnergy Ltd; PT Chandra Asri Petrochemical Tbk; Transocean Ltd

*Other principal directorships*

Keppel Offshore &amp; Marine Ltd; Star Energy Group Holdings Pte Ltd (Chairman); Dialog Systems (Asia) Pte Ltd

**Major Appointments****(other than directorships):**

Nil

**Past Directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):**

CitySpring Infrastructure Management Pte Ltd (as Trustee-Manager of CitySpring Infrastructure Trust); City Gas Pte Ltd

**Others:**

Former Vice President (Ventures and Developments) of Shell Chemicals, Asia Pacific and Middle East region (based in Singapore); Former Chairman, Shell companies in North East Asia; Former Managing Director, Shell Malaysia Exploration and Production

## Board of Directors



**Danny Teoh** age 60  
**Non-Executive and Independent Director**

Date of first appointment as a director:  
1 October 2010  
Date of last re-election as a director:  
17 April 2014  
Length of service as a director  
(as at 31 December 2015):  
5 years 3 months

**Board Committee(s) served on:**  
Audit Committee (Chairman); Remuneration Committee (Chairman); Board Risk Committee (Member)

**Academic & Professional Qualification(s):**  
Member of the Institute of Chartered Accountants in England & Wales

**Present Directorships (as at 1 January 2016):**  
*Listed companies*  
DBS Group Holdings Ltd; Capital Mall Trust Management Limited (Manager of CapitaMall Trust)

*Other principal directorships*  
Changi Airport Group (Singapore) Pte Ltd;  
JTC Corporation; DBS Bank Ltd; DBS Bank (China) Limited; DBS Foundation Ltd; Ascendas-Singbridge Pte Ltd

**Major Appointments (other than directorships):**  
Nil

**Past Directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):**  
Singapore Olympic Foundation

**Others:**  
Former Managing Partner, KPMG LLP, Singapore;  
Past member of KPMG's International Board and Council; Former Head of Audit and Risk Advisory Services and Head of Financial Services



**Tan Puay Chiang** age 68  
**Non-Executive and Independent Director**

Date of first appointment as a director:  
20 June 2012  
Date of last re-election as a director:  
17 April 2015  
Length of service as a director  
(as at 31 December 2015):  
3 years 7 months

**Board Committee(s) served on:**  
Nominating Committee (Chairman); Board Safety Committee (Member); Board Risk Committee (Member)

**Academic & Professional Qualification(s):**  
MBA (Distinction), New York University;  
Bachelor of Science (First Class Honours), University of Singapore

**Present Directorships (as at 1 January 2016):**  
*Listed companies*  
Neptune Orient Lines Limited

*Other principal directorships*  
Singapore Power Limited;  
SP Services Limited (Chairman)

**Major Appointments (other than directorships):**  
Energy Studies Institute, NUS

**Past Directorships held over the preceding 5 years (from 1 January 2011 to 31 December 2015):**  
Nil

**Others:**  
Former Chairman, ExxonMobil (China) Investment Co. (2001 to 2007)

## Board of Directors



**Till Vestring** age 52  
**Non-Executive and  
Independent Director**

Date of first appointment as a director:  
16 February 2015  
Date of last re-election as a director:  
17 April 2015  
Length of service as a director  
(as at 31 December 2015):  
11 months

**Board Committee(s) served on:**

Remuneration Committee (Member); Nominating  
Committee (Member)

**Academic & Professional Qualification(s):**

Master of Economics, University of Bonn, Germany;  
Master of Business Administration, Haas School of  
Business, University of California, Berkeley

**Present Directorships  
(as at 1 January 2016):**

*Listed companies*  
Inchcape plc

*Other principal directorships*

Singapore Chinese Orchestra Company Limited;  
Leap Philanthropy Ltd

**Major Appointments  
(other than directorships):**

Partner, Bain & Company Southeast Asia

**Past Directorships held over the preceding 5 years  
(from 1 January 2011 to 31 December 2015):**

Nil

**Others:**

Nil



**Veronica Eng** age 62  
**Non-Executive and  
Independent Director**

Date of first appointment as a director:  
1 July 2015  
Date of last re-election as a director:  
n.a.  
Length of service as a director  
(as at 31 December 2015):  
6 months

**Board Committee(s) served on:**

Audit Committee (Member); Board Risk Committee  
(Member)

**Academic & Professional Qualification(s):**

Bachelor of Business Administration  
(First Class Honours), University of Singapore

**Present Directorships  
(as at 1 January 2016):**

*Listed companies*  
Nil

*Other principal directorships*

Nil

**Major Appointments  
(other than directorships):**

Professor (Practice), NUS Business School; Centre  
for Asset Management Research and Investments,  
NUS Business School (Board Member); Asia Private  
Equity Institute, SMU (Advisory Board Member)

**Past Directorships held over the preceding 5 years  
(from 1 January 2011 to 31 December 2015):**

Permira Holdings Limited; Permira Europe III GP  
Limited; Permira (Europe) Limited IV GP Limited;  
Permira IV Managers Limited

**Others:**

Founding Partner of Permira (1985 to 2015);  
Former Member of the Board and  
Executive Committee of Permira

# Keppel Group Boards of Directors

## Keppel Offshore & Marine

### Loh Chin Hua Chairman

Chief Executive Officer,  
Keppel Corporation

### Chow Yew Yuen

Chief Executive Officer

### Stephen Pan Yue Kuo

Chairman,  
World-Wide Shipping Agency Limited

### Prof Minoo Homi Patel

Professor of Mechanical Engineering,  
Cranfield University, UK

### Dr Malcolm Sharples

President,  
Offshore Risk & Technology Consulting  
Inc, USA

### Po'ad Bin Shaik Abu Bakar Mattar

Independent Director of Hong Leong  
Finance Limited

### Tan Ek Kia

Chairman of Star Energy Group  
Holdings Pte Ltd

### Lim Chin Leong

Former Chairman of Asia,  
Schlumberger

### Robert D. Somerville

Vice Chairman,  
Maine Maritime Academy  
Board of Trustee

### Sit Peng Sang

Director

### Chan Hon Chew

Chief Financial Officer,  
Keppel Corporation

## Keppel Infrastructure Holdings

### Loh Chin Hua Chairman

Chief Executive Officer,  
Keppel Corporation

### Dr Ong Tiong Guan

Chief Executive Officer

### Chan Hon Chew

Chief Financial Officer,  
Keppel Corporation

### Chow Yew Yuen

Chief Executive Officer,  
Keppel Offshore & Marine

### Koh Ban Heng

Director

### Khoo Chin Hean

Director

### Tong Chong Heong

Director  
(effective 1 Feb 2016)

## Keppel Infrastructure Fund Management (Trustee-manager of Keppel Infrastructure Trust)

### Koh Ban Heng

Chairman  
Independent Director

### Mark Andrew Yeo Kah Chong

Independent Director

### Quek Soo Hoon

Operating Partner,  
iGlobe Partners (II) Pte Ltd

### Dr Ong Tiong Guan

Chief Executive Officer,  
Keppel Infrastructure Holdings Pte Ltd

### Thio Shen Yi

Joint Managing Director,  
TSMP Law Corporation

### Daniel Cuthbert Ee Hock Huat

Independent Director

### Kunnasagaran Chinniah

Independent Director

### Alan Tay Teck Loon

Executive Director (Business  
Development), Keppel Infrastructure  
Holdings Pte Ltd

## Keppel Telecommunications & Transportation

### Loh Chin Hua Chairman

Chief Executive Officer,  
Keppel Corporation

### Thomas Pang Thieng Hwi

Executive Director and  
Chief Executive Officer

### Wee Sin Tho

Senior Advisor,  
Office of the President,  
National University of Singapore

### Tan Boon Huat

Independent Director

### Prof Neo Boon Siong

Professor (Division of Strategy,  
Management and Organisation),  
Nanyang Business School,  
Nanyang Technological University

### Karmjit Singh

Independent Director

### Lim Chin Leong

Former Chairman of Asia,  
Schlumberger

### Chan Hon Chew

Chief Financial Officer,  
Keppel Corporation

### Khor Poh Hwa

Advisor, (Township and  
Infrastructure Development),  
Keppel Corporation

### Lee Ai Ming (Mrs)

Justice of the Peace; Consultant,  
Rodyk & Davidson LLP, Advocate &  
Solicitor of the Supreme Court of  
Singapore

**Keppel Land****Loh Chin Hua****Chairman**

Chief Executive Officer,  
Keppel Corporation

**Ang Wee Gee**

Executive Director and  
Chief Executive Officer

**Tan Yam Pin**

Former Managing Director,  
Fraser and Neave Group

**Edward Lee**

Singapore's former Ambassador  
to Indonesia

**Koh-Lim Wen Gin**

Former URA Chief Planner and  
Deputy Chief Executive Officer

**Yap Chee Meng**

Former Senior Partner,  
KPMG and COO of KPMG International  
for Asia Pacific

**Prof Huang Jing**

Professor and Director,  
Centre on Asia and Globalisation,  
LKY School of Public Policy,  
National University of Singapore

**Oon Kum Loon (Mrs)**

Non-Executive,  
Non-Independent Director

**Chan Hon Chew**

Chief Financial Officer,  
Keppel Corporation

**Keppel REIT  
Management  
(Manager  
of Keppel REIT)****Dr Chin Wei-Li, Audrey Marie****Chairman**

Executive Chairman,  
Vietnam Investing Associates –  
Financials Singapore Private Limited

**Ng Hsueh Ling**

Chief Executive Officer

**Tan Chin Hwee**

Chief Executive Officer, Asia-Pacific,  
Trafigura Group Pte Ltd

**Lee Chiang Huat**

Independent Director

**Daniel Chan Choong Seng**

Managing Director,  
DCG Capital Pte Ltd

**Lor Bak Liang**

Director,  
Werone Connect Pte Ltd

**Ang Wee Gee**

Chief Executive Officer,  
Keppel Land

**Prof Tan Cheng Han**

Chairman, Centre for Law & Business,  
Faculty of Law, National University  
of Singapore

**Lim Kei Hin**

Chief Financial Officer,  
Keppel Land

**Keppel DC REIT  
Management  
(Manager of  
Keppel DC REIT)****Chan Hon Chew****Chairman**

Chief Financial Officer,  
Keppel Corporation

**Lee Chiang Huat**

Independent Director

**Leong Weng Chee**

Independent Director

**Lim Chin Hu**

Managing Partner,  
Stream Global Pte Ltd

**Dileep Nair**

Singapore High Commissioner  
to Ghana

**Teo Cheng Hiang Richard**

Independent Director

**Dr Tan Tin Wee**

Director, National Supercomputing Centre  
(NSC), Singapore and Chairman, A\*STAR  
Computational Resource Centre (ACRC),  
(on secondment from Department  
of Biochemistry, National University  
of Singapore)

**Thomas Pang Thieng Hwi**

Chief Executive Officer,  
Keppel Telecommunications &  
Transportation

**k1 Ventures****Steven Jay Green****Chairman/****Chief Executive Officer**

Former US Ambassador to Singapore  
(1997 to 2001)

**Dr Lee Suan Yew**

Medical Practitioner and  
Former President of the  
Singapore Medical Council

**Alexandar Vahabzadeh**

Founder and Managing Director of the  
Beaumont Group of companies

**Prof Neo Boon Siong**

Professor (Division of Strategy,  
Management and Organisation),  
Nanyang Business School,  
Nanyang Technological University

**Prof Annie Koh**

Vice President,  
Business Development,  
Singapore Management University

**Paul Tan**

Group Controller,  
Keppel Corporation



# Keppel Technology Advisory Panel

The Keppel Technology Advisory Panel (KTAP) was established in 2004 as a key platform to advance the Group's technology leadership. Its members include eminent business leaders and industry experts from across the world.

Over the years, KTAP members have contributed to a broad range of ideas and developments in Keppel. The areas include drilling and production technology, offshore wind, coal gasification, waste-to-energy, as well as potentially disruptive technologies. More recently, KTAP has been exploring emission control areas, the collection of deepsea polymetallic nodules, as well as future platforms to deepen innovation and research and development in the Group.

KTAP convenes up to twice a year with key members of Keppel Corporation's board and senior management. Distinguished guest speakers are often invited to these meetings to share the latest developments in their respective fields. Apart from meetings, frequent discussions are co-ordinated by the Secretariat via email on topical issues such as nuclear energy and subsea-related developments.

## **Sven Bang Ullring** **Chairman**

M.S., Swiss Federal Institute of Technology (ETH), Zurich.  
Mr Ullring was Chairman of the Executive Board of Det Norske Veritas, Oslo from 1985-2000 and President and CEO of NORCONSULT, Oslo from 1981-1985. He worked for SKANSKA, Malmo, Sweden from 1962-1981 and was Director of the International Department from 1972. He was an Independent Director on Keppel Corporation's Board from 2000 to April 2012.

He is the Chairman of the Board of The Fridtjof Nansen Institute, Oslo, Norway. He was the Chairman of the Maritime and Port Authority of Singapore's First, Second and Third Maritime and Research and Development Advisory Panel. He is a Fellow and Honorary Fellow of the Norwegian Academy of Technological Sciences, and a Fellow of the Royal Swedish Academy of Engineering Sciences.

## **Dr Brian Clark**

Schlumberger Fellow;  
B.S., Ohio State University;  
PhD, Harvard University (1977).  
Dr Clark holds 96 patents related to the exploration and development of oil and gas, primarily in wire line logging and

logging while drilling. He was recognised as the Outstanding Inventor of the Year for 2002, by the Houston Intellectual Property Law Association and as the Texas Inventor of the Year for 2002, by the Texas State Bar Association. Dr Clark is also a member of the National Academy of Engineering and The Academy of Medicine, Engineering and Science of Texas.

## **Professor Minoo Homi Patel**

Fellow of the Royal Academy of Engineering, the Institution of Mechanical Engineers and the Royal Institution of Naval Architects; Chartered Engineer; BSc (Eng) and PhD, University of London and an Honorary Member of the Royal Corps of Naval Constructors.

Professor Patel is a Director of Development for the School of Engineering at Cranfield University and a Founder Director of the science park company BPP Technical Services Ltd. He also sits on the Boards of Keppel Offshore & Marine Ltd and BMT Group Ltd.

## **Dr Malcolm Sharples**

President, Offshore Risk & Technology Consulting Engineering Inc; BSc. (Engineering Science), University of Western Ontario; PhD University of Cambridge; Athlone Fellow; Fellow of the Society of Naval Architects and Marine Engineers; Registered Professional Engineer.

Dr Sharples is a Director of the Offshore Energy Centre. Previously, he was Vice President of the American Bureau of Shipping, and President of Noble Denton.

He consults worldwide on offshore structures/vessels for regulatory compliance, safety audits, process safety, and has been involved in accident investigations on offshore matters as an expert witness for legal proceedings. He is an active member of the Canadian Standards Association on arctic structures, offshore structures and offshore wind farms. He is a Director of Keppel Offshore & Marine Ltd.

## **Professor Thomas (Tom) Curtis**

BSc (Hons) Microbiology, University of Leeds; M.Eng and PhD Civil Engineering, University of Leeds. Professor Curtis is a Professor of Environmental Engineering at the University of Newcastle upon Tyne, and a recipient of the Engineering and Physical Sciences Dream Fellowship, the Royal Academy of Engineering Global Research Fellowship, and the

Biotechnology and Biological Sciences Research Council Research Development Fellowship. He currently leads the Engineering Frontiers for the Engineering and Physical Sciences Research Council's (EPSRC) Engineering Biology Project. Before entering academia, he worked in construction and public health policy and has worked in the US, Brazil, Bangladesh and Jordan.

## **Professor Jim Swithenbank**

BSc, PhD, DSc, DEng, FEng, FInstE, FICChemE, Energy and Environmental Engineering Group.

Professor Swithenbank is a Fellow of the Royal Academy of Engineering, Chairman of The Sheffield University Waste Incineration Research Centre, and a member of numerous international combustion and energy committees. He was the President of the Institute of Energy (1986-1987) and served on many UK government/DTI/EPSRC Committees. He is a prolific researcher with over 400 refereed papers to his credit and the holder of more than 30 patents.

## **Professor Ng Wun Jern**

BSc (Civil Engineering), QMC London University; MSc (Water Resources) and PhD University of Birmingham, PE(S), FIES, FSEng.

Professor Ng is the Executive Director at the Nanyang Environment & Water Research Institute, Professor of Environmental Engineering in the School of Civil & Environmental Engineering, and Dean of College of Engineering at Nanyang Technological University. He has some 400 publications on water and wastewater management, and serves as technical advisor to various environmental companies across ASEAN, China, and India.

## **Professor Stefan Thomke**

BS (Electrical Engineering), University of Oklahoma; MS (Electrical & Computer Engineering), Arizona State University; SM (Operations Research), SM (Mgmt.), PhD (Electrical Engineering & Mgmt.), Massachusetts Institute of Technology; AM (Honorary), Harvard University.

Professor Thomke has published widely and is an authority on innovation management. He is the William Barclay Harding Professor of Business Administration at Harvard Business School and chairs several of the university's leading executive education programmes. Prior to joining Harvard University, he was with McKinsey & Company in Germany.





Seated, from left: Loh Chin Hua (CEO of Keppel Corporation), Dr Lee Boon Yang (Chairman of Keppel Corporation), and Dr Liu Thai-Ker. Standing, from left: Professor Chan Eng Soon, Professor Tom Curtis, Professor Stefan Thomke, Professor Minoo Patel, Dr Malcolm Sharples, Chow Yew Yuen (CEO of Keppel Offshore & Marine), Sven Bang Ullring, Dr Brian Clark, Professor Ng Wun Jern, Chua Kee Lock, Professor Jim Swithenbank, and Professor Kazuo Nishimoto.

#### **Professor Kazuo Nishimoto**

**B.S.E. Naval Architect and Marine Engineer, University of São Paulo; M.S. Eng, Yokohama National University, Japan, and PhD Naval Architecture & Ocean Engineering, University of Tokyo, Japan.**

Professor Nishimoto is currently a Professor of the University of São Paulo, Department of Naval Architecture & Ocean Engineering of Polytechnic School, and Director of the Numerical Offshore Tank Centre. He has been working as a coordinator of the development of the New Research Center in Santos City conceived by Petrobras. Recently, he was nominated as Distinguished Professor of Yokohama National University. He has also coordinated several development projects in the field of naval and ocean engineering, mainly related to offshore systems and military vessels, and is working on advanced methods to analyse moored floating systems.

#### **Professor Chan Eng Soon**

**B.Eng (First class honours) & M.Eng, National University of Singapore (NUS), and PhD, MIT.**

Professor Chan is a Fellow of the Singapore Academy of Engineering and Member IES. He is Vice Provost of NUS, and Keppel Chair Professor. He was Dean of Engineering Faculty, NUS. Prior to his deanship, Professor Chan headed the then Civil Engineering Department and served as Executive Director of the Centre for Offshore Research and Engineering, NUS and Director of Tropical Marine Science Institute.

He serves on management boards of various institutions and research centres, and contributes as a member of the Singapore Workplace Safety and Health Council, and Board of Governors of Republic Polytechnic, Singapore. His research interests include marine hydrodynamics, wave-structure interactions, sediment transport and coastal processes.

#### **Dr Liu Thai-Ker**

**B. Architecture (First Class honours and University Medal) and Doctor of Science honoris causa, University of N.S.W; Master in City planning with Parson's Memorial Medal, Yale University.**

Dr Liu is an architect-planner and Senior Director of RSP Architects Planners & Engineers Pte Ltd. Dr Liu is also the Founding Chairman of Centre of Liveable Cities since 2008. He has served as the Adjunct Professor of School of Design and Environment and the Lee Kuan Yew School of Public Policy, NUS. He is also the Adjunct Professor in the College of Humanities, Arts & Social Sciences, NTU.

Dr Liu is a member of several governmental bodies in Singapore, and planning advisor to around 30 cities in China. He is the Architect-Planner and CEO of the Housing & Development Board from 1969 to 1989 and CEO and Chief Planner of Urban Redevelopment Authority from 1989 to 1992. Dr Liu served as the Chairman of the National Arts Council from 1996 to June 2005; and Singapore Tyler Print Institute from 2000 to 2009. He served as the chairperson of the External

Review Panel, Arts Quality Framework appointed by the Ministry of Education in 2009 and a founding member of the Board of Trustees, Arts & Culture Development Fund, Ministry of Information, Communications and the Arts in 2010.

#### **Chua Kee Lock**

**BS. Mechanical Engineering, University of Wisconsin at Madison; M. Eng, Stanford University.**

Mr Chua is the Group President & CEO of Vertex Venture Holdings Ltd. Prior to joining Vertex Group, Mr Chua was the President and Executive Director of Biosensors International Group, Ltd. From 2003 to 2006, Mr Chua was a managing director of Walden International. Between 1987 to 1997 and 2001 to 2003, he served in various senior roles within the NatSteel Group. Positions held included Vice President of Transpac Capital, CEO of Intraco Ltd and Deputy President of NatSteel Ltd. Between 1998 to 2000, Mr Chua was the Co- Founder and President of MediaRing.com Ltd, a voice-over-Internet services company which was successfully listed in Singapore in late 1999.

He serves on the boards of several companies, and is an Independent Director of Logitech International S.A. Mr Chua is also a board member of Yongmao Holdings. He is also a Member of Mainly I Love Kids (MILK) Charity as well as a Member of the Practising Management Consultants Certification Board.

# Senior Management

## Keppel Corporation

**Loh Chin Hua**  
Chief Executive Officer

**Chan Hon Chew**  
Chief Financial Officer

## Corporate Services

**Robert Chong**  
Director  
Group Human Resources

**Wang Look Fung**  
Director  
Group Corporate Affairs  
(retired 31 Dec 2015)

**Paul Tan**  
Group Controller

**Ong Ye Kung**  
Director  
Group Strategy & Development  
(stepped down on 30 Sep 2015)

**Lim Meng Ann**  
Director  
Corporate Development / Planning  
(oversees Group Strategy & Development effective 1 Oct 2015)

**Tay Lim Heng**  
Director  
Group Risk Management

**Magdeline Wong**  
General Manager  
Group Tax

**Lynn Koh**  
General Manager  
Group Treasury

**Caroline Chang**  
General Manager  
Group Legal

**Ho Tong Yen**  
General Manager  
Group Corporate Communications  
(effective 1 Jul 2015)

**Tan Eng Hwa**  
General Manager  
Group Internal Audit  
(seconded to Keppel  
Telecommunications &  
Transportation on 1 Jan 2016)

**Sepalika Kulasekera**  
General Manager  
Group Internal Audit  
(effective 1 Jan 2016)

**Jacob Tong**  
General Manager  
Group Information Systems

**Jaggi Ramesh Kumar**  
General Manager  
Group Health,  
Safety & Environment

**Goh Toh Sim**  
Chief Representative, China  
(stepped down on 29 Feb 2016)

**Eric Goh**  
Chief Representative, China  
(effective 1 Mar 2016)

## Offshore & Marine

**Chow Yew Yuen**  
Chief Executive Officer  
Keppel Offshore & Marine

**Wong Ngiam Jih**  
Chief Financial Officer  
Keppel Offshore & Marine

**Wong Kok Seng**  
Managing Director  
(Offshore and Keppel FELs)  
Keppel Offshore & Marine

**Michael Chia Hock Chye**  
Managing Director  
(Marine and Technology)  
Keppel Offshore & Marine

**Chor How Jat**  
Managing Director  
Keppel Shipyard

**Abu Bakar Bin Mohd Nor**  
Managing Director  
Keppel Singmarine

**Hoe Eng Hock**  
Managing Director  
(Special Projects, Marine)

**Chris Ong Leng Yeow**  
Deputy Managing Director  
Keppel FELs

**Dr Foo Kok Seng**  
Executive Director  
Offshore Technology Development  
Shallow Water Technology, KOMtech

**Aziz Amirali Hasham Merchant**  
Executive Director  
KOMtech  
Deepwater Technology Group  
Marine Technology Development

**Lai Ching Chuan**  
Director  
(Corporate Development)  
Keppel Offshore & Marine

**Yong Chee Min**  
Director  
(HSE and Special Projects)  
Keppel Offshore & Marine

**Jeffery Shiu Chow**  
Director  
(Legal)  
Keppel Offshore & Marine

**Dr Lee Chay Hoon**  
Director  
(Organisation Development and  
Human Resources)  
Keppel Offshore & Marine

**Wong Fook Seng**  
Executive Director  
(Quality System and  
Process Excellence)  
Keppel FELs

**Mohamed Sahlan Bin Salleh**  
Executive Director  
(Operations)  
Keppel FELs

**Louis Chow Wai Laye**  
Executive Director  
(Commercial)  
Keppel Shipyard

**Albert Kee Heok Seng**  
Executive Director  
(Operations)  
Keppel Shipyard

**Edmund Lek Hwee Chong**  
Executive Director  
(Operations)  
Keppel Singmarine  
**President**  
Keppel Nantong Shipyard /  
Keppel Nantong Heavy Industry

## Property

**Ang Wee Gee**  
Chief Executive Officer  
Keppel Land

**Lim Kei Hin**  
Chief Financial Officer  
Keppel Land International

**Tan Swee Yiow**  
President  
(Singapore)  
Keppel Land International

**Ho Cheok Kong**  
President  
Keppel Land China  
(stepped down on 29 Feb 2016)  
Director, Special Projects  
Keppel Land International  
(effective 1 Mar 2016)

**Lee Siew Keong, Ben**  
President  
Keppel Land China  
(effective 1 Mar 2016)

**Linson Lim Soon Kooi**  
President  
(Vietnam)  
Keppel Land International

**Sam Moon Thong**  
President  
(Indonesia)  
Keppel Land International

**Ng Ooi Hooi**  
President  
(Regional Investments)  
Keppel Land International

**Ng Hsueh Ling**  
Chief Executive Officer  
Keppel REIT Management

**Christina Tan Hua Mui**  
Managing Director  
Alpha Investment Partners  
CEO (Designate)  
Keppel Capital International  
(effective 25 Jan 2016)

## Infrastructure

**Dr Ong Tiong Guan**  
Chief Executive Officer  
Keppel Infrastructure

**Patrick Kong Yoon Seen**  
Chief Financial Officer  
Keppel Infrastructure  
(stepped down on 31 Jan 2016)

**Lim Siew Hwa**  
Chief Financial Officer  
Keppel Infrastructure  
(effective 1 Mar 2016)

**Tan Boon Leng**  
Executive Director  
(Waste-to-Energy)  
(X-to-Energy)  
Keppel Infrastructure

**Nicholas Lai Garchun**  
Executive Director  
(Gas-to-Power)  
Keppel Infrastructure

**Alan Tay Teck Loon**  
Executive Director  
(Business Development)  
Keppel Infrastructure

**Cindy Lim Joo Ling**  
Executive Director  
(Infrastructure Services)  
Keppel Infrastructure

**Khor Un-Hun**  
Chief Executive Officer  
Keppel Infrastructure Fund  
Management

**Thomas Pang Thieng Hwi**  
Chief Executive Officer  
Keppel Telecommunications &  
Transportation

**Chan Shui Har**  
Deputy Chief Executive Officer  
Keppel Telecommunications &  
Transportation

**Tan Eng Hwa**  
Chief Financial Officer  
Keppel Telecommunications &  
Transportation  
(effective 1 Jan 2016)

**Desmond Gay Kah Meng**  
Chief Executive Officer  
Keppel Logistics  
(South East Asia & Australia)  
(effective 1 Dec 2015)

**Vincent Ko Woon Chun**  
Chief Executive Officer  
Keppel Logistics (China)

**Wong Wai Meng**  
Chief Executive Officer  
Keppel Data Centre  
(effective 18 Jan 2016)

**Chua Hsien Yang**  
Chief Executive Officer  
Keppel DC REIT Management

## Unions

**Keppel FELS Employees' Union**  
**Vincent Ho Mun Choong**  
President

**Atyyah Binte Hassan**  
General Secretary

**David Lim Kin Wai**  
Executive Secretary

**Keppel Employees Union**  
**Razali Bin Maulod**  
President

**Mohd Yazam Bin Mahmood**  
General Secretary

**Shipbuilding & Marine  
Engineering Employees' Union**  
**Tommy Goh Hock Wah**  
President

**Eileen Yeo Chor Gek**  
General Secretary  
NTUC Central Committee Member

**Mah Cheong Fatt**  
Executive Secretary

**Singapore Industrial &  
Services Employees' Union**  
**Lim Heng Khee**  
President

**Lim Kuang Beng**  
General Secretary

**Sylvia Choo Sor Chew**  
Executive Secretary

**Union of Power &  
Gas Employees**  
**Tay Seng Chye**  
President

**Abdul Samad Bin Abdul Wahab**  
General Secretary

**S. Thiagarajan**  
Executive Secretary

# Investor Relations



**01** Mr Chan Hon Chew, CFO of Keppel Corporation, engages an analyst at the Company's results briefing.

01

## Total Cash Dividend Payout

# 40%

of Group net profit for FY 2015.

## 10-year Total Shareholder Return (TSR) Growth

# 7.8%

This is above STI's annualised TSR growth rate of 5.0%.

Amidst a challenging macroeconomic environment, we remain focused on engaging the financial community regularly and in a timely manner, providing them with an accurate and balanced account of the Keppel Group's performance and highlights. Through a structured Investor Relations (IR) programme, we seek to help the financial community better understand our multi-business strategy with the aim of achieving fair valuation.

Keppel continues to engage investors both locally and overseas, so as to maintain a diversified and robust shareholder base. As at 10 February 2016, institutional investors formed 57.8% of our issued capital, while retail shareholders formed the remaining 42.2%. Our shareholder base remains geographically diverse, spreading across Asia, North America and Europe.

## Engaging Investors

As part of ongoing communication with shareholders and investors, the management and IR team held some 230 meetings and conference calls with institutional investors in 2015.

During the year, senior management continued to travel widely for non-deal roadshows to meet investors in Canada, France, Hong Kong, the UK and the US. We also hosted several site visits to our shipyards in Singapore, as well as to our properties in Vietnam.

Besides the regular results webcasts and conferences, we conducted analyst briefings for major corporate announcements such as the privatisation of Keppel Land. We also organised roadshows in Singapore and Hong Kong, and held conference calls with shareholders in the US and the UK to communicate the rationale for the privatisation.



In 2015, Keppel continued to strengthen ties with industry stakeholders, participating in the annual Oil & Offshore Conference organised by Pareto Securities in Oslo, Norway.

With an increasing rate of global smartphone penetration and a shift toward a “paperless society”, we launched an interactive version of our Annual Report, which is also mobile-friendly. Since the launch of our Annual Report microsite in March 2015, monthly website traffic has more than doubled. In addition, Keppel Corporation’s 2015 Annual Report was ranked within the Top 400 Best Annual Reports globally by ReportWatch.

Keppel’s corporate website continues to be the key channel through which we communicate and broadcast company news to the public in a timely manner. We will continue to enhance our communication channels and platforms to facilitate access to

important corporate information and news.

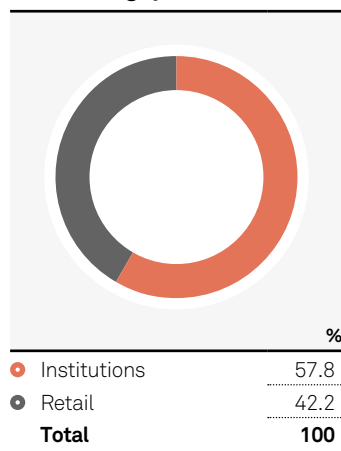
### Sustaining Value

Despite headwinds in the Offshore & Marine industry and plunging oil prices, Keppel’s dividend payout for FY 2015 was underpinned by higher contributions from our other business units.

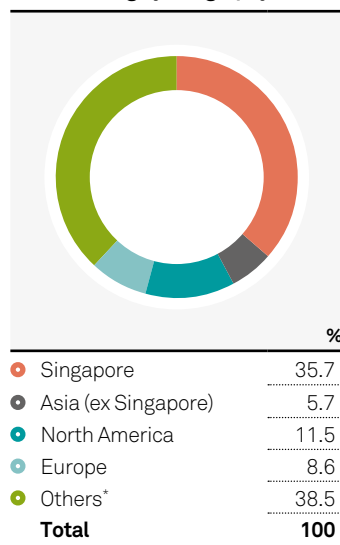
Balancing Keppel’s performance as well as the Company’s needs for future growth, our Board proposed a total cash dividend of 34 cents per share for FY 2015. This represents a 40% payout ratio, including an interim cash dividend of 12 cents per share paid out in August 2015, and a proposed final cash dividend of 22 cents per share.

We remain committed to building sustainable value for our shareholders, harnessing strengths across the Group to capture value through a robust multi-business strategy.

### Shareholding by Investors



### Shareholding by Geography



\* Others comprise shareholders beyond the Top 50, who collectively owned approximately 20% of the Company’s issued share capital as at 10 February 2016.

## Significant Events

### January

Keppel Corporation launched the voluntary unconditional cash offer for Keppel Land on 23 January 2015.

### March

Keppel Corporation launched an interactive version of its Annual Report, ensuring that the report is user-friendly, easily accessible and enhanced for viewing on mainstream mobile devices.

### July

Keppel Corporation achieved total shareholding of over 99% in Keppel Land at the completion of the privatisation of the latter.

### August

Keppel Corporation was ranked third in the annual Governance and Transparency Index.

### September

Keppel Corporation was listed as an index component of the Dow Jones Sustainability Indices Asia Pacific Index for the third consecutive year. The Company was also included as a constituent of the MSCI Global Sustainability Index and the Euronext Vigeo World 120 Index.

## Investor Relations

### Investor Relations Calendar

*Apart from regular meetings and conference calls with global institutional investors, the following events and initiatives were organised in 2015 to engage the financial community:*



#### 1Q 2015

- 4Q & FY 2014 results conference and live webcast.
- Media and analysts' briefing on the voluntary unconditional cash offer for Keppel Land.
- Launched the Keppel Corporation Annual Report microsite.
- Hosted Sumitomo Mitsui Trust for a site visit to yards in Singapore.
- Went on non-deal roadshows in Singapore and Hong Kong with DBS and Credit Suisse.



#### 2Q 2015

- 1Q 2015 live results webcast.
- Convened the Annual General Meeting.
- Hosted group visits to Keppel FELS with DNB Markets Shipping (Norway) and Bank of America Merrill Lynch.
- Went on non-deal roadshows to New York, Boston and Toronto with Barclays, and to London, Edinburgh and Paris with UBS.



#### 3Q 2015

- 2Q & 1H 2015 results conference and live webcast.
- Participated in Pareto Securities' 22nd annual Oil & Offshore Conference in Norway.
- Hosted group visits to Keppel FELS for clients of Daiwa and JP Morgan.
- Hosted a site visit to The Estella and Saigon Centre in Ho Chi Minh City for a group of institutional investors.



#### 4Q 2015

- 3Q & 9M 2015 live results webcast.
- Went on a non-deal roadshow to Hong Kong with Bank of America Merrill Lynch.
- Hosted an investor's visit to The Estella in Ho Chi Minh City.

# Awards & Accolades

## Corporate Governance & Transparency

### Singapore Corporate Awards

- **Keppel Corporation**
  - Gold, Best Managed Board (Market capitalisation of \$1 billion and above)

### Securities' Investors Association of Singapore (SIAS) Investors' Choice Awards

- **Keppel Corporation**
  - Runner-up, Singapore Corporate Governance Award (Big Cap)
  - Runner-up, Internal Audit Excellence Award
  - Special Recognition, Ms Tan Eng Hwa, Internal Audit Excellence Award

### Governance and Transparency Index (GTI)

- Keppel Corporation was ranked third in the annual GTI as one of the best governed and most transparent listed companies in Singapore.

### ASEAN Corporate Governance Scorecard

- Keppel Corporation was among Singapore's Top 25 listed companies in terms of corporate governance.

## Business Excellence

- Keppel Corporation was conferred the Business China Enterprise Award at the Business China Awards 2015.
- Keppel Corporation received Channel NewsAsia's (CNA) Innovation Luminary Award 2015.
- Sino-Singapore Tianjin Eco-City's wastewater reclamation plant attained the Green Star Grade II accreditation for industrial buildings from China's Ministry of Housing and Urban-Rural Development.

## Sustainability

- Keppel Corporation was maintained as a component of the Dow Jones Sustainability Index for the third consecutive year, and was listed on the MSCI Global Sustainability Index and the Euronext Vigeo World 120 Index.
- Keppel Corporation was conferred the Strategy and Sustainability Management Award at the Sustainable Business Awards Singapore.

## Corporate Citizenry

- Keppel Corporation was conferred the Distinguished Patron of the Arts award by Singapore's National Arts Council for the eighth consecutive year.
- Keppel Care Foundation was awarded the Corporate Gold Award at the Community Chest Awards.

## Safety

- Keppel Group clinched 35 Workplace Safety & Health (WSH) Awards conferred by the WSH Council and Singapore's Ministry of Manpower. This is the highest number of WSH awards won by a single organisation in 2015.

## Human Resources

- Keppel Corporation was named the Most Attractive Employer in the Engineering and Construction Sector at the Randstad Awards.

**01** The Keppel Group took centre stage at the WSH Awards 2015, sweeping a total of 35 awards.



## Operating & Financial Review

*Keppel Corporation creates sustainable value through its key businesses in Offshore & Marine, Property, Infrastructure and Investments. The Group serves a wide customer base through its global presence, and as at end-2015 had total assets of \$28.9 billion.*

Some of the key factors influencing the Group's businesses include global and regional economic conditions, oil and gas exploration and production activities, real estate markets, currency fluctuations, capital flows, interest rates, taxation and legislation. As the Group's operations involve providing a range of solutions and services to a broad spectrum of customers in many geographic locations, no single factor, in the management's opinion, determines the Group's financial condition nor the profitability of its operations.

This section reviews the strategic, market and business aspects of the Keppel Group's operations and financial performance, based on its consolidated financial statements as at 31 December 2015. Also discussed are the impact of key business activities on the Group's performance, challenges in the operating environment, as well as the long-term strategies which Keppel uses to shape its future.

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78	Financial Review & Outlook



## Group Structure

## Group Structure

## Keppel Corporation Limited

## Offshore &amp; Marine

- Offshore rig design, construction, repair and upgrading
- Ship conversion and repair
- Specialised shipbuilding

## KEPPEL OFFSHORE &amp; MARINE LTD

100%

Keppel FELS Limited 100%

Keppel Shipyard Limited 100%

Keppel Singmarine Pte Ltd 100%

Keppel Nantong Shipyard Company Limited China 100%

Offshore Technology Development Pte Ltd 100%

Deepwater Technology Group Pte Ltd 100%

Marine Technology Development Pte Ltd 100%

Keppel AmFELS LLC United States 100%

Keppel Verolme BV The Netherlands 100%

Keppel FELS Brasil SA Brazil 100%

Keppel Singmarine Brasil Ltda Brazil 100%

Keppel Philippines Marine Inc The Philippines 98%

Keppel Subic Shipyard Inc The Philippines 86%

Caspian Shipyard Company Limited Azerbaijan 51%

Arab Heavy Industries PJSC United Arab Emirates 33%

Nakilat-Keppel Offshore &amp; Marine Ltd Qatar 20%

Dyna-Mac Holdings Limited<sup>5</sup> 24%

## Property

- Property development
- Property fund management
- Property trusts

## KEPPEL LAND LIMITED

99%

Keppel Land International Limited Southeast Asia and India 100%

Keppel Land China China 100%

Alpha Investment Partners Ltd 100%

Keppel REIT<sup>5</sup> 46%KEPPEL BAY PTE LTD<sup>2</sup>

100%

## Infrastructure

- Gas-to-Power
- Waste-to-Energy
- X-to-Energy
- Logistics and data centres

## KEPPEL INFRASTRUCTURE HOLDINGS PTE LTD

100%

## Gas-to-Power

Keppel Gas Pte Ltd 100%

Keppel Electric Pte Ltd 100%

Keppel Merlimau Cogen Pte Ltd<sup>6</sup> 49%

## Waste-to-Energy

Keppel Seghers Engineering Singapore Pte Ltd 100%

## X-to-Energy

Keppel DHCS Pte Ltd 100%

Keppel Infrastructure Trust<sup>5</sup> 18%KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD<sup>5</sup>

80%

## Logistics &amp; Data Centres

Keppel Logistics Pte Ltd 100%

Keppel Data Centres Holding Pte Ltd 100%

Keppel Logistics (Foshan) Pte Ltd China 70%

Keppel DC REIT<sup>4&5</sup> 35%Investments<sup>7</sup>

- Investments
- Telco

K1 VENTURES LIMITED<sup>5</sup>

36%

KRISENERGY LTD<sup>5</sup> Cayman Islands 40%M1 LIMITED<sup>3&5</sup>

19%

1 Owned by a Singapore Consortium, which is in turn 90%-owned by the Keppel Group.

2 Owned by Keppel Corporation Limited (70%) and Keppel Land Limited (30%).

3 Owned by Keppel Telecommunications & Transportation Ltd, an 80%-owned subsidiary of Keppel Corporation.

4 Owned by Keppel Telecommunications & Transportation (30%) and Keppel Land Limited (5%).

5 Public listed company.

6 Owned by Keppel Infrastructure Holdings Pte Ltd (49%) and Keppel Infrastructure Trust (51%).

7 Keppel Corporation has announced its plans to consolidate the Group's asset management businesses under Keppel Capital Holdings Pte Ltd in the Investments Division by 2H 2016.

Updated as at 4 March 2016. The complete list of subsidiaries and significant associated companies is available at Keppel Corporation's website [www.keppcorp.com](http://www.keppcorp.com).

## GROUP CORPORATE SERVICES

SINO-SINGAPORE TIANJIN ECO-CITY INVESTMENT AND DEVELOPMENT CO., LTD<sup>1</sup> China

50%

Control &amp; Accounts

Corporate Communications

Strategy &amp; Development

Corporate Development/Planning

Human Resources

Legal

Risk Management

Audit

Tax

Treasury

Information Systems

Health, Safety &amp; Environment

## Operating & Financial Review

### Management Discussion & Analysis

#### Free Cash Outflow

**\$694m**

#### Earnings Per Share

**\$0.84**

There was no significant dilution as no major capital call was made since 1997.

*We are configured for growth with prudent financial discipline and a strong balance sheet.*

#### Group Overview

Group net profit attributable to shareholders decreased by 19% to \$1,525 million. The compounded annual growth for net profit from 2010 to 2015 was negative 0.8%, and for the period from 2005 to 2015 was positive 10.5%.

Earnings Per Share went down by 19% to 84.0 cents. ROE was 14.2%. Economic Value Added of \$648 million was \$1,130 million below that of the previous year.

Net cash used in operating activities was \$705 million as compared to net cash from operating activities of \$5 million for 2014, due mainly to lower operational cash inflow.

To better reflect its operational free cash flow, the Group had excluded expansionary acquisitions (e.g. investment properties) and capital expenditure (e.g. building of new logistics or data centre facilities), meant for long-term growth for the Group, and major divestments. After excluding expansionary acquisitions and capital expenditure and major divestments, net cash from investment activities was \$11 million. The Group spent \$357 million on investments and operational capital expenditure, mainly from the Offshore & Marine Division. After taking into account proceeds from divestments and dividend income of \$368 million, the resulting free cash outflow was \$694 million.

Total cash dividend for 2015 will be 34.0 cents per share, 29% lower than the prior year's total cash

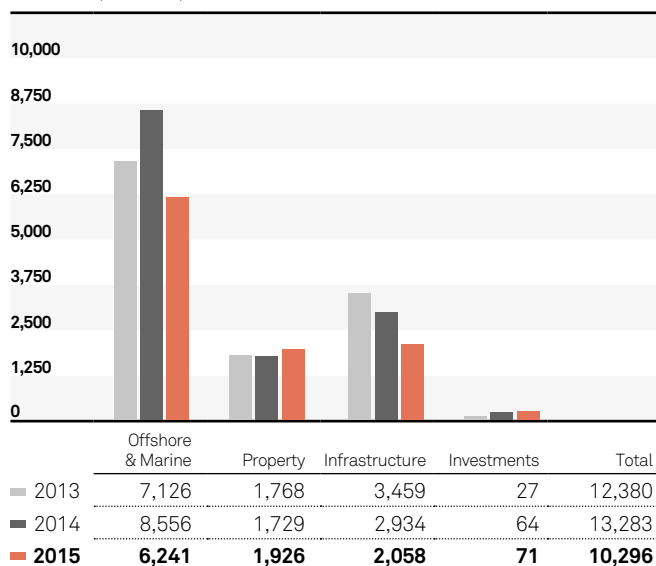
dividend of 48.0 cents per share. This comprises a final proposed cash dividend of 22.0 cents per share and the interim cash dividend of 12.0 cents per share distributed in the third quarter of 2015. The total distribution for the year is approximately \$617 million.

#### Segment Operations

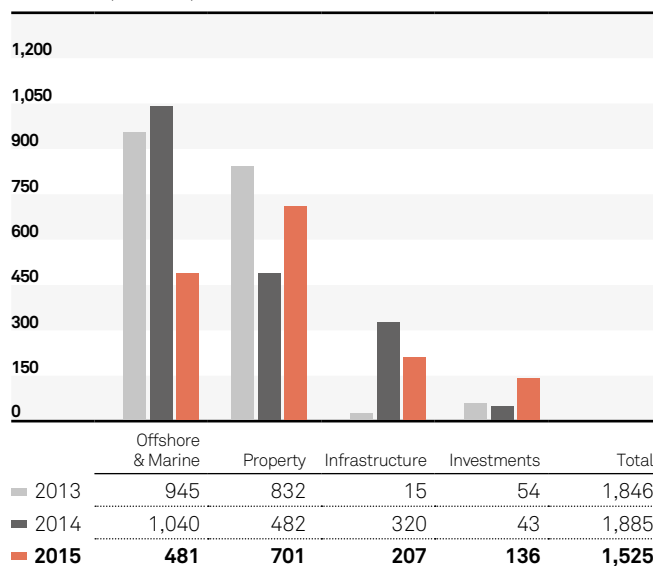
Group revenue of \$10,296 million was \$2,987 million or 22% below that of the previous year. Revenue from the Offshore & Marine Division of \$6,241 million was \$2,315 million lower due to lower volume of work, deferment of some projects and cessation of work on Sete Brasil's projects. Revenue from the Property Division rose by \$197 million to \$1,926 million. This was due mainly to higher revenue from China, partly offset by lower revenue from Singapore. Revenue from the Infrastructure Division of \$2,058 million was \$876 million lower, due mainly to lower revenue recorded by the power and gas business from lower prices and volume, as well as the absence of revenue from Keppel FMO Pte Ltd which was disposed in December 2014.

Group net profit of \$1,525 million was \$360 million or 19% lower than that of the previous year. Profit from the Offshore & Marine Division of \$481 million was \$559 million lower than that of the previous year, due mainly to lower operating results, provisions for the Sete Brasil projects and lower net interest income, partly offset by higher contributions from associated companies. Net profit from the Property Division of \$701 million rose by \$219 million because of lower non-controlling interest following the privatisation

**Revenue (\$ million)**



**Net Profit (\$ million)**



### Key Performance Indicators

	2015 \$ million	15 vs 14 % +/(-)	2014 \$ million	14 vs 13 % +/(-)	2013 \$ million
Revenue	10,296	-22	13,283	+7	12,380
Net profit	1,525	-19	1,885	+2	1,846
Operating cash flow	(705)	n.m.	5	-99	637
Free cash flow*	(694)	n.m.	729	+11	654
Economic Value Added (EVA)	648	-64	1,778	+56	1,142
Earnings Per Share (EPS)	84.0 cts	-19	103.8 cts	+2	102.3 cts
Return On Equity (ROE)	14.2%	-24	18.8%	-4	19.5%
Total cash dividend per share**	34.0 cts	-29	48.0 cts	+20	40.0 cts

\* Free cash flow excludes expansionary acquisitions & capex, and major divestments.

\*\* Total distributions for FY 2013 included non-cash special distributions *in specie* of Keppel REIT units equivalent to 9.5 cents per share.

of Keppel Land Limited, higher fair value gains on investment properties and cost write-back upon finalisation of project cost for Reflections at Keppel Bay, partially offset by a lower contribution from associated companies and higher net interest expenses. Profit from the Infrastructure Division of \$207 million was \$113 million lower due mainly to the losses following finalisation of the

cost to complete the Doha North Sewage Treatment Works, partly offset by the gain from divestment of 51% interest in Keppel Merlimau Cogen to Keppel Infrastructure Trust (KIT) and the dilution re-measurement gain from the combination of Crystal Trust and CitySpring Infrastructure Trust to form the enlarged KIT. Profit from the Investments Division increased by \$93 million,

due mainly to higher profit from sale of investments and higher share of profits from k1 Ventures and KrisEnergy.

The Property Division was the largest contributor to Group net profit with a 46% share, followed by the Offshore & Marine Division with 32% share, the Infrastructure Division with 14% share and the Investments Division with 8% share.

## Operating & Financial Review

### Offshore & Marine

#### Profit Before Tax

**\$699m**

as compared to FY 2014's \$1,365 million.

#### Net Profit

**\$481m**

as compared to FY 2014's \$1,040 million.

*We aim to be the preferred solutions partner in the global offshore & marine industry.*

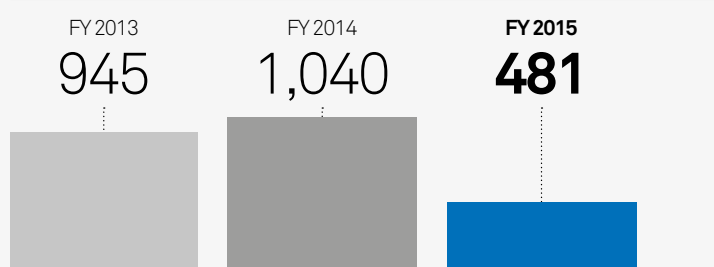
#### Major Developments in 2015

- Entered into an agreement to acquire Cameron's offshore rig business, which comprises the LETOURNEAU™ jackup rig designs, rig kit business and aftermarket services.
- Reinforced expertise as a total solutions provider for the offshore & marine industry with the delivery of the world's deepest FPSO vessel, Turritella, to SBM Offshore.
- Signed a contract with Golar to perform the conversion of a third Moss Liquefied Natural Gas (LNG) carrier into a Floating Liquefaction facility (FLNG).

#### Focus for 2016/2017

- Execute existing backlog of orders on time and on budget.
- Continue to rightsize operations in tandem with workload requirements.
- Invest prudently in R&D, productivity and core competencies for long-term growth.

### Net Profit (\$ million)



### Earnings Highlights (\$ million)

	2015	2014	2013
Revenue	6,241	8,556	7,126
EBITDA	744	1,366	1,196
Operating Profit	597	1,224	1,059
Profit before Tax	699	1,365	1,202
Net Profit	481	1,040	945
Manpower (Number)	26,411	31,597	31,487
Manpower Cost	1,136	1,194	1,173



**01** Celebrating the world's first triple rig naming are Mr Chan Chun Sing (seated), Minister, Prime Minister's Office, and Secretary-General, National Trades Union Congress, with the lady sponsors as well as senior management of Grupo R and Keppel.

01

### Earnings Review

The Offshore & Marine (O&M) Division was entrusted with \$1.8 billion of new orders, bringing the value of its net orderbook to \$9.0 billion as at end-2015, with deliveries and revenue visibility extending to 2020. Non-drilling solutions make up more than a third of the net orderbook.

The Division's revenue of \$6,241 million for the year was \$2,315 million or 27% lower than in 2014, due mainly to lower volume of work done and cessation of work on Sete Brasil's projects as at end-2015.

A provision of about \$230 million was made for the Sete Brasil projects in 4Q 2015, after assessing the construction progress, payment status and amounts due to vendors amongst other areas.

Excluding this provision, the Division turned in a strong operating profit margin of 13.4% for FY 2015, attesting to its robust core operations. Pre-tax earnings of \$699 million was \$666 million or 49% lower year-on-year, due to lower operating results and the aforesaid provision, partially offset by higher contributions

from associated companies.

Net profit of \$481 million for the year was \$559 million or 54% lower than in 2014.

### Market Review

After plunging from a high of over US\$100 per barrel in June 2014, oil price continued on a downward trend throughout 2015 before closing at a 12-year low of US\$30 per barrel at the start of 2016, due to the mismatch in global demand and supply.

Against this backdrop, oil companies have not only cut back on capital expenditures but also



## Operating & Financial Review

### Offshore & Marine



01

*Keppel O&M will continue to focus on rightsizing its operations, improving productivity and optimising resource deployment to meet the challenges of the current downturn in the offshore sector.*

renegotiated contracts with rig owners to lower dayrates in return for longer charter periods. Several drilling contractors have scaled back their fleet renewal and expansion plans. New orders for production units have also slowed down, as operators defer their investment decisions in this low oil price environment.

Meanwhile, confidence in Brazil, one of the world's largest energy producers, has been further shaken by political and economic challenges, as well as ongoing investigations into corruption allegations against national oil company Petrobras and its business associates. Sete Brasil, the owner of 29 rigs meant for the pre-salt exploration for Petrobras, was afflicted with financial difficulties and had ceased payments to all its vendors since November 2014.

Meanwhile, decommissioning work is expected to increase with a rising number of aging platforms in the North Sea that need to be retired safely.

#### Operating Review

The O&M Division will remain busy in 2016, with the execution of both existing and new projects from its backlog. In addition to a growing base of non-drilling solutions, the Division is also increasing its focus on modifications, upgrading, conversions and repairs to augment its work load.

Keppel O&M will continue to focus on rightsizing its operations, improving productivity and optimising resource deployment to meet the challenges of the current offshore sector downturn. This will help ensure that overheads are kept under control and equip the company for tougher market conditions.

Leveraging its flexibility to scale and redeploy manpower, Keppel O&M has been able to channel resources from offshore to marine operations, where there is an ongoing stream of repair and conversion projects. During the year, the company's direct global staff strength was brought down by 17%. Over the same period, its subcontract workforce in Singapore was reduced by 24%.

Notwithstanding the headwinds, Keppel O&M remains steadfast in delivering its projects safely, on time and within budget to the satisfaction of its customers. During the year, it delivered seven jackup rigs and several non-drilling projects including a Depletion Compression Platform to Shell Philippines Exploration, a Floating Production Storage/Offloading (FPSO) vessel to SBM Offshore, an accommodation semisubmersible to Floatel International and three ice-class vessels to Bumi Armada. In particular, the delivery of ultra-harsh jackup rig, Maersk Integrator, to Maersk Drilling 30 days ahead of schedule, on budget and with a perfect safety record, reinforces its quality hallmark.

**01** Keppel Offshore & Marine will continue to work closely with customers, ensuring that we execute and deliver quality projects to their satisfaction.

**02** ARABDRILL 70, a KFELS B Class jackup rig, was delivered to Arabian Drilling Company, three days ahead of schedule, on budget and with a perfect safety record.

## Significant Events

### January

Keppel FELS delivered YUNUEN, a KFELS B Class jackup rig to PEMEX.

Keppel Singmarine secured three contracts worth a total of \$330 million to build a multi-purpose vessel, a multi-task Anchor Handling Tug and a liftboat.

### February

Keppel FELS delivered the fourth high-specification accommodation semisubmersible to Floatel International.

Keppel FELS delivered the ultra-harsh jackup rig, Maersk Integrator, to Maersk Drilling 30 days ahead of schedule, on budget and with a perfect safety record.

Keppel FELS delivered PV Drilling VI, a KFELS B Class jackup rig, to PV Drilling Overseas. It is the 100th jackup rig built by Keppel FELS since 1970.

Keppel Subic Shipyard delivered a Depletion Compression Platform, the first such platform to be constructed in the Philippines, to Shell Philippines Exploration BV.

N-KOM repaired its 100th LNG carrier.

02





## Operating & Financial Review

### Offshore & Marine



**01** Mr Claus V. Hemmingsen (left), CEO of Maersk Drilling and member of the Executive Board in the Maersk Group and Mr Chow Yew Yuen, CEO of Keppel Offshore & Marine, celebrating the delivery of the ultra-harsh jackup rig, Maersk Integrator, to Maersk Drilling.

**02** Keppel seeks to enhance its suite of solutions by acquiring the LETOURNEAU™ jackup rig designs, rig kit and aftermarket service businesses.

Even as Keppel O&M works at reducing costs and optimising operations, it is still investing prudently in R&D as well as improving its productivity and core competencies. To enhance its market position, the Company entered into an agreement with Cameron International Corporation to acquire its offshore rig business, which comprises the LETOURNEAU™ jackup rig designs, rig kit business and aftermarket services. This opportune and strategic acquisition will broaden Keppel O&M's suite of jackup rig design offerings, enable the sale of rig kits, as well as offer customers an expanded range of aftermarket products and services.

In July 2015, Keppel O&M established a new design and technology arm, Gas Technology Development Pte Ltd (GTD), with the aim of deepening its capabilities and innovative solutions for the

gas sector. Since its formation, GTD has been working with trendsetting owners and operators to develop reliable and cost-effective solutions across the gas value chain, including both onshore and offshore liquefaction and LNG transportation.

Making further headway in the gas business, Keppel O&M together with BG Group (BG) were awarded a licence in 2016 to supply LNG bunker to vessels in the Port of Singapore. A 50-50 joint venture will be formed to deliver end-to-end bunkering solutions, leveraging BG's diversified LNG portfolio and Keppel O&M's expertise in servicing LNG vessels.

#### Offshore

In 2015, seven jackup rigs were delivered safely, on budget, and on time to customers including Arabian Drilling, Ensco, Maersk Drilling, PEMEX and PV Drilling.

Keppel O&M continues to work closely with its customers to ensure that projects are delivered to their satisfaction.

Besides being the global leader in the design and construction of offshore rigs, Keppel FELS is also trusted for quality repair and modification projects. During the year, Keppel FELS completed 16 repair projects for drilling contractors like Ensco, Diamond Offshore and Stena Drilling.

Keppel FELS intensified its focus on the non-drilling market and secured a new liftboat order from Crystal Heights Holdings. This solution was designed by Keppel O&M's design subsidiary, Bennett Offshore, in collaboration with Keppel FELS.

BrasFELS delivered the FPSO Cidade de Itaguai MV26 project to MODEC, which is the yard's fifth FPSO delivery since 2010.

All five projects were completed safely and ahead of schedule. The yard also repaired semisubmersibles for Ensco and Odebrecht, as well as a pipelaying support vessel for Technip/Odebrecht.

On average, the construction of the first four semisubmersibles for Sete Brasil had progressed by less than 4% each quarter since the start of 2015, while minimal work had been done on the last two rigs. With the cessation of payments from Sete Brasil since November 2014, BrasFELS had stopped work on all six rigs for the customer as at end-2015.



02

## Significant Events

### March

Keppel FELS delivered a KFELS B Class jackup rig, KUKULKAN, to PEMEX safely, on time and on budget.

### May

Keppel FELS held the world's first triple rig naming ceremony for three KFELS B Class jackup rigs – CANTARELL I, CANTARELL II and CANTARELL III – built for Grupo R.

Asian Lift, a joint venture between Keppel O&M and Smit Singapore, celebrated the naming of Asian Hercules III, the largest and most versatile sheerleg crane of its kind in the world.

### July

Keppel FELS secured a contract from Crystal Heights to build a high-specification liftboat worth US\$85 million.

Keppel Shipyard signed a contract worth about US\$684 million with Golar Gandria N.V. to perform the conversion of a Moss type LNG carrier, the GANDRIA, into a Golar Floating Liquefaction facility.

Keppel O&M won 34 awards at the 2015 Workplace Safety and Health Awards.

### August

Keppel Shipyard secured an FPSO conversion contract as well as three repair, upgrade and modification contracts worth a total of about \$125 million.

Keppel O&M entered into a Stock and Asset Purchase Agreement with Cameron International Corporation, to acquire its offshore rig business, which comprises the LETOURNEAU™ jackup rig designs, rig kit business and aftermarket services for US\$100 million.

## Operating & Financial Review

### Offshore & Marine

Over in Brownsville, Texas, Keppel AmFELS continued to fortify its longstanding partnerships with customers, sealing contracts from Noble Drilling to upgrade a semisubmersible for deployment in the Gulf of Mexico. The yard is also constructing its fifth jackup for Perforadora Central. Keppel AmFELS is also currently constructing one of the world's largest land drilling rigs, which is capable of operating in harsh conditions.

In the Netherlands, Keppel Verolme completed several repair jobs to the satisfaction of its customers. These included two semisubmersibles, a jackup rig and a heavy lift vessel. The yard was also active in tendering for jobs to decommission old platforms. With its strategic location and expertise in complex offshore work, Keppel Verolme

is well-placed to serve the decommissioning market in the North Sea.

#### Marine

Keppel Shipyard maintained its shiprepair volume in Singapore, servicing a total of 428 vessels for the year. The yard also converted and upgraded two FPSOs, fabricated four turrets and modified a mooring system. To date, Keppel Shipyard has completed 118 conversion and upgrading projects, including FPSOs, and 75 turrets/mooring systems, entrenching its market leadership in this segment.

During the year, Keppel Shipyard secured a contract from Golar LNG Limited to perform the conversion of a third Moss LNG carrier into a Floating LNG Vessel. It also won a contract from TOTE Services to convert the world's

first large Roll-on/Roll-off cargo vessel which will operate on a dual-fuel diesel LNG propulsion system. The Roll-on/Roll-off cargo vessel is expected to arrive in the second half of 2016. A new 250-tonne quay crane was recently installed at Keppel Shipyard's Benoi facility to support the execution of a steady stream of marine work.

In China, Keppel Nantong successfully delivered the Asian Hercules III floating crane to Asian Lift, two ice-class supply vessels to Bumi Armada, as well as the Giant 6 and 7 semisubmersible barges to Boskalis. It is presently working with the Nantong authorities on the necessary approvals to construct a new airbag launching slipway that will enable the yard to build larger and heavier vessels.







02

Meanwhile, its sister yard Keppel Nantong Heavy Industry delivered about 21,000 tonnes of jackup and semisubmersible components to Keppel FELS.

Keppel Batangas and Keppel Subic repaired a total of 107 vessels and achieved 7.5 million safe working man-hours without any lost time incidents. They also supported Keppel FELS in its offshore construction projects.

During the year, Keppel Batangas continued to improve on operational efficiency, adding new equipment and modifying its yard layout to improve workflow and productivity, as well as reduce costs.

Keppel Subic, having expanded its plate storage area, is now able to handle steel plates easily. The yard will continue to work with Keppel Shipyard to secure high value jobs such as FPSO and other marine conversion projects.

Together, Nakilat-Keppel O&M (N-KOM) in Qatar and Arab Heavy Industries (AHI) in the United Arab Emirates, are poised to serve more customers in the Arabian Gulf.

**01** Keppel Shipyard has secured three contracts from Golar LNG for the conversion of Moss LNG carriers into FLNG vessels.

**02** Keppel Nantong Heavy Industry in China completed its first delivery to Keppel FELS since commencing operations in 2013.

## Significant Events

### September

Keppel FELS delivered UMW Naga 8, a KFELS B Class jackup rig, to Malaysia's UMW Oil & Gas Corporation Berhad. It was completed 32 days ahead of schedule, on budget and with a perfect safety record.

Keppel Singmarine delivered three ice-class vessels on schedule and with a perfect safety record to Bumi Armada.

### October

Keppel FELS delivered ARABDRILL 70, a KFELS B Class jackup rig, to Arabian Drilling Company. It was completed three days ahead of schedule, on budget and with a perfect safety record. The ARABDRILL 70 is the fourth KFELS B Class jackup rig to work for the customer.

Keppel Shipyard delivered the world's deepest FPSO vessel, Turritella, to SBM Offshore.

### December

Keppel Shipyard secured two conversion contracts – an LNG FSU vessel for Armada Floating Gas Storage and an FPSO vessel awarded by Yinson Production (West Africa).

BrasFELS secured an FPSO integration contract awarded by MODEC Offshore Production Systems (Singapore).

CSC secured a barge enhancement contract awarded by BP Exploration (Shah Deniz).

## Operating & Financial Review

### Offshore & Marine



01

*Keppel O&M has undergone several challenging cycles throughout its history, emerging stronger and more resilient each time.*

AHI is an established provider of an entire spectrum of shiprepair, conversion, shipbuilding and steel fabrication services. In 2015, AHI repaired 138 vessels for both international and local customers such as Boskalis, McDermott International and Middle East Dredging Co, and also began constructing a Self-Installing Platform for TOA Corporation.

Meanwhile, N-KOM's versatility has enabled it to secure and execute a diverse range of projects. In 2015, the yard completed the world's first Main Engine Gas Injection conversion project for a Nakilat Q-Max LNG carrier. This vessel was modified to run on LNG as an alternative fuel. During the year, N-KOM's new floating dock, which is the largest of its kind in the world, drydocked its first vessel.

#### Specialised Shipbuilding

In 2015, Keppel Singmarine sealed several new contracts including an ice-class multi-purpose vessel for New Orient Marine,

a multi-task Anchor Handling Tug for repeat customer Seaways and a contract to provide technical services for N-KOM.

Keppel Singmarine is set to deepen its track record for the design and construction of ice-class vessels. Including the latest contract with New Orient Marine, Keppel Singmarine has been involved in constructing a total of 12 ice-class vessels. Of these vessels, three were delivered to Bumi Armada in 2015.

During the year, Keppel Singmarine expanded its suite of solutions to meet the demand for specialised ships in the LNG sector. Riding on the prestigious Gastech conference, it launched new designs for LNG carriers, bunker vessels, barges and tugs, including a 65-tonne dual-fuelled LNG Azimuth Stern Drive (ASD) tug, which was the winner of the Maritime and Port Authority of Singapore's Outstanding Maritime Research and Development and Technology Award.



**01** N-KOM launched its first liftboat built for its longtime client, Gulf Drilling International in November 2015.

**02** In 2015, Keppel Singmarine successfully delivered two ice-class supply vessels and one ice-class multi-purpose duty-rescue vessel to Bumi Armada.

Over in Brazil, Keppel Singmarine Brasil delivered the last of six harbour tugs to Rebras-Rebocadores do Brasil. In 2016, the yard will continue to focus on completing two 4,500 deadweight tonnage platform supply vessels.

Keppel O&M is well-positioned to capture opportunities in the Caspian Sea through Caspian Shipyard Company (CSC) and Baku Shipyard in Azerbaijan.

CSC secured two major upgrade contracts in 2015 from repeat customers Caspian Drilling Company (CDC) and BP. The construction of Azerbaijan's first modern semisubmersible rig, the DSS 38M™ semisubmersible, is progressing well at CSC and is scheduled for delivery by end-2016. Baku Shipyard, one of the most modern shipbuilding and repair facilities in the Caspian Sea, secured and completed 31 repair and upgrading projects during the year. These included the upgrading of the semisubmersible Dada Gorgud for CDC.

### Industry Outlook

Keppel O&M has undergone several challenging cycles throughout its history, emerging stronger and more resilient each time. The present offshore downturn presents the opportunity to enhance the company's long-term sustainable, competitive position as it readies itself for the upturn.

### Offshore Rigs

With oil prices at current low levels, the replacement cycle for aging rigs might be accelerated as new rigs entering the market at lower dayrates are forcing old units out of the market. The attrition of old rigs will hasten a rebalance of demand and supply for the rig market in the longer term. Since June 2014, 14 jackups and 42 floaters have been removed from the global rig fleet, compared to just 10 jackups scrapped in the preceding one and a half years.



## Operating & Financial Review

### Offshore & Marine



01

The rig market in the Middle East has been resilient, with the number of rigs employed remaining constant. In addition, the lifting of sanctions in Iran could bolster rig demand. In Mexico, the award of three shallow-water blocks by the country's Natural Hydrocarbons Commission is an encouraging sign and may stimulate demand for jackups and floaters eventually. Even with the current low oil prices, the long-term fundamentals of Mexico's offshore oil and gas industry remain strong. Keppel O&M is well-positioned to capture opportunities from the opening up of Mexico's oil and gas sector.

With its extensive suite of proprietary solutions and prudent investment in R&D, Keppel O&M is able to serve a wide spectrum of customers in both drilling and non-drilling markets. Non-drilling solutions made up more than a third of Keppel O&M's orderbook as at end-2015. With its own series of liftboat and multi-purpose vessel designs, Keppel O&M will be able to support its customers in the maintenance of most shallow-water oil and gas fields.

#### Shiprepair

The shiprepair market is expected to remain subdued, with charter rates staying low for most merchant vessel types. Dry bulk and container operators continue to be affected by weak growth in global trade and persistent overcapacity. While tanker rates have picked up slightly in the last quarter of 2015, ship owners are observed to only perform essential work.

Nonetheless, pockets of opportunities have emerged in the area of retrofit work such as dual-fuel conversion. Keppel O&M will continue to maintain its existing client base while expanding its market.

#### Production Units

It is estimated that more than half of the 251 floating production system projects under planning are FPSO units and liquefaction/regasification floaters. According to Douglas-Westwood, global LNG capital expenditure could reach as much as US\$259 billion by 2019. This would include spending on baseload onshore and offshore liquefaction equipment, LNG carriers and regasification for onshore and offshore terminals.

**01** Keppel Shipyard delivered the world's deepest FPSO vessel, *Turritella*, to SBM Offshore in August 2015.

**02** Mr S Iswaran (centre with red tie), Singapore Minister for Trade and Industry (Industry), being briefed by Mr Michael Chia (left), MD (Marine and Technology), Keppel O&M, and Mr Chor How Jat (right), MD, Keppel Shipyard, at the opening of the Gastech Singapore Pavilion.



### LNG Solutions

Building on its experience and track record for complex offshore conversion projects, Keppel O&M is poised to become a total solutions provider for the LNG industry. In 2008, it successfully converted the world's first Floating Storage and Regasification Unit (FSRU), which was closely followed by the award of two more FRSU projects. In 2014, it became the first shipyard to undertake an FLNG conversion.

In recent years, the company has equipped itself to capture a wider range of opportunities in the gas business, expanding its offerings to include both onshore and offshore liquefaction, as well as LNG transportation solutions.

PreNEx (Pre-cooled Nitrogen Expansion) is Keppel's proprietary natural gas liquefaction technology. It offers a simple, safe and reliable liquefaction alternative and can be employed for offshore and onshore purposes. LNG produces considerably lower emissions than conventional marine fuel and can significantly reduce a vessel's environmental impact.

With the licence to supply LNG bunker to vessels in the Port of Singapore, Keppel O&M and BG will collaborate to deliver end-to-end bunkering solutions, combining LNG sourced from BG's diversified LNG portfolio and Keppel O&M's expertise with LNG vessels. The first LNG bunker delivery is slated for 2017.

The prospect of supplying LNG as a fuel for ships in Singapore, one of the world's most strategic ports, is encouraging. As the shipping industry's demand for green solutions continues to rise, Keppel O&M will also be able to meet the needs for sustainable shipping by offering solutions such as barges, carriers and dual-fuel tugs that can run on LNG, as well as the retrofitting of vessels to run on this fuel source.

Looking ahead, Keppel O&M's concerted gas strategy and its enhanced suite of non-drilling solutions, will help to create new opportunities for the company and cushion the impact of weak demand for drilling rigs.



## Operating & Financial Review

### Property

#### Profit Before Tax

**\$896m**

as compared to FY 2014's \$1,017 million.

#### Net Profit

**\$701m**

as compared to FY 2014's \$482 million.

*We are committed to providing quality and innovative urban living solutions in Asia.*

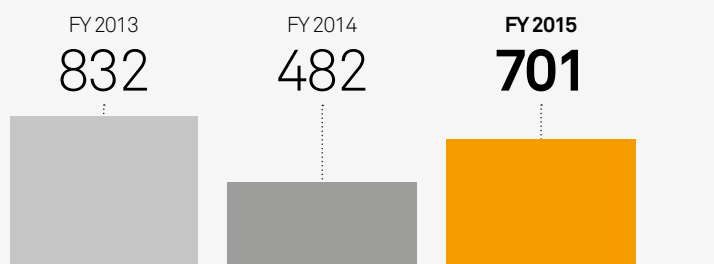
#### Major Developments in 2015

- Privatisation of Keppel Land.
- Invested \$615 million to strengthen portfolio in key markets in China and Indonesia, and opportunistically in the UK.
- Sold about 4,570 homes in Asia, mostly in China and Vietnam, almost twice the total number of units sold in 2014.
- Grew assets under management by Keppel REIT and Alpha Investment Partners (Alpha) by 9.6% to \$20.5 billion as at end-2015.

#### Focus for 2016/2017

- Invest strategically and opportunistically in developed and emerging markets, in new and existing platforms, projects and properties.
- Tap demand in China and Vietnam with over 14,000 launch-ready homes over the next few years.
- Actively scale up commercial presence and leverage retail management capability to build new growth platforms.
- Monetise assets strategically to recycle capital and achieve good returns.

## Property

**Net Profit (\$ million)****Earnings Highlights (\$ million)**

	2015	2014	2013
Revenue	1,926	1,729	1,768
EBITDA	671	686	1,006
Operating Profit	636	667	981
Profit before Tax	896	1,017	1,439
Net Profit	701	482	832
Manpower (Number)	4,236	4,224	4,321
Manpower Cost	189	173	158

**01 Topping out**  
*International Financial Centre Jakarta Tower 2*  
 were (from left):  
 Mr Kim Kyung-Jun, Senior Executive Vice President, Samsung C&T Corporation; Mr Ang Wee Gee, CEO of Keppel Land; H.E. Mr Anil Kumar Nayar, Singapore's Ambassador to the Republic of Indonesia; Guest-of-Honour Mr Franky Sibarani, Chairman of Indonesia Investment Coordinating Board; Mr Loh Chin Hua, CEO of Keppel Corporation and Chairman of Keppel Land; and Ms Meri Ernahani, Assistant Deputy Governor of Jakarta for Industry, Trade and Transportation.



01

**Earnings Review**

The Property Division generated revenue of \$1,926 million, an increase of \$197 million or 11.4% compared to \$1,729 million in FY 2014, due mainly to higher revenue from China partly offset by lower revenue from Singapore. Pre-tax profit decreased by \$121 million or 11.9% to \$896 million for FY 2015 due to lower divestment gains. The Property Division, with its net profit of \$701 million, contributed 46% to the Group's net profit in 2015.

The privatisation of Keppel Land was a strategic move that has

fully aligned the interests of the Property Division with the Group, and is providing a strong pillar for earnings and long-term value creation. The full ownership of this Division gives us the ability to rightsize the balance sheet of the property business to seize opportunities, recycle capital and allocate resources across the Group for optimal returns.

**Market Review**

Singapore's economy grew at a modest 2.0% in 2015, largely due to the economic slowdown in China and its contagion impact on the commodity and manufacturing sectors.

Property cooling measures implemented since 2013 continued to weigh on the Singapore residential market. Conditions were further exacerbated by global uncertainties and rising interest rates. A total of 7,440 new homes were sold in 2015, a slight increase from the 7,316 units sold in 2014. This was largely attributed to price cuts and monetary incentives offered by developers. Private residential prices fell by 3.7% year-on-year in 2015 compared with the 4.0% decline in 2014.



## Operating & Financial Review

### Property

01



Private residential prices are expected to be soft as potential buyers continue to stay at the sidelines, deterred by Additional Buyer's Stamp Duty (ABSD) and other property cooling measures.

According to CB Richard Ellis, CBD office rents dropped by 7.1% year-on-year in 4Q 2015. This was primarily attributed to the slowdown in China's economy, weaker business sentiments and rationalisation by tenants. Office rents in the CBD are expected to face downward pressure with new supply coming onstream and continued global economic slowdown in developed countries.

In China, the slowest Gross Domestic Product (GDP) growth was registered in 25 years at 6.9% in 2015, compared to 7.3% in 2014. The slowdown is traced to a depressed manufacturing output, global economic slowdown and uncertainties, rising debt, volatile financial markets, a softer property market and weaker business sentiments.

Meanwhile, Vietnam achieved a GDP growth of 6.7% in 2015, the highest since 2007, and is projected to maintain its lead in 2016 as the fastest growing economy of the six major ASEAN countries. Its recovering economy is a result of improvements in infrastructure and greater business confidence. The policy change to allow for foreign ownership of property in July 2015 revived investments and helped lift property sales. Demand for office space is expected to remain steady, supported by strong demand and lack of new supply. Over the longer term, we can expect to see marked movements in the commercial market with more office developments in the pipeline. Domestic players continue to dominate the retail market although an increasing number of international retailers have flocked to Vietnam with the opening of several large-scale malls in 2015.

### Operating Review

#### Singapore

Keppel Land sold a total of 192 residential units in Singapore in 2015, compared to 304 units sold in 2014, due to negative market sentiments and unfavourable cooling measures. More than half of the 192 units sold were contributed by The Glades.

Following Keppel Land's acquisition of a 75% majority stake in Array Real Estate, the retail division has since been renamed Keppel Land Retail Management (KLRM)



02

to reflect its new identity as the retail management and development specialist arm. The retail division has consolidated resources in China and Vietnam to work on the retail and mixed-use developments under construction. It is also looking at expanding its presence in Indonesia.

Leveraging KLRM's experience and network to capture opportunities both locally and abroad, Keppel Land acquired a 22.4% stake in 112 Katong lifestyle mall, of which the remaining 77.6% stake is owned by a fund advised by Alpha. The investment will add to Keppel Land's quality portfolio of retail and mixed-use properties.

#### Overseas

In China, Keppel Land sold a total of 3,280 homes in 2015 compared with about 1,900 units sold in 2014. This was primarily due to strong take-up at V City in Chengdu, its first joint-venture project in China with China Vanke, Seasons Residence in Shanghai, as well as Central Park City township in Wuxi. The easing of home purchase restrictions and monetary measures has helped the residential property market to recover.

*01 Saigon Centre Phase 2 will meet the demand of Vietnam's fast growing office and retail market. The retail mall will open in the second half of 2016.*

*02 Keppel Land achieved strong take-up for V City in Chengdu (pictured), its first joint-venture project in China with China Vanke.*

## Significant Events

### January

Keppel Land acquired a 4.6-ha site in West Jakarta, Indonesia for a residential development.

Keppel Land was ranked fourth in Corporate Knights' Global 100 Most Sustainable Corporations in the World.

Keppel Land acquired a 75% stake in retail management company Array Real Estate, which was later renamed Keppel Land Retail Management.

### February

Keppel Land acquired a freehold nine-storey office building in London, UK, from Aberdeen Property Trust.

Keppel Land and China Vanke, extended their strategic alliance into China to jointly develop a prime residential estate in Chengdu.

### March

Keppel Land raised its stake in Estella Heights in Ho Chi Minh City from 55% to 98%.

Keppel REIT topped out the Old Treasury Building office tower in Perth, Australia.

### August

Keppel Land topped out International Financial Centre Jakarta Tower 2, a landmark commercial development in the CBD of Jakarta, Indonesia.



## Operating & Financial Review

### Property



**01** The Alpha Asia Macro Trends Fund II invested in a portfolio of three office buildings including Manulife Centre (pictured) through a joint office investment platform with CDL.

**02** Keppel Land expanded its hospitality portfolio in Myanmar with the new 29-storey Inya Wing at Sedona Hotel Yangon (pictured) which was soft opened in October 2015.

01

In Vietnam, Keppel Land achieved a sales record in 2015 with 930 units, which was more than five times the 164 units sold in 2014. This was made possible with an improved economy, a growing middle class and the relaxation of foreign housing ownership restrictions implemented in July 2015. Estella Heights, Keppel Land's latest development in District 2 of Ho Chi Minh City, sold 670 units in less than a year following its launch in 2015.

#### Monetisation of Assets for Capital Recycling

Keppel Land has monetised almost \$2.4 billion worth of assets to achieve higher returns for its shareholders in the last two years. The Property Division continued to proactively review and seek opportunities to recycle its assets.

In 2015, Keppel Land sold BG Junction in Surabaya, Indonesia. In January 2016, Keppel REIT sold the office building at 77 King Street, in Sydney, and achieved a divestment gain of A\$28 million.

Keppel Land invested a total of \$615 million into strengthening its portfolio in China, Indonesia and the UK during the year. The acquisitions were in line with Keppel Land's commitment to constantly review its landbank and actively unlock, recycle and re-invest capital to generate better returns.

#### Deepening Presence in Key Markets

Over the last two years, Keppel Land continued to strengthen its presence in its core markets of Singapore and China, expand in growth markets of Vietnam and Indonesia, as well as seize opportunities in other emerging markets and global gateway cities.

Keppel Land acquired a 40% stake in a Grade A 23-storey office tower in Yangon, a joint venture project with established local property developer, Shwe Taung Group. It will be part of the mixed-use Junction City development in Yangon's CBD. The Property

Division also formed a joint venture with China Vanke to develop a 16.7-ha residential project in Chengdu, China.

#### Growing Fund Management

Both Alpha and Keppel REIT continued to proactively manage their portfolios and funds through acquisitions and divestments. In January 2016, Keppel REIT divested its interest in 77 King Street in Sydney, Australia, and achieved a gain of A\$28 million. Additionally, Alpha has partnered City Developments Limited, through Alpha Asia Macro Trends Fund II, to create a joint office investment platform which includes three assets – Central Mall (Office Tower), 7 & 9 Tampines Grande and Manulife Centre valued at approximately \$1.1 billion. The platform would enable Alpha to invest in a portfolio of well-located office properties in Singapore, with opportunities for rental reversions in the medium term.



## Property

Both Alpha and Keppel REIT are part of the Group's capital recycling platform and contribute toward generating steady income streams.

Moving ahead, Keppel intends to consolidate its interests in the Group's asset management businesses, including Alpha and the manager of Keppel REIT, under Keppel Capital Holdings in the Investments Division.

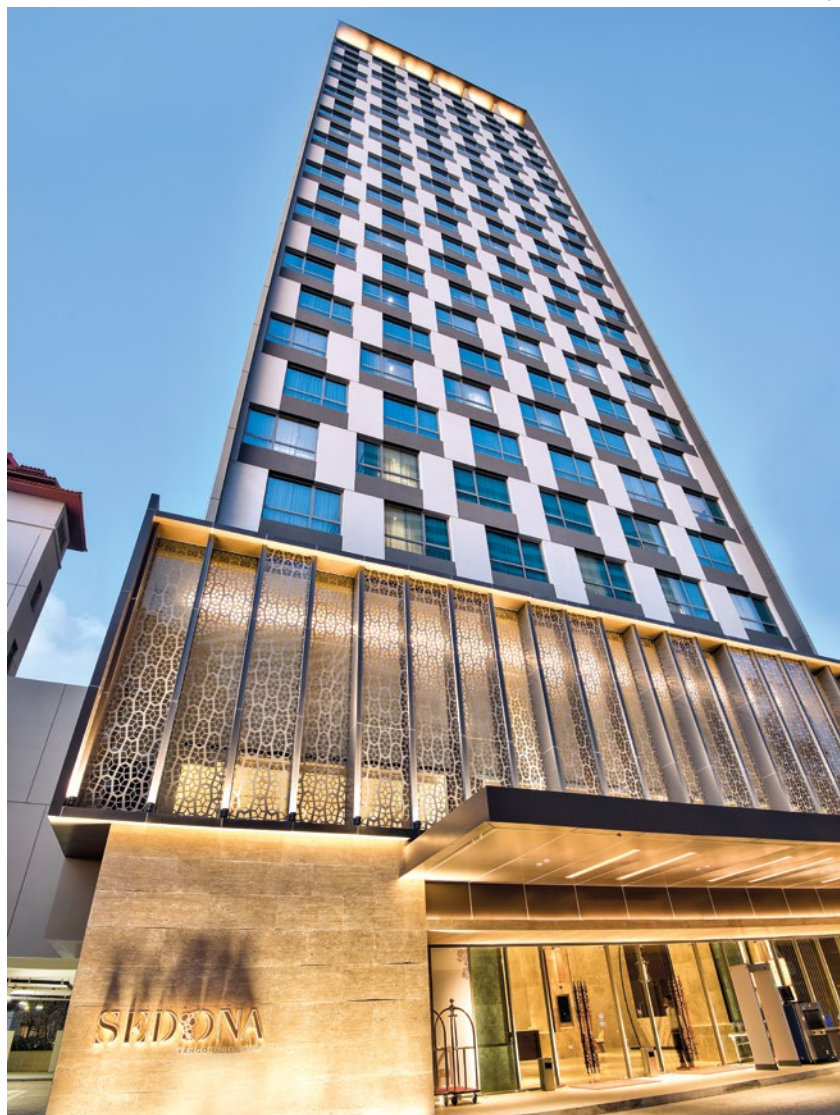
### Business Outlook

#### Singapore

Singapore's growth is expected to remain slow in 2016. Primary factors include the slowing growth in China, plunging oil prices

*The privatisation of Keppel Land was a strategic move that has fully aligned the interests of the Property Division with the Group, and is providing a strong pillar for earnings and long-term value creation.*

02



## Significant Events

### September

Keppel REIT topped the Global Real Estate Sustainability Benchmark 2015.

### October

Keppel Land's Sedona Hotel Yangon in Myanmar celebrated the opening of its new Inya Wing, which features an additional 431 guest rooms and suites.

### December

Keppel Land and M1 launched the pilot Smart Lives programme at The Luxurie in Singapore.

Keppel Corporation and Keppel Land completed a share swap transaction with Mapletree Investments, thus consolidating the Keppel Group's ownership of Keppel Bay Tower.

Alpha, through Alpha Asia Macro Trends Fund II, partnered City Developments (CDL) in a joint office investment platform to acquire three of CDL's prime office assets.

## Operating & Financial Review

### Property

as well as impact of the US' monetary policy normalisation. Property cooling measures are unlikely to be lifted, and with a new supply of completed homes coming onstream, as well as the deadline for ABSD for unsold homes kicking in for developers, the residential market is expected to be subdued with continued price falls.

Grade A office occupancy and rents are expected to face downward pressure in the near term due to the impending new office supply in 2H 2016.

### Overseas

Economic and financial reforms leading to improved business confidence and increased domestic consumption, as well as a rising middle-class population will fuel the demand for quality homes and prime commercial space in Asia.

China's continued easing of monetary measures will help to boost housing demand. Meanwhile, reforms to reduce industrial overcapacity and an inventory of unsold homes, as well as lower business costs will generate a balanced demand-supply with stable prices and inventory.

In Vietnam, the strong inflow of foreign investments, robust consumption as well as the introduction of new foreign property ownership laws, which came into effect on 1 July 2015, will help generate a healthy demand for properties located in prime districts.

In Indonesia, with effect from January 2016, foreigners can own homes including landed properties in Jakarta for up to 80 years on the condition that they are living, working or investing in the country. This move will bolster foreign investments in Indonesia and provide further growth opportunities for Keppel Land.

01





**Sino-Singapore Tianjin Eco-City**

Seven years since it broke ground, the Sino-Singapore Tianjin Eco-City (Sino-Singapore Eco-City) is on track to realising its vision of becoming a thriving, sustainable community. Today, more than 50,000 people are working and living in the Sino-Singapore Eco-City and over 3,000 companies have invested in the city.

Leading the Singapore consortium, Keppel works with its Chinese partner to guide our 50-50 joint venture – the Sino-Singapore Tianjin Eco-City Investment and Development Co Ltd (SSTEC) in its role as the master developer of the Sino-Singapore Eco-City.

Presently, there are seven schools in the city with six more to be opened in 2016. Two new neighbourhood centres, a sports centre and a general hospital were completed in 2015. Upgrading works for the Eco-Business Park is ongoing to model the project after Singapore's one-north. In addition, preparatory work has started on the Z4 line, which links the Eco-City to the other parts of Tianjin. Construction on the line will start in 1H 2016.

The Sino-Singapore Eco-City's home sales achieved a record high in 2015, with over 6,000 units sold. Of these, SSTEC's projects sold 2,946 units, 71% higher than in 2014.

Riding on improving local market sentiments, the city's development will focus on the central district, which includes a Sino-Singapore Friendship Garden and the renowned Tianjin Nankai Middle School.

The Sino-Singapore Eco-City continues to attract attention from leaders of both countries. During his state visit to China in July 2015, Singapore President Dr Tony Tan visited the Eco-City and reaffirmed the success of the Sino-Singapore Eco-City as a platform to foster mutual understanding and deepen the friendship between the two governments. Additionally, Chinese President Xi Jinping highlighted the Eco-City as a successful cooperation project between China and Singapore during his state visit to Singapore in November 2015.

Keppel continued to participate in and contribute towards the growth of the Sino-Singapore Eco-City. As at end-January 2016, about 97% of units at Keppel's Seasons Park have been sold. In the same period, 79% of the 480 launched units in the 1,190-unit Seasons Garden were sold. Meanwhile, 90% of the 341 low-rise homes in Waterfront Residence were sold as at end-January 2016.

Seasons City, Keppel's commercial development, is presently under construction and its first phase is expected to be completed in 2019.

Keppel Telecommunications & Transportation's logistics distribution centre in the Eco-Industrial Park will commence operations in 1H 2016.

Keppel Infrastructure's (KI) district heating and cooling system plant has been operating well since 2013 and is able to maximise the utilisation of geothermal energy. The construction of KI's water reclamation plant is also progressing well and is due for completion in 1Q 2016.

**01** Located in the heritage-rich estate of Tiong Bahru, Highline Residences is well-connected by public transportation and supported by a wide range of facilities and amenities.

**02** Singapore President Dr Tony Tan (first row, third from right), accompanied by Dr Lee Boon Yang (first on the President's right), Chairman of Keppel Corporation, visited the Sino-Singapore Eco-City during his state visit to China in July 2015.



## Operating & Financial Review

### Infrastructure

#### Profit Before Tax

**\$256m**

as compared to FY 2014's \$452 million.

#### Net Profit

**\$207m**

as compared to FY 2014's \$320 million.

*We will focus on building the Infrastructure Division into a stable contributor to the Group by developing our energy-related infrastructure, logistics and data centre businesses.*

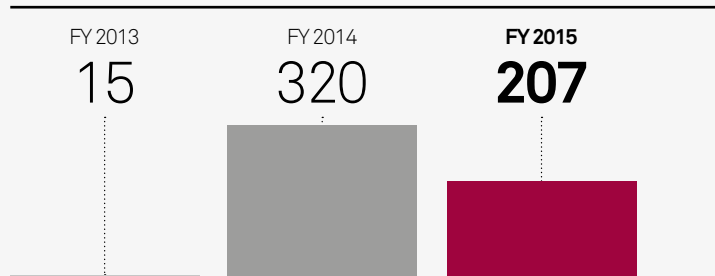
#### Major Developments in 2015

- Delivered on Engineering, Procurement and Construction projects:
  - Handed over the Greater Manchester Energy-from-Waste (EfW) Plant in the UK.
  - Achieved substantial handover of the Doha North Sewage Treatment Works (DNSTW) in Qatar and commenced a 10-year operations and maintenance phase for its liquids stream, solid thickening and dewatering facilities.
  - Handed over the Bialystok waste-to-energy combined heat and power (WTE CHP) project in Poland.
- Completed the combination of Keppel Infrastructure Trust (KIT) with CitySpring Infrastructure Trust and injected 51% of Keppel Merlimau Cogen (KMC) into the enlarged trust.
- Keppel DC REIT acquired two data centres in Sydney, Australia and Offenbach am Main, Germany within the first year of its Initial Public Offering.
- Keppel Telecommunications & Transportation (Keppel T&T) commenced operations at its Tampines Logistics Hub in Singapore and a distribution centre in Vietnam.

#### Focus for 2016/2017

- Continue seeking out value-enhancing projects, leveraging the Division's project development, engineering, operations and maintenance expertise.
- Improve operational efficiency by harnessing the strengths of an integrated gas and power business platform.
- Continue building up a portfolio of quality data centres and providing higher value services to customers.
- Enhance capability to deliver high value, efficient logistics services in Asia Pacific.

## Infrastructure

**Net Profit (\$ million)****Earnings Highlights (\$ million)**

	2015	2014	2013
Revenue	2,058	2,934	3,459
EBITDA	285	570	150
Operating Profit	221	466	69
Profit before Tax	256	452	73
Net Profit	207	320	15
Manpower (Number)	2,750	2,728	3,358
Manpower Cost	181	231	244

**Earnings Review**

The Infrastructure Division's revenue decreased by \$876 million or 30% to \$2,058 million, due mainly to lower revenue from Keppel Infrastructure's (KI) power generation plant and the absence of revenue from Keppel FMO Pte Ltd, which was disposed in 2014. Profit before tax decreased by \$196 million or 43% to \$256 million, as a result of losses recognised for the DNSTW, as well as the absence of gains from the sale of data centre assets by Keppel T&T in 2014, partially offset by gains from the divestment of a 51% stake in KMC and the combination of KIT and CIT. In FY 2015, the

Division contributed 14% to the Group's net profit.

**Gas-to-Power Market Review**

In 2015, Singapore's average electricity demand grew slightly at a year-on-year rate of 1.0%, compared to 3.6% in 2014, mirroring a slowdown in the growth of Singapore's economy. The business climate in Singapore was challenging in 2015 due to overcapacities in electricity generation and gas supply as well as the arrival of new entrants into the market, all of which exerted downward pressure on profit margins.

In the electricity market, the Energy Market Authority (EMA) launched the Electricity Futures Market and announced plans to fully liberalise the electricity market to include domestic households. This would enable households to purchase electricity directly from private retailers in the second half of 2018. Keppel is readying itself to secure a broader customer base after the full liberalisation of the electricity market.

In 2015, there were developments in the regulatory framework in the gas market for future long-term and spot Liquefied Natural Gas (LNG) imports. There was also an increase in the number of gas retailer licensees entering the market, intensifying the competition.

**01** Dr Ong Tiong Guan, CEO of Keppel Infrastructure, sharing on the company's directions.

01

**Operating Review**

Amidst increasing competition and changing regulations in the industry, KI's Gas-to-Power business continued to deliver credible results in 2015.

In June 2015, KI completed the injection of a 51% stake of KMC, which owns the 1,300-MW co-generation plant on Jurong Island, into KIT for a cash consideration of \$510 million. The proceeds from the divestment of KMC strengthened KI's balance sheet.



## Operating & Financial Review

### Infrastructure



01

*KI will continue to seek out value-enhancing projects, leveraging its project development, engineering, operations and maintenance expertise to strengthen its market position.*

#### Business Outlook

The Singapore energy market has been experiencing an oversupply of generation capacity since 2013, when the long-term LNG supply commenced flow in Singapore. Since then, generation companies in Singapore have experienced margin compression as a result of increasing capacity, and it is expected that this oversupply will continue to weigh on the Singapore electricity and gas market in the coming years.

Following the launch of the Electricity Futures Market by EMA, the next major development in the electricity market will be Full Retail Contestability, which is scheduled to be implemented by 2018. This will see about 1.2 million households becoming contestable consumers. To increase KI's market share and extract greater downstream value from the gas supply chain, KI will be focusing on initiatives to differentiate itself in the type and quality of product offerings, such as bundling electricity, utilities, cooling services and gas supply to customers.

#### Waste-to-Energy Market Review

The global WTE industry is driven primarily by government regulatory policies and rapid urbanisation.

In China, tackling environmental issues has been identified as one of the main priorities by the Chinese government. The Chinese government has set a target to treat up to 35% of the country's municipal solid waste by incineration as part of its 12th Five Year Plan. This implies a compounded annual growth rate in WTE treatment capacity of 14% per annum from 2015 to 2020, with an estimated total investment of RMB120 billion over the next five years.

In Europe, the European Commission adopted an ambitious new Circular Economy Package to help European businesses and consumers to make the transition to a stronger and more circular economy, where resources are used in a more sustainable way. This package will contribute to "closing the loop" of product life cycles through greater recycling

**01** In June 2015, KI completed the injection of a 51% stake of KMC, which owns the 1,300-MW co-generation plant on Jurong Island, into KIT.

**02** Keppel Seghers handed over Phase 2 of the Greater Manchester EfW facility in the UK in April 2015. Combined with Phase 1 which was handed over in January 2015, the entire facility (pictured) is able to process up to 850,000 tonnes of refuse-derived fuel per annum, making it one of the largest and most efficient combined heat and power facilities in the world.



and re-use, and bring benefits to both the environment and the economy. Keppel Seghers' recently completed Bialystok WTE CHP project in Poland, which includes an advanced bottom ash recycling plant, is set to contribute to the European Union's (EU) Circular Economy initiatives.

### Operating Review

In the UK, Keppel Seghers successfully handed over Phase 1 and 2 of the Greater Manchester EfW facility, which is one of the largest waste and renewable projects in Europe.

In Qatar, Keppel Seghers substantially handed over the DNSTW to the client in December 2015. In addition, as part of the graduated handover process for the Design-Build-Operate project, Keppel Seghers has commenced its 10-year operations and maintenance phase for its liquids stream, solid thickening and dewatering facilities. The DNSTW is Keppel Seghers' second landmark project in Qatar. This is

in addition to the Domestic Solid Waste Management Centre, which was handed over in October 2011.

In China, Keppel Seghers is currently executing five WTE technology package projects with a total incineration capacity of 7,600 tonnes per day. All projects are progressing within their contractual schedules and budgets.

In Poland, Keppel Seghers handed over the Bialystok WTE CHP project to its client in December 2015. The project was delivered on schedule and on budget, and is among the first WTE plants in Poland to achieve commercial operation.

### Business Outlook

Against the backdrop of rapid urbanisation, depleting landfill capacity and increased awareness of environmental and pollution issues, there is a growing need for governments to look into sustainable waste management solutions.

## Significant Events

### January

**Keppel Seghers handed over Phase 1 of the Greater Manchester EfW facility in the UK.**

Keppel Seghers secured a contract to provide a technology package to a WTE plant in Beijing's Changping District.

### February

**Indo-Trans Keppel Logistics Vietnam (ITKL) officially opened its distribution centre in the Vietnam-Singapore Industrial Park 1 in Binh Duong province.**

### April

**Keppel Seghers handed over Phase 2 of the Greater Manchester EfW facility in the UK.**

Keppel Seghers secured a contract to provide a technology package for a WTE plant in Beijing, China.

Tampines Logistics Hub in Singapore commenced operations.

### May

**Keppel completed the combination of KIT with CIT to form the largest Singapore infrastructure-focused business trust.**

Keppel DC REIT announced its maiden post-IPO acquisition of Intellicentre 2 in Sydney, Australia.

Keppel DC REIT was added to the MSCI Singapore Small Cap Index within six months from listing.

KIT raised \$525 million in Singapore's largest equity during the year for the acquisition of KMC.

02



## Operating & Financial Review

### Infrastructure

In China, driven by the government's priority in tackling environmental issues, it is expected that 2020 targets will be set for both pollutant emission reduction and environment quality improvement in the upcoming 13th Five Year Plan.

In Hong Kong, Keppel Seghers was one of the four shortlisted companies who will be invited to submit a Design-Build-Operate proposal for the HK\$19.2 billion Integrated Waste Management Facility. This state-of-the-art WTE plant will have the capacity to treat 3,600 tonnes per day of waste and will be built on a reclaimed island.

In Europe, the replacement and upgrading of ageing facilities and rapid development in new EU members will provide more opportunities in this sector. For example, Poland has emerged as one of the most promising WTE markets in Europe with financial support from the EU.

KI will continue to seek out value-enhancing projects, leveraging its project development, engineering, operations and

maintenance expertise to strengthen its market position.

#### X-to-Energy

The X-to-Energy division drives KI's efforts to improve efficiencies and explore new frontiers in the energy sector. It comprises Keppel DHCS, our district cooling and heating systems business, and KIT, an infrastructure business trust listed on the Singapore Exchange.

As part of the Group's plans to grow its asset management business, Keppel intends to consolidate its interests in KIFM under Keppel Capital Holdings in the Investments Division.

#### Market Review

Demand for District Cooling Services (DCS) in Singapore has remained strong. Aggregate DCS demand at Keppel DHCS' existing service corridors, namely at Changi Business Park, Biopolis, Woodlands Wafer Fab Park and Mediapolis, has maintained a compounded annual growth rate of 11% since 2010.

The demand for energy efficiency, which requires all new and existing buildings that undergo major

retrofitting works to achieve Green Mark certification, has provided growth opportunities for Keppel DHCS' retail cooling business. The Company has since secured two additional retail cooling contracts in 2015.

#### Operating Review

In 2015, Keppel DHCS secured four contracts for its Changi Business Park and Biopolis facilities, with contract sums totalling \$108.5 million. With Keppel DHCS' fourth plant achieving Temporary Occupation Permit in October 2015, both the Mediapolis and Biopolis DCS plants are now integrated, allowing for greater reliability and economies of scale.

Keppel DHCS continued to make improvements on energy efficiency and achieved cost savings in its plants, cutting down energy consumption by more than six gigawatt hours during the year. In July 2015, the Keppel DHCS' Tianjin plant commenced its first supply to Tsinghua University's Institute for Electronics and Technology. As part of ongoing efforts to lower its carbon footprint and improve cost competitiveness, the plant

**01** Keppel Seghers handed over, on schedule and on budget, the Bialystok WTE CHP project in Poland (pictured) to the client.

**02** Keppel Logistics leverages technology to provide quality and innovative services for its customers.





02

continued to optimise the utilisation of the renewable geothermal system, which supplied about 80% of the plant's heating requirements in 2015. Additionally, Keppel DHCS is also in the midst of negotiation with a local energy company to receive waste heat from a nearby power plant.

2015 saw the successful combination of KIT and CitySpring Infrastructure Trust, as well as the completion of the acquisition of KI's 51% stake in KMC which owns a 1,300-MW co-generation plant on Jurong Island. With these transactions, KIT is the largest Singapore infrastructure-focused business trust listed on the Singapore Exchange with total assets of over \$4 billion.

In Singapore, KIT's plants met all their contracted availability and delivery requirements. City Gas continued to deliver stable growth while DataCentre One will begin generating revenue once its construction is completed in early 2016. In Australia, Basslink, which operates the electricity interconnector between Victoria and Tasmania, achieved 99.5% availability for most of 2015 and met all its statutory reporting obligations.

### Business Outlook

The market outlook for DCS remains positive as the Singapore government continues to work towards major cluster developments to further intensify land use. Keppel DHCS will continue to grow and expand its presence within its existing service corridors where it enjoys a natural competitive advantage and pursue opportunities in the Retail Cooling business in specific regional markets.

As the Trustee-Manager of KIT, Keppel Infrastructure Fund Management (KIFM) will identify and evaluate suitable acquisitions, including those from the sponsor KI, under its investment mandate to grow the Trust.

### Logistics Market Review

2015 was mired by another year of growth slowdown in the Chinese economy as it continued its structural transition towards a more consumption-driven economy. Exports and imports were hit by a slow recovery in external trade and a softening in domestic consumption, after a period of overheated growth.

## Significant Events

### June

KIT completed the acquisition of a 51% stake in KMC.

### July

Keppel Data Centres Holding (KDCH) announced plans to develop its fourth data centre in Singapore. Phase 1 is expected to be completed by 2016.

### September

KIT was included as a constituent member of the FTSE ST Large/Mid Cap Index and FTSE ST Mid Cap Index.

### October

Keppel DC REIT entered into a forward sale and purchase agreement to acquire maincubes Data Centre. The data centre is expected to be completed in 2018.

KDCH officially opened Almere Data Centre 2 in the Netherlands.

ITKL completed the extension of a warehouse in Bac Ninh, Vietnam, for a key customer in the electronics sector.

### November

KDCH completed the acquisition of 20 Tampines Street 92 to build its fourth data centre in Singapore.

### December

Keppel Puninar Logistics commenced operations for one of the leading e-commerce players in Indonesia.

Keppel Seghers achieved substantial handover of the DNSTW in Qatar, and handed over the Bialystok WTE CHP project in Poland.



## Operating & Financial Review

### Infrastructure



01

The impact from China's slowdown was felt across the region, as most Southeast Asia countries experienced softer growth. The drop in commodity prices and slow recovery of the region's key trading partners, such as Japan and the Eurozone posed challenges to the export-reliant economies in the region.

#### Operating Review

Even as competition intensified, demand for logistics services and warehouse space in the region remained firm. Keppel Logistics achieved improved occupancy rates in its facilities across Southeast Asia.

In Singapore, Keppel Logistics commenced operations in its new warehouse facility at Tampines Logistics Hub in April 2015, achieving a healthy occupancy rate in its first year of operations. For its operational and business excellence, Keppel Logistics was named the Best Land Freight Forwarder in Singapore at the ASEAN Transport and Logistics Awards 2015.

In Malaysia, Keppel Logistics is planning to increase its capacity with a new 45,000 sf warehouse facility located next to its existing Shah Alam facility. Keppel Puninar

Logistics, a joint venture between Keppel Logistics and PT Puninar Jaya in Indonesia, expanded its client base with new customers in the fast moving consumer goods (FMCG), e-Commerce and food sectors. The Company now has logistic operations in three cities – Jakarta, Medan and Balikpapan – and will continue to target customers in FMCG and healthcare sectors, and identify strategic locations to grow its network in the country.

ITKL commenced operations at its new warehouse in Vietnam-Singapore Industrial Park 1, and also completed the expansion of its Tien Son warehouse in Bac Ninh province.

In China, despite slowdown in the country's economic growth, Keppel T&T's Sanshui Port in Guangdong province achieved a strong throughput growth of 25% year-on-year with the enhancement of services to customers, while Lanshi Port continued to be affected by the traffic control measures in Foshan, Guangdong. The Wuhu Sanshan Port in Wuhu City, Anhui achieved a throughput volume of 4.5 million tonnes amidst the overall slowdown in the area's manufacturing activities.

During the year, the new integrated distribution centre in the Sino-Singapore Tianjin Eco-City was completed. This distribution centre in Tianjin as well as Keppel Wanjiang International Coldchain Logistics Park in Anhui are expected to commence operations over the course of 2016.

#### Business Outlook

China's economic expansion is expected to remain moderate as the country continues its transition towards a more balanced and sustainable growth model. Nevertheless, new opportunities for the logistics sector are emerging on the back of China's efforts to establish trade corridors linking China and Europe over land and sea.

In Southeast Asia, the formation of the ASEAN Economic Community in December 2015 is expected to bolster intra-ASEAN trade and contribute to the establishment of a more globally competitive single market and production base. At the same time, other projects and initiatives to integrate the wider Asia Pacific region, such as the Regional Comprehensive Economic Partnership and the Trans-Pacific Partnership, will boost trade and enhance growth in the region.



## Infrastructure

**01** During the year, Keppel DC REIT made its maiden acquisition with Intellicentre 2 in Sydney, Australia.

**02** Officiating at the opening ceremony of Almere Data Centre 2, Keppel T&T's first greenfield data centre in Europe was (from L-R), Mr Alexander Van Der Hooft, EVP Operations Business Market, KPN; Mr Thomas Pang, CEO of Keppel T&T; Prof. Dr. Jan Peter Balkenende, Former Prime Minister of the Netherlands and Partner of, Corporate Responsibility at EY; and Mr Mark Psol, Vice Mayor of the City of Almere for Finance, Economic Affairs and Municipal Real Estate.

Investments, intra-Asia trade and consumption demand in Southeast Asia and China are likely to remain positive. Keppel T&T, will remain focused on its target markets to deliver high-value logistics services to its customers through innovation and adoption of new technologies.

### Data Centres Market Review

Global demand for data centres was strong in 2015, backed by the growth of cloud computing and colocation hosting. During the year, the data centre market saw consolidation via mergers, acquisitions and partnerships. A recent research by Allied Analytics shows that the global colocation market is expected to reach US\$51.8 billion by 2020, with Asia leading the pack in terms of growth rate.

### Operating Review

With strong customer demand in the pipeline, Keppel Datahub 2 in Singapore is currently undergoing its final phase of fit-out. In October 2015, Keppel T&T celebrated the opening of Almere Data Centre 2, its first greenfield data centre

development in Europe. The new facility is a high quality Tier 3 colocation data centre with lettable area of approximately 118,000 sf.

In November 2015, the Company completed the acquisition of a property in Tampines, which will be developed into Keppel Datahub 3, its fourth data centre in Singapore. Keppel Datahub 3 will feature approximately 183,000 sf of Gross Floor Area and Tier III, carrier neutral specifications. Phase 1 is expected to be completed by 2016.

Following the sale of the data centre assets to Keppel DC REIT in 2014, Keppel T&T through KDCH continued to operate as the Facility Manager of the REIT's assets in Singapore.

In its first year of operations since listing on the Singapore Exchange in December 2014, Keppel DC REIT acquired Intellicentre 2 in Sydney, Australia as well as made a forward purchase of maincubes Data Centre in Offenbach am Main, Germany. The data centre is expected to be completed in 2018. As the manager

of Keppel DC REIT, Keppel DC REIT Management (KDCRM) currently manages a diversified portfolio of nine high-quality assets in Asia Pacific and Europe, valued at approximately \$1.07 billion as at end-2015.

Keppel intends to consolidate its interests in the Group's asset management businesses, including KDCRM, under Keppel Capital Holdings in the Investments Division.

### Business Outlook

With increasing urbanisation and digitisation of the global economy, the demand for data centres is expected to remain strong. Other demand drivers include growing requirements for higher rack density, flexibility and scalability of offerings. These trends present opportunities for Keppel T&T to grow via its Development Company-REIT strategy. Looking ahead, Keppel T&T will focus on expanding its portfolio of high-end data centre assets by developing green and brownfield projects, as well as through acquisitions via the REIT.



## Operating & Financial Review

### Investments

#### Profit Before Tax

**\$146m**

as compared to FY 2014's \$55 million.

#### Net Profit

**\$136m**

as compared to FY 2014's \$43 million.

*We are focused on delivering sustainable value to shareholders by investing strategically and growing our asset management businesses.*

#### Major Developments in 2015

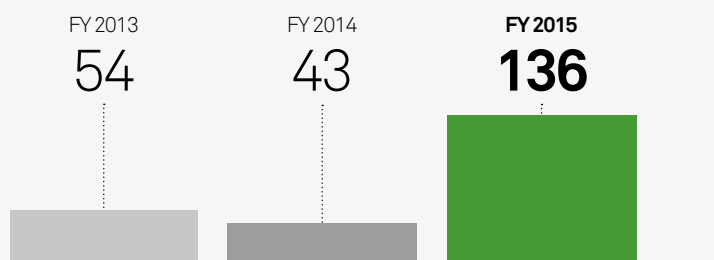
- Keppel Corporation announced plans to consolidate its interests in business trust, REIT and fund management under Keppel Capital Holdings (Keppel Capital).
- k1 Ventures completed the sale of its childcare operating business and received a cash distribution of US\$61.5 million from Knowledge Universe Holdings.
- M1 launched Voice over LTE which provides customers with higher quality voice calls, and introduced XGPON connectivity which offers speeds of up to 10 Gbps.
- KrisEnergy achieved first oil in two new oil fields located in the Gulf of Thailand.

#### Focus for 2016/2017

- Keppel Capital will focus on integrating and growing the Group's asset management platform.
- k1 Ventures will focus on managing existing investments to drive shareholder value and distribute excess cash when investments are monetised.
- M1 will focus on enhancing customer experience to maintain its market position.
- KrisEnergy will focus on maintaining production and maximising efficiencies.

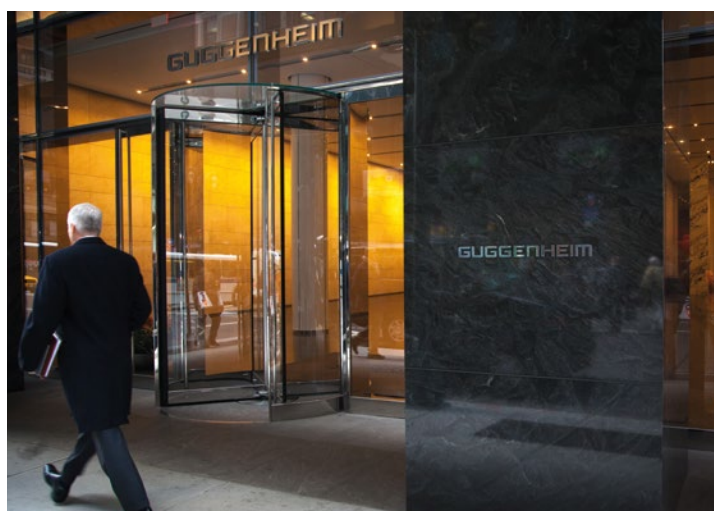
## Investments

## Net Profit (\$ million)



## Earnings Highlights (\$ million)

	2015	2014	2013
Revenue	71	64	27
EBITDA	61	17	25
Operating Profit	60	16	25
Profit before Tax	146	55	80
Net Profit	136	43	54
Manpower (Number)	177	183	198
Manpower Cost	94	135	93



01

The Investments Division is Keppel's fourth business vertical, which presently comprises mainly the Group's investments in k1 Ventures, M1 Limited and KrisEnergy.

In January 2016, Keppel Corporation announced a significant restructuring exercise to consolidate its interests in Alpha Investment Partners and the managers of Keppel Infrastructure Trust, Keppel DC REIT and Keppel REIT under Keppel Capital, and report them under a new segment as part of the Investments Division.

Through Keppel Capital, we aim to grow our assets under management, strengthen the Group's capital-recycling platform,

as well as expand its capital base with co-investors. This will also improve the performance of the asset managers and the funds, REITs and business trusts that they manage by centralising certain non-regulated support functions and creating a larger vehicle that will enhance the recruitment and retention of talent, and sharing of best practices.

This restructuring will bring greater focus and scale to our asset management business, as we grow the Investments Division into a steady pillar of recurring income for the Group.

**Earnings Review**

Pre-tax earnings from the Investments Division increased by \$91 million or 166% to \$146 million

for FY 2015, due mainly to higher contributions from k1 Ventures and KrisEnergy. Net profit for the year was \$136 million, an increase of \$93 million or 216%, from \$43 million in FY 2014.

**01** The financial services firm, Guggenheim Capital which k1 has invested in, grew its assets under management to over US\$240 billion during the year.

**k1 Ventures**

k1 Ventures (k1) is an investment company with interests in education and financial services.

For the financial year ended 30 June 2015, k1 reported revenue from continuing operations of \$60.6 million, an increase of 92% from the prior year. This was driven mainly by the sale of k1's investment in China Grand Automotive (China Auto), partially offset by a decrease in investment income. In the previous year, k1 received K12 Inc shares distributed by Knowledge Universe.

Operating profit for the year ended 30 June 2015 was \$26.3 million compared to \$25.8 million in the previous period. EBITDA from continuing operations of \$45.0 million was \$19.5 million higher than the prior year, driven mainly by profit from the sale of China Auto. Net profit attributable to shareholders was \$24.9 million, compared to \$20.1 million in the previous year.

For FY 2015, k1 paid total dividend of 4.0 cents per share\*, increasing cumulative distributions to 35.3 cents per share\* or more than \$742 million since 2005.

\* Up to 30 June 2015 and based on the number of shares before share consolidation.

## Operating & Financial Review

### Investments



**01** In 2015, M1 continued to focus on delivering superior customer experience and was recognised in IDA's network survey as delivering the best 4G experience.

**02** As at 31 December 2015, KrisEnergy's total working interest in 2P reserves was 106 mmboe, an increase of 49% from 2014.

01

In August 2015, Knowledge Universe Education (KUE) sold its US early-childhood education operating business, thereby completing the divesture of both its US and international education platforms. k1 received a cash distribution of approximately US\$61.5 million, representing a majority of its share of net proceeds from the sale.

During the year, the financial services firm, Guggenheim Capital, grew its assets under management to over US\$240 billion. In addition to the 7% annual dividend from Preferred Units held in Guggenheim Capital, k1 also received cumulative supplemental special cash distributions of about US\$2.6 million.

k1 will focus on actively managing its existing investments with the goal to monetise them when appropriate, and distribute surplus cash to drive shareholder value.

#### M1

As at end-2015, M1's total customer base was 2.06 million. During the year, mobile customer base increased 76,000 to 1.93 million, while fibre customer base grew 25,000 to 128,000. Overall mobile market share increased to 23.4% as at end-November 2015, compared to 22.9% as at end-2014.

In 2015, M1 continued to focus on delivering superior customer experience, which has led M1's mobile network to be recognised in Infocomm Development Authority's network survey as delivering the best 4G experience. M1 was also conferred the Award of Excellence in IT sector at the Singapore Productivity Awards 2015, and further extended its lead at consulting firm Frost & Sullivan's 2015 Customer Experience study.

Key products and services launched during the year included the well-received mySIM postpaid plans, which offer the best value plans for customers who prefer to buy their own smartphones and the flexibility to decide how often they wish to upgrade them. M1's Data Passport service, which enables customers to use their existing mobile data bundle for overseas roaming across 29 countries, has also helped drive a 45% increase in data roaming users year-on-year.

In the corporate segment, M1 introduced an innovative mobile Point of Sale solution that transforms smartphones and tablets into terminals that accept card payments, and further expanded its suite of XGPON connectivity services to offer speeds of up to 10Gbps. M1 also worked with Keppel Land Limited to launch the M1-Keppel Smart Lives programme to provide



## Investments

smart living solutions for Keppel Land's residential and commercial properties.

Based on the current economic outlook and barring unforeseen circumstances, M1 anticipates stable performance for FY 2016.

### KrisEnergy

2015 was a seminal year for Singapore-listed independent exploration and production (E&P) operator, KrisEnergy as it completed two new oil developments in the Gulf of Thailand. A successful exploration drilling programme resulted in an approved production licence for a future oil development. These milestones, together with strong growth in production to over 19,000 barrels of oil equivalent per day (boepd) in early 2016 and a 49% uplift in proved plus probable (2P) reserves to 106 million barrels of oil equivalent (mmboe), underpin KrisEnergy's vision to become a sustainable and best-in-class E&P operator in Asia.

In August 2015, KrisEnergy produced first oil at the Wassana oil field in the Gulf of Thailand just 15 months after the company took control of operations for the G10/48 contract area. Upon completion of the drilling programme in January 2016, production at the Wassana field hit a peak of approximately 12,800 barrels of oil per day (bopd), above the original forecast for the plateau rate of 10,000 bopd. Also in the Gulf of Thailand, production was further boosted by the start-up of the Nong Yao oil field in June 2015.

KrisEnergy's total average working interest production in January 2016 was around 19,000 boepd from five fields, namely B8/32, B9A, Wassana and Nong Yao in the Gulf of Thailand, and the Bangora gas field in Block 9 onshore Bangladesh. This is against an average rate of about 9,700 boepd for 2015.

With five out of six wells encountering commercial volumes of hydrocarbons, successful exploration, coupled with progress in advancing gas development in Indonesia, led to an uplift in 2P reserves for the fifth consecutive year.

As at 31 December 2015, KrisEnergy's total working interest in 2P reserves was 106 mmboe, an increase of 49% from 2014. The increase was attributed to four discoveries in the Rossukon area in G6/48 and the subsequent approval of the production licence for the Rossukon field development; the conversion

of contingent resources to 2P reserves for the gas developments in Block A Aceh onshore North Sumatra; and an upward revision in reserve estimates for the Bangora gas field in Block 9 onshore Bangladesh and the G10/48 licence in Thailand.

### Business Outlook

KrisEnergy's management has consistently applied prudent financial discipline. In 2016, the Company will substantially cut capital expenditure to US\$50.8 million from US\$224.7 million in 2015, when it reduces general and administrative expenses by a third.

In 2016, KrisEnergy will focus on maintaining production and maximising efficiencies. With minimal operational commitments, KrisEnergy is able to exercise flexibility in its asset portfolio. The opening weeks of 2016 saw Brent crude oil prices deteriorating further to below US\$30 per barrel. In view of this, KrisEnergy will be deferring all exploration expenditure until oil and gas prices improve. Future development projects will be funded through a combination of project financing and free cash flow from operations.

02



## Operating & Financial Review

### Financial Review & Outlook

#### Total Assets

# \$28.9b

Total assets decreased from \$31.6b to \$28.9b. The decrease in current assets was partially offset by an increase in non-current assets.

#### Total Cash Dividend Per Share

# 34cts

Total distribution for the year was approximately \$617 million.

*We will sustain value creation through execution excellence, technology innovation as well as financial discipline.*

#### Prospects

The Offshore & Marine Division secured \$1.8 billion of new orders in 2015. Its net orderbook stands at \$9.0 billion, with deliveries extending into 2020. Faced with the global sector downturn, the Division is rightsizing its operations and staying vigilant for what could be an extended slowdown, while at the same time building new capabilities and positioning itself to seize opportunities when the upturn comes.

The Property Division sold about 4,570 homes in 2015, comprising about 3,280 in China, 930 in Vietnam, 190 in Singapore and 130 in Indonesia. This is significantly higher than the 2,450 homes sold in 2014. The improvement is mainly attributable to sales in China and Vietnam. Total assets under management by Keppel REIT and Alpha have grown from \$18.7 billion as at end-2014 to \$20.5 billion as at end-2015. Keppel REIT's office buildings in Singapore and Australia continued to maintain high occupancy of 99.3% as at end-2015. The Division will remain focused on strengthening its presence in its core and growth markets, seeking opportunities to unlock value and recycle capital, as well as growing its fund management business for a sustainable recurring income stream.

In the Infrastructure Division, Keppel Infrastructure (KI) will remain focused on its power and gas, as well as its other energy-related infrastructure businesses. The successful handing over of both phases of the Greater Manchester Energy-from-Waste Plant in the UK and the Bialystok waste-to-energy

combined heat and power project in Poland, as well as the substantial handover of the Doha North Sewage Treatment Works in Qatar, allow KI to pursue other promising growth areas in infrastructure. The Singapore electricity market is still expected to remain competitive, but KI's integrated power and gas business platform will enable it to weather the challenges ahead through driving synergies and value creation across its diversified portfolio. Keppel Telecommunications & Transportation will continue to develop both logistics and data centre businesses locally and overseas. It will also focus on growing a portfolio of quality data centre assets for injection into Keppel DC REIT. Total assets under management by Keppel DC REIT were about \$1.2 billion as at end-2015.

The Group will continue to execute its multi-business strategy, capturing value by harnessing its core strengths and growing collaboration across divisions to unleash potential synergies, while being agile and investing for the future.

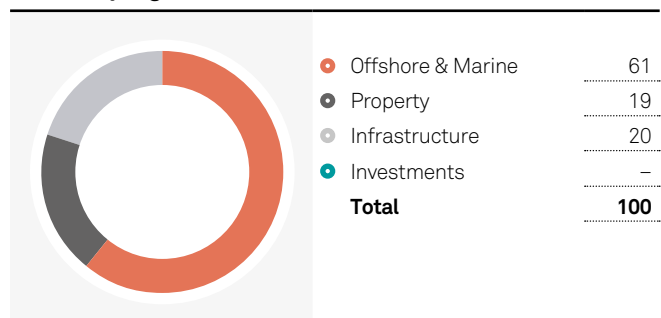
#### Shareholder Returns

ROE decreased to 14.2% in 2015 from 18.8% in 2014.

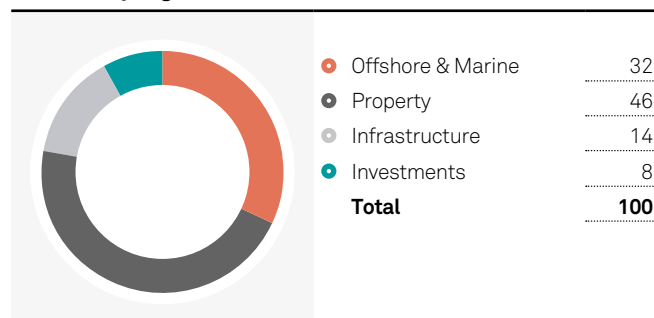
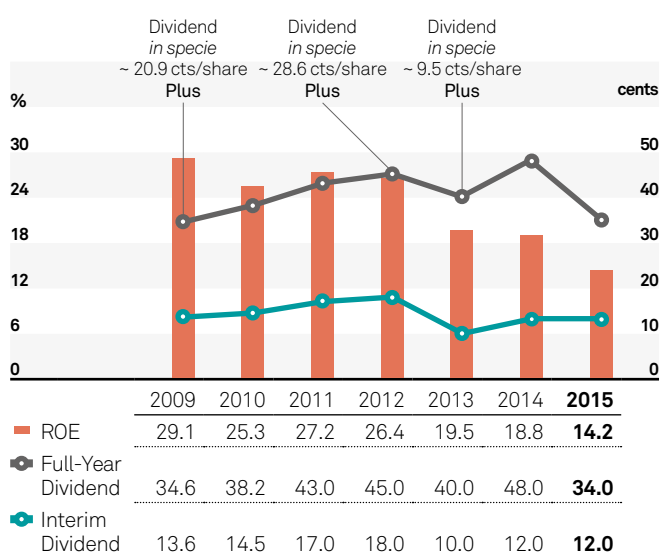
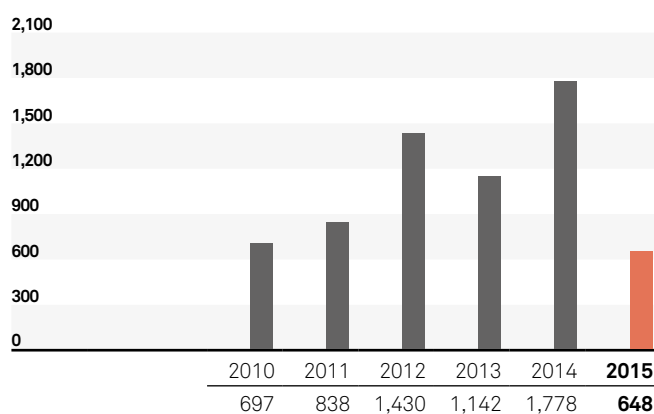
The Company will be distributing total cash dividend of 34.0 cents per share for 2015, comprising a final proposed cash dividend of 22.0 cents per share and the interim cash dividend of 12.0 cents per share distributed in the third quarter of 2015. Total cash dividend for 2015 represents 40% of Group net profit. On a per share basis, it translates into a gross

**Revenue By Segments 2015**

%

**Net Profit By Segments 2015**

%

**ROE & Dividend****EVA (\$ million)**

yield of 5.2% on the Company's last transacted share price of \$6.51 as at 31 December 2015.

**Economic Value Added**

In 2015, Economic Value Added (EVA) decreased by \$1,130 million to \$648 million. This was attributable to lower net operating profit after tax, partially offset by lower capital charge.

Capital charge decreased by \$81 million as a result of lower Weighted Average Cost of Capital (WACC) and lower Average EVA Capital. WACC decreased from 6.45% to 5.88% mainly due to a decrease in risk-free rate, partly offset by higher cost of debt.

Average EVA Capital decreased by \$673 million from \$19.23 billion to \$18.56 billion mainly because of lower non-controlling interest, resulting from the privatisation of Keppel Land Limited and the consolidation of the remaining 30% interest in Harbourfront One Pte Ltd.

The Group registered positive EVA since 2004, which reflects the Group's commitment to maximise shareholders' value through effective and efficient management of resources.

**Financial Position**

Group shareholders' funds increased from \$10.38 billion as

at 31 December 2014 to \$11.10 billion as at 31 December 2015. The increase was mainly attributable to retained profits for 2015. In addition, the difference between non-controlling interests adjusted and the fair value of the consideration paid, arising from the privatisation of Keppel Land Limited, was recognised in equity attributable to shareholders of the Company. This was partially offset by payment of final dividend of 36.0 cents per share in respect of financial year 2014 and interim dividend of 12.0 cents per share in respect of the first half year ended 30 June 2015, fair value loss on cash flow hedges and available-for-sale assets as well as fair value realised

## Operating & Financial Review

### Financial Review & Outlook

#### EVA

	2015 \$ million	15 vs 14 + / (-)	2014 \$ million	14 vs 13 + / (-)	2013 \$ million
Profit after tax (Note 1)	1,414	-1,342	2,756	+781	1,975
Adjustment for :					
Interest expense	155	+22	133	-31	164
Interest expense on non-capitalised leases	25	+2	23	+7	16
Tax effect on interest expense adjustments (Note 2)	(32)	-5	(27)	-2	(25)
Provisions, deferred tax, amortisation & other adjustments	177	+112	65	-83	148
<b>Net Operating Profit After Tax (NOPAT)</b>	<b>1,739</b>	<b>-1,211</b>	<b>2,950</b>	<b>+672</b>	<b>2,278</b>
Average EVA Capital Employed (Note 3)	18,558	-673	19,231	+297	18,934
Weighted Average Cost of Capital (Note 4)	5.88%	-0.57%	6.45%	+0.45%	6.00%
Adjustment for surplus cash (Note 5)	-	-68	68	+68	-
<b>Capital Charge</b>	<b>(1,091)</b>	<b>+81</b>	<b>(1,172)</b>	<b>-36</b>	<b>(1,136)</b>
<b>Economic Value Added</b>	<b>648</b>	<b>-1,130</b>	<b>1,778</b>	<b>+636</b>	<b>1,142</b>

#### Notes:

- Profit after tax excludes net revaluation gain on investment properties.
- The reported current tax is adjusted for statutory tax impact on interest expenses.
- Average EVA Capital Employed is derived from the quarterly averages of net assets, interest-bearing liabilities, timing of provisions, present value of operating leases and other adjustments.
- Weighted Average Cost of Capital is calculated in accordance with the Keppel Group EVA Policy as follows:
  - Cost of Equity using Capital Asset Pricing Model with market risk premium set at 5.0% (2014: 5.5%);
  - Risk-free rate of 2.25% (2014: 2.45%) based on yield-to-maturity of Singapore Government 10-year Bonds;
  - Unlevered beta at 0.83 (2014: 0.83); and
  - Pre-tax Cost of Debt at 1.76% (2014: 1.58%) using 5-year Singapore Dollar Swap Offer Rate plus 45 basis points (2014: 45 basis points).
- For FY 2014, capital charge on surplus cash of \$1,939 million was at the concession rate of 2.93% instead of WACC of 6.45%. This was due to the accumulation of surplus cash resulting from the advanced borrowing programme.

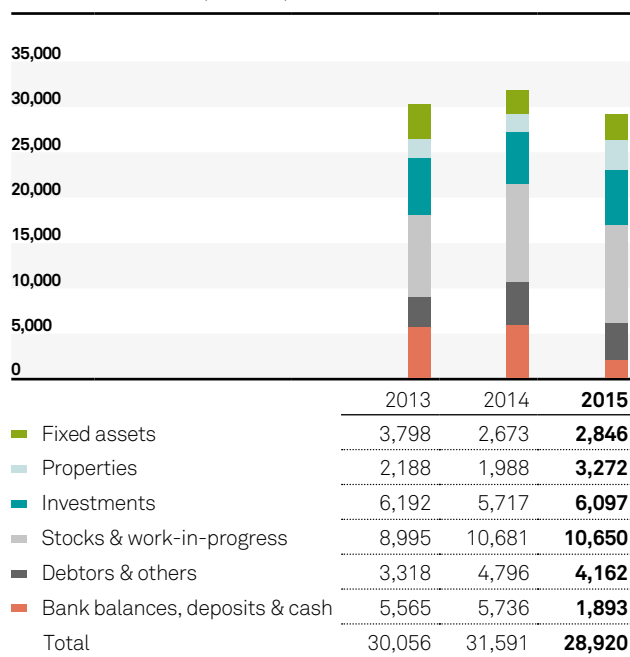
on disposal of available-for-sale assets. Non-controlling interest of \$0.83 billion was \$3.52 billion lower because of the privatisation of Keppel Land Limited and the consolidation of the remaining 30% interest in Harbourfront One Pte Ltd, which holds Keppel Bay Tower.

Group total assets of \$28.92 billion as at 31 December 2015 were \$2.67 billion or 8% lower than the previous year end. Decrease in current assets was partially offset by increase in non-current assets.

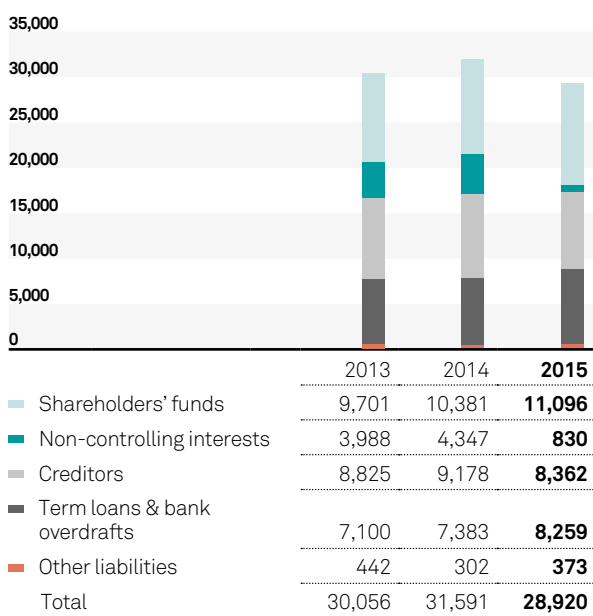
The decrease in current assets was due mainly to disposal of Keppel Merlimau Cogen Pte Ltd (KMC), lower bank balances, deposits & cash, largely due to fund used for the privatisation of Keppel Land Limited and capital expenditure, as well as repayment of advances due from associated companies. This was partly offset by higher level of debtors, due mainly to higher billings from the Offshore & Marine and Property Divisions.

Non-current assets were higher due mainly to increase in investment properties from the acquisition of a freehold office building in

#### Total Assets Owned (\$ million)





**Total Liabilities Owed and Capital Invested (\$ million)**

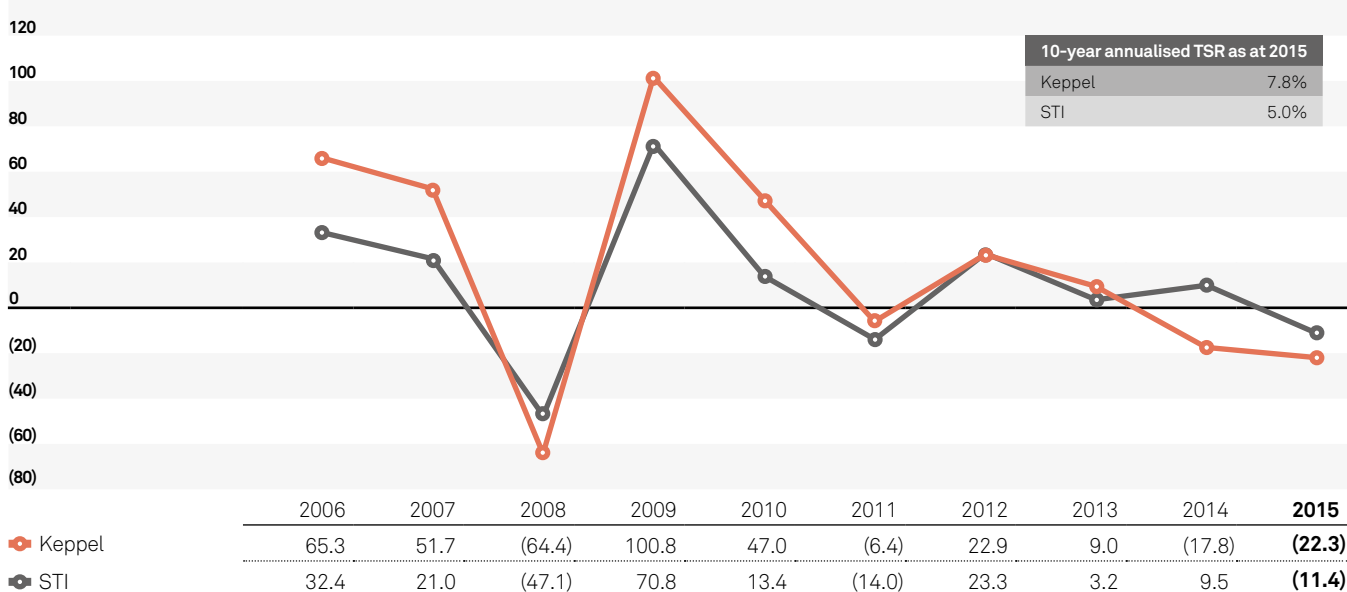
London and the fair value gain on investment properties in 2015. Park Avenue Central in Shanghai was reclassified from stocks & work-in-progress to investment properties, in line with the intention to develop the property for investment purpose. In addition, the increase in associated companies was largely due to the recognition of KMC as an associated company following the sale of 51% interest under the Infrastructure Division as well as the additional investments and acquisitions in the Property Division, additional investment in KrisEnergy Ltd, partly offset by divestment of 39% interest in Harbourfront Two Pte Ltd, which holds Harbourfront Towers 1 and 2. Group total liabilities of \$16.99 billion as at 31 December 2015 were \$0.13 billion or 1% higher than the previous year end. This was mainly due to increased bank borrowings for working capital requirements, operational capital expenditure, increase in creditors arising from higher billings by suppliers and privatisation of Keppel Land Limited. This was

offset by the derecognition of liabilities directly associated with KMC and the lower billings on work-in-progress in excess of related costs in the Offshore & Marine Division.

Group net debt of \$6.37 billion was \$4.72 billion higher than that as at 31 December 2014 due mainly to the cash payments for the acquisition of Keppel Land's shares, dividend payments (by the Company and its listed subsidiaries), acquisition of a freehold office building in London, acquisition of the remaining 30% interest in Keppel Bay Tower, and other operational and capex cash requirements. These were partly offset by proceeds from the disposal of KMC and 39% interest in Harbourfront Towers 1 and 2 as well as repayment of advances due from associated companies.

**Total Shareholder Return**

Keppel is committed to deliver value to shareholders through earnings growth. Towards achieving this, the Group will rely on its multi-business

**Total Shareholder Return (%)**

Source: Total Return Analysis for KCL & STI from Bloomberg

## Operating & Financial Review

### Financial Review & Outlook

#### Free Cash Flow

	2015 \$ million	15 v 14 + / (-)	2014 \$ million	14 v 13 + / (-)	2013 \$ million
Operating profit	1,514	-859	2,373	+239	2,134
Depreciation, amortisation & other non-cash items	(158)	+103	(261)	-47	(214)
Cash flow provided by operations before changes in working capital	1,356	-756	2,112	+192	1,920
Working capital changes	(1,725)	+54	(1,779)	-1,056	(723)
Interest receipt and payment & tax paid	(336)	-8	(328)	+232	(560)
<b>Net cash (used in) / from operating activities</b>	<b>(705)</b>	<b>-710</b>	<b>5</b>	<b>-632</b>	<b>637</b>
Investments & capital expenditure	(357)	+305	(662)	-173	(489)
Divestments & dividend income	368	-1,018	1,386	+880	506
<b>Net cash from investing activities</b>	<b>11</b>	<b>-713</b>	<b>724</b>	<b>+707</b>	<b>17</b>
<b>Free Cash flow*</b>	<b>(694)</b>	<b>-1,423</b>	<b>729</b>	<b>+75</b>	<b>654</b>

\* Free cash flow excludes expansionary acquisitions & capex, and major divestments.

Dividend paid to shareholders of the Company & subsidiaries	(956)	+73	(1,029)	-186	(843)
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strategy and its core strengths, build on what it had done successfully and seize new opportunities when they arise.

Our 2015 Total Shareholder Return (TSR) of negative 22.3% was 10.9 percentage points below the benchmark Straits Times Index's (STI) TSR of negative 11.4%. This was mainly due to a sharp decline in Keppel's share prices as at end-2015 arising from the corresponding sharp decline in oil prices. However, our 10-year annualised TSR growth rate of 7.8% was higher than STI's 5.0%.

#### Cash Flow

To better reflect its operational free cash flow, the Group had excluded expansionary acquisitions (e.g. investment properties) and capital expenditure (e.g. building of new logistics or data centre facilities) meant for long-term growth for the Group, and major divestments.

Net cash used in operating activities was \$705 million for 2015 as compared to net cash from operating activities of \$5 million for 2014. This was due mainly to lower operational cash inflow.

After excluding expansionary acquisitions, capital expenditure and major divestments, net cash

from investment activities was \$11 million. The Group spent \$357 million on investments and operational capital expenditure, mainly for the Offshore & Marine Division. After taking into account the proceeds from divestments and dividend income of \$368 million, the free cash outflow was \$694 million.

Total distribution to shareholders of the Company and non-controlling shareholders of subsidiaries for the year amounted to \$956 million.

#### Financial Risk Management

The Group operates internationally and is exposed to a variety of financial risks, comprising market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Financial risk management is carried out by the Keppel Group Treasury Department in accordance with established policies and guidelines.

These policies and guidelines are established by the Group Central Finance Committee and are updated to take into account changes in the operating environment. This committee is chaired by the Chief Financial Officer of the Company and includes Chief Financial Officers of the Group's key operating companies and Head Office specialists.

The Group's financial risk management is discussed in more detail in the notes to the financial statements. In summary:

- The Group has receivables and payables denominated in foreign currencies viz US dollars, European and other Asian currencies. Foreign currency exposure arises mainly from the exchange rate movement of these foreign currencies against the Singapore dollar, which is the Group's measurement currency. The Group utilises forward foreign currency contracts to hedge its exposure to specific currency risks relating to receivables and payables. The bulk of these forward foreign currency contracts are entered into to hedge any excess US dollars arising from the Offshore & Marine contracts based on the expected timing of receipts. The Group does not engage in foreign currency trading.
- The Group hedges against price fluctuations arising on purchase of natural gas. Exposure is managed via fuel oil forward contracts, whereby the price of natural gas is indexed to benchmark fuel price indices, High Sulphur Fuel Oil (HSFO)

180-CST and Dated Brent.







- The Group hedges against fluctuations in electricity prices via its daily sales of electricity. Exposure to price fluctuations is managed via electricity futures contracts.
- The Group maintains a mix of fixed and variable rate debt/loan instruments with varying maturities. Where necessary, the Group uses derivative financial instruments to hedge interest rate risks. This may include interest rate swaps and interest rate caps.
- The Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time.
- The Group adopts stringent procedures on extending credit terms to customers and the monitoring of credit risk.

### Borrowings

The Group borrows from local and foreign banks in the form of short-term and long-term loans, project loans and bonds. Total Group borrowings as at the end of 2015 were \$8.3 billion (2014: \$7.4 billion and 2013: \$7.1 billion). At the end of 2015, 10% (2014: 24% and 2013: 7%) of Group borrowings were repayable within one year with the balance largely repayable more than three years later.

Unsecured borrowings constituted 85% (2014: 86% and 2013: 87%) of total borrowings with the balance secured by properties and other assets. Secured borrowings are mainly for financing of investment properties and project finance loans for property development projects. The net book value of properties and assets pledged/mortgaged to financial institutions amounted to \$2.46 billion (2014: \$2.70 billion and 2013: \$2.90 billion).

### Debt Maturity (\$ million)

< 1 year		857 (10%)
1 - 2 years		1,088 (13%)
2 - 3 years		2,030 (26%)
3 - 4 years		907 (11%)
4 - 5 years		933 (11%)
> 5 years		2,444 (30%)

Fixed rate borrowings constituted 65% (2014: 66% and 2013: 53%) of total borrowings with the balance at floating rates. The Group has interest rate swap agreements with notional amount totalling \$1,711 million whereby it receives variable rates equal to SIBOR, LIBOR and SHIBOR and pays fixed rates of between 0.85% and 4.90% on the notional amount. Details of these derivative instruments are disclosed in the notes to the financial statements.

Singapore dollar borrowings represented 65% (2014: 65% and 2013: 67%) of total borrowings. The balances were mainly in US dollars and Renminbi. Foreign currency borrowings were drawn to hedge against the Group's overseas investments and receivables, which were denominated in foreign currencies.

Weighted average tenor of the loan book was around five years at the beginning and end of 2015 with an increase in average cost of funds.

### Capital Structure & Financial Resources

The Group maintains a strong balance sheet and an efficient capital structure to maximise return for shareholders.

Every new investment will have to satisfy strict criteria for return on investment, cash flow generation, EVA creation and risk management. New investments will be structured with an appropriate mix of equity and debt after careful evaluation and management of risks.

### Capital Structure

Capital employed as at the end of 2015 was \$11.93 billion as compared to \$14.73 billion as at end-2014 and \$13.69 billion as at end-2013. The Group was in a net debt position of \$6,366 million as at end-2015, which was above the \$1,647 million as at end-2014 and \$1,535 million as at end-2013. The Group's net gearing ratio was 0.53 times as at the end of 2015, compared to 0.11 times as at the end of 2014.

Interest coverage was 13.89 times in 2013, increasing to 15.35 times in 2014 before decreasing to 9.66 times in 2015. Interest coverage in 2015 is lower due to lower EBIT and higher interest costs.

Cash flow coverage dropped from 4.03 times in 2013 to 1.02 times in 2014 and negative 2.17 times in 2015. This was mainly due to lower operational cash inflow in 2015.

At the Annual General Meeting in 2015, shareholders gave their approval for the mandate to buy back shares. As at 1 January 2015, the Company has 5,932,000 treasury shares. During the year, 6,808,000 shares were bought back. The Company also transferred 5,977,020 treasury shares to employees upon vesting of shares released under the KCL Share Plans and Share Option Scheme. As at 31 December 2015, the Company has 6,762,980 treasury shares. Except for the transfer, there was no other sale, transfer, disposal, cancellation and/or use of treasury shares during the year.



## Operating & Financial Review

### Financial Review & Outlook

#### Financial Resources

The Group continues to be able to tap into the debt capital market at competitive terms.

As part of its liquidity management, the Group has built up adequate cash reserves and short-term marketable securities as well as sufficient undrawn banking facilities and capital market programme. Funding of working capital requirements, capital expenditure and investment needs was made through a mix of short-term money market borrowings and medium/long-term loans and bonds and through the equity capital market.

The Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time. Cash flow, debt maturity profile and overall liquidity position is actively reviewed on an ongoing basis.

As at end of 2015, total funds available and unutilised facilities amounted to \$8.81 billion (2014: \$11.02 billion).

#### Critical Accounting Policies

The Group's significant accounting policies are discussed in more detail in the notes to the financial statements. The preparation of financial statements requires management to exercise its judgment in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions which affect the reported amounts of assets, liabilities, income and expenses. Critical accounting estimates and judgment are described below.

#### Impairment of Loans and Receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a loan and receivable is impaired. The Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant

delay in payments. When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of trade, intercompany and other receivables are disclosed in the balance sheet. As at 31 December 2015, the Group has credit risk exposure to an external group of companies for receivables that are past due. Management has considered any changes in the credit quality of the debtors, the possibility of discontinuance of the projects and the cost incurred to-date when determining the allowance for doubtful receivables and its expected loss. Management performs ongoing assessments on the ability of its debtors to repay the amounts owing to the Group. These assessments include the review of the customers' credit-standing and the possibility of discontinuance of the projects. Management has assessed that no allowance for doubtful debt and expected loss is required.

#### Impairment of Available-for-Sale Investments

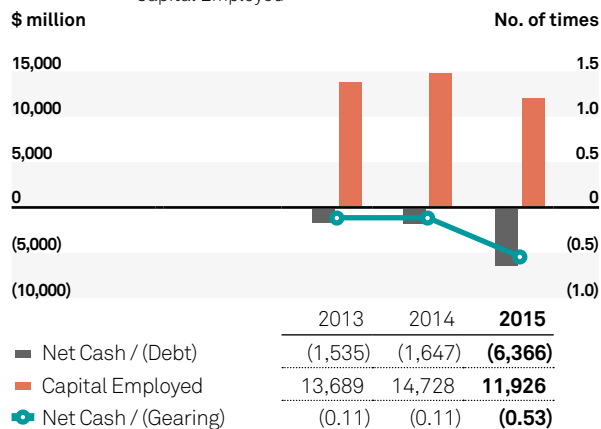
The Group follows the guidance of FRS 39 in determining whether available-for-sale investments are considered impaired. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, the financial health of and the near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. The fair values of available-for-sale investments are disclosed in the balance sheet.

#### Impairment of Non-Financial Assets

Determining whether the carrying value of a non-financial

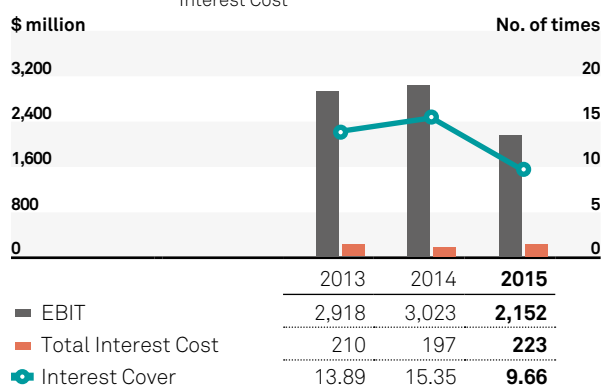
#### Net Cash/(Gearing)

$$\text{Net Gearing} = \frac{\text{Borrowings} - \text{Cash}}{\text{Capital Employed}}$$



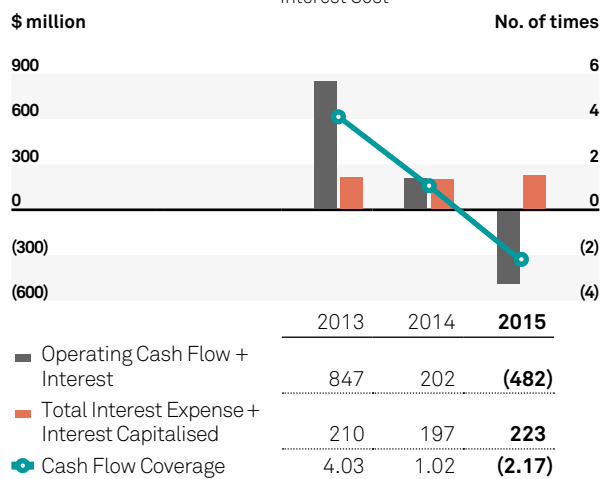
#### Interest Coverage

$$\text{Interest Coverage} = \frac{\text{EBIT}}{\text{Interest Cost}}$$



#### Cash Flow Coverage

$$\text{Cash Flow Coverage} = \frac{\text{Operating Cash Flow} + \text{Interest Cost}}{\text{Interest Cost}}$$



**Financial Capacity**

	\$ million	Remarks
Cash at Corporate Treasury	265	14% of total cash of \$1.89 billion
Credit facilities extended to the Group	8,595	Credit facilities of \$11.50 billion, of which \$2.91 billion was utilised
<b>Total</b>	<b>8,860</b>	

asset is impaired requires an estimation of the value in use of the cash-generating units. This requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of fixed assets, investments in subsidiaries, investment in associates and joint ventures, investment properties and intangibles are disclosed in the balance sheet.

**Revenue Recognition**

The Group recognises contract revenue based on the percentage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2(q). Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. In making the assumption, the Group evaluates by relying on past experience and the work of engineers. Revenue from construction contracts is disclosed in Note 23 and an expected loss of \$228,000,000 (2014: Nil) was recognised in 2015 based on the estimated costs to completion, including cost of discountinuanance and salvage cost with regards to certain rig building contracts.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage

such that it is probable that the customer will accept the claims or approve the variation orders, and the amount that it is probable will be accepted by the customer can be measured reliably.

**Income Taxes**

The Group has exposure to income taxes in numerous jurisdictions. Significant assumptions are required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of taxation and deferred taxation are disclosed in the balance sheet.

**Claims, Litigations and Reviews**

The Group entered into various contracts with third parties in its ordinary course of business and is exposed to the risk of claims, litigations, latent defects or review from the contractual parties and/or government agencies. These can arise for various reasons, including change in scope of work, delay and disputes, defective specifications or routine checks etc. The scope, enforceability and

validity of any claim, litigation or review may be highly uncertain. In making its judgment as to whether it is probable that any such claim, litigation or review will result in a liability and whether any such liability can be measured reliably, management relies on past experience and the opinion of legal and technical expertise.

**Control over Keppel REIT**

The Group has approximately 46% (2014: approximately 45%) gross ownership interest of units in Keppel REIT as at 31 December 2015. Keppel REIT is managed by Keppel REIT Management Limited (KRML), a wholly-owned subsidiary of the Group. The Group has provided an undertaking to the trustee of Keppel REIT to grant the other unitholders the right to endorse or re-endorse the appointment of directors of KRML at the annual general meetings of Keppel REIT. The Group has determined that it continues to have significant influence over Keppel REIT.

**Control over KrisEnergy**

The Group has approximately 40% (2014: approximately 31%) gross ownership interest of shares in KrisEnergy Limited (KrisEnergy) as at 31 December 2015. The management assessed whether or not the Group has control over KrisEnergy based on whether it has the practical ability to direct the relevant activities of KrisEnergy. In exercising its judgment, management considers the relative size and dispersion of the shareholdings owned by the other shareholders. Taking into consideration the approximately 38% (2014: approximately 45%) interest held by another single shareholder of KrisEnergy, management concluded that the Group does not have sufficient dominant vesting interest to exert control over KrisEnergy and therefore continues to have significant influence over KrisEnergy.

# Sustainability Report Highlights

*Keppel is committed to deliver value to all our stakeholders through Sustaining Growth in our businesses, Empowering Lives of people and Nurturing Communities wherever we operate.*

## Sustaining Growth



Our commitment to business excellence is driven by our unwavering focus on strong corporate governance and prudent risk management.

Resource efficiency is our responsibility and makes good business sense.

Innovation and delivering quality products and services sharpen our competitive edge.

➔ Pages 88 –125

## Empowering Lives



People are the cornerstone of our businesses.

As an employer of choice, we are committed to grow and nurture our talent pool through continuous training and development to help our people reach their full potential.

We want to instil a culture of safety so that everyone who comes to work goes home safely.

➔ Pages 126 –127

## Nurturing Communities



As a global citizen, Keppel believes that as communities thrive, we thrive.

We engage and nurture communities wherever we are, with the aim of achieving a sustainable future together.

As leaders in our businesses, we support industry initiatives and encourage open dialogue to promote growth.

➔ Page 128



# Managing Sustainability

*We strive to create sustainable growth and value for our stakeholders by executing our businesses profitably, safely and responsibly.*



01

Keppel embraces sustainability not only as a guiding principle, but on strategic and operational levels. This section contains a concise review of our management approaches in the key areas of Corporate Governance and Risk Management, Environmental Performance, Product Excellence, Safety & Health, Labour Practices & Human Rights and Our Community.

## Management Structure

Sustainability issues are managed and communicated at all levels of the Group. The Group Sustainability Steering Committee comprises senior management from across the Group and sets our sustainability strategy.

Supporting the Steering Committee is the Working Committee, consisting of several sub-committees, that executes our sustainability strategy and reports on performance. To strengthen the management of environmental, social and governance impacts along our supply chain, a Supply Chain

Management Sub-Committee was formed in 2015.

## Materiality Analysis

To identify and prioritise the economic, environmental and social concerns of the Group and our stakeholders, we worked on materiality analyses with an independent consultant. The latest exercise was concluded in early 2015.

During the exercise, we carried out an internal review of our businesses, and considered external stakeholder issues as well as long-term global trends which could impact our businesses.

To gain deeper insights, we extended the analysis with separate workshops to engage senior management of Keppel Offshore & Marine and Keppel Infrastructure. The findings were analysed together with recently-concluded materiality analyses of Keppel Land and Keppel Telecommunications & Transportation for a

consolidated review of issues material to Keppel Corporation.

We have incorporated the findings and recommendations to improve our sustainability strategy and processes.

## Stakeholder Engagement

We continue to proactively engage our stakeholders and refine our existing practices and communications in line with feedback received.

We address sustainability issues through our support of corporate social responsibility initiatives in areas such as manpower, workplace safety, as well as health and environmental protection. We also sponsored and participated in arts, education and community initiatives.

## Best Practice Reporting

We publish sustainability reports annually, and the next report will be published in July 2016. Our sustainability reports draw on internationally-recognised standards of reporting, including the Global Reporting Initiative (GRI). The upcoming report will be developed in accordance with GRI G4.0 guidelines.

The reports' contents are defined by materiality analyses and stakeholder engagement exercises, and are accessible at our corporate website [www.keppcorp.com](http://www.keppcorp.com).

External assurance provides an objective evaluation of how well we report our sustainability performance. Our sustainability report will be assured externally in accordance with the AA1000 Assurance Standard 2008 and ISAE3000.

**01** We strive to work with our stakeholders to be a responsible corporate citizen.



# Corporate Governance

The Board and management of Keppel Corporation Limited ("KCL" or the "Company") firmly believe that a genuine commitment to good corporate governance is essential to the sustainability of the Company's businesses and performance, and are pleased to confirm that the Company has adhered to the principles and guidelines of the Code of Corporate Governance 2012<sup>1</sup> (the "2012 Code").

The following describes the Company's corporate governance practices with specific reference to the 2012 Code.

## Board's Conduct of Affairs

### Principle 1:

*Effective board to lead and control the Company*

**Role:** The principal functions of the Board are to:

- decide on matters in relation to the Group's activities which are of a significant nature, including decisions on strategic directions and guidelines and the approval of periodic plans and major investments and divestments;
- oversee the business and affairs of the Company, establish, with management, the strategies and financial objectives to be implemented by management, and monitor the performance of management;
- set the Company's values and standards (including ethical standards);
- oversee processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy of such processes;
- assume responsibility for corporate governance; and
- consider sustainability issues such as environmental and social factors as part of its strategic formulation.

**Board Strategic Review:** The Board periodically reviews and approves the Group's strategic plans. In FY2014, the Board approved the Group's Vision 2020<sup>2</sup> which sets out the vision, operating principles and values of the Group, and the roadmap<sup>3</sup> to take the Group's businesses into 2020 to achieve faster growth, build a stronger Keppel that fully captures the significant synergies within and among its Group companies, and fully develop the potential of its people.

**Review Process:** A rigorous process is in place to support the Board in reviewing and monitoring the Group's strategic plans, including providing directors with the necessary context and opportunity to undertake effective and robust deliberation and debate. In this regard, a two-day off-site board strategy meeting is organised annually for in-depth discussion on strategic issues and direction of the Group. This is followed by an update of each business unit's strategic plans for alignment with the Group's strategy. In addition, in FY2015, management presented a study of the key drivers underpinning high performance conglomerates and proposed initiatives to focus the Group's efforts in strengthening these areas. To support the Board's oversight

of the implementation of the strategic plans, a progress update is provided to the directors ahead of the following year's off-site board strategy meeting. In addition, one business unit is invited to each quarterly Board meeting to present on its immediate plans and current challenges and provide the Board an opportunity to perform an in-depth review into each of the Group's core businesses.

**Independent Judgment:** All directors are expected to exercise independent judgment in the best interests of the Company. This is one of the performance criteria for the peer and self assessment on the effectiveness of the individual directors. Based on the results of the peer and self assessment carried out by the directors for FY2015, all directors have discharged this duty consistently well.

**Conflicts of Interest:** Every director is required to declare any conflict of interest in a transaction or proposed transaction with the Company as soon as practicable after the relevant facts have come to his knowledge. On an annual basis, each director is also required to submit details of his associates for the purpose of monitoring interested persons transactions.

**01** The Keppel Group took centrestage at the Singapore Corporate Awards 2015 with four awards, including the most prestigious Best Managed Board Gold Award won by Keppel Corporation.



## Sustaining Growth – Corporate Governance

**Board Committees:** To assist the Board in the discharge of its oversight function, various board committees, namely the Audit, Board Risk, Nominating, Remuneration, and Board Safety Committees, have been constituted with clear written terms of reference. All board committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the respective board committees are disclosed in the Appendix to this report.

**Management Committees:** In addition to board committees, the Company has management committees that direct and guide management on operational policies and activities, which include (1) *Investments & Major Projects Action Committee (IMPAC)*: Evaluates, guides and optimises proposed Group investments and divestments exceeding prescribed value thresholds; (2) *Central Finance Committee*: Reviews, guides and monitors financial policy and activities of Group companies; (3) *Group Sustainability Steering Committee*: Sets sustainability strategy and leads performance in key focus areas; (4) *Enterprise Risk Management Committee*: Drives and coordinates the Group's risk management efforts, and implements the Enterprise Risk Management framework and processes; and (5) *Keppel IT Steering*

*Committee*: Provides strategic information technology (IT) leadership and ensures IT strategy alignment in achieving business strategies.

**Meetings:** The Board meets six times a year and as warranted by particular circumstances. Board meetings are scheduled and circulated to the directors prior to the start of the financial year to allow directors to plan ahead to attend such meetings, so as to maximise participation. Telephonic attendance and conference via audio-visual communication at board meetings are allowed under the Company's constitution. Further, the non-executive directors meet without the presence of management on a need-be basis. The number of board, board committee, and non-executive director meetings held in FY2015, as well as the attendance of each Board member at these meetings, are disclosed in Table 1.

If a director were unable to attend a board or board committee meeting, he or she would still receive all the papers and materials for discussion at that meeting. He or she would review them and advise the Chairman or board committee chairman of his or her views and comments on the matters to be discussed so that they may be conveyed to other members at the meeting.

**Notes:**

- <sup>1</sup> The Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore on 2 May 2012.
- <sup>2</sup> With effect from FY2014, the vision of the Company is to be a global company at the forefront of its chosen industries, shaping the future for the benefit of all its stakeholders – sustaining Growth, Empowering Lives and Nurturing Communities. Guided by its operating principles and core values, the Company's mission is to execute its business in Offshore & Marine, Property, Infrastructure and Investments profitably, safely and responsibly.
- <sup>3</sup> This roadmap includes four broad areas for sustainable growth: (1) *Business*: Setting the overarching strategies, targets, and key actions to be undertaken by the business units; (2) *People*: Building a robust succession pipeline and continued strong employee satisfaction; (3) *Process*: Pursuing excellence in safety, productivity and innovation; and (4) *Corporate Citizenry*: Formalising and further organising community outreach efforts to positively impact communities which the Group operates.

**Table 1**

	Board Meetings	Board Committee Meetings					Non-Executive Directors' Meeting (without presence of management)
		Audit	Nominating	Remuneration	Safety	Risk	
Lee Boon Yang	11	–	6	8	4	–	3
Loh Chin Hua	11	–	–	–	4	–	–
Tony Chew Leong-Chee <sup>1</sup>	6 of 6	3 of 3	4 of 4	–	–	–	2 of 2
Oon Kum Loon	11	6	–	7	–	4	3
Tow Heng Tan	10	–	5	8	–	3	3
Alvin Yeo Khirn Hai	11	4	6	–	–	–	3
Tan Ek Kia	10	–	6	–	4	4	3
Danny Teoh	11	6	–	8	–	4	3
Tan Puay Chiang <sup>2</sup>	11	–	2 of 2	–	4	4	3
Till Vestring <sup>3</sup>	7 of 7	–	2 of 2	3 of 3	–	–	2 of 2
Veronica Eng <sup>4</sup>	4 of 4	2 of 2	–	–	–	1 of 1	1 of 1
<b>No. of Meetings Held</b>	<b>11</b>	<b>6</b>	<b>6</b>	<b>8</b>	<b>4</b>	<b>4</b>	<b>3</b>

**Notes:**

- <sup>1</sup> Mr Tony Chew Leong-Chee retired as director and ceased as Chairman of the Nominating Committee, and member of the Audit Committee with effect from 1 May 2015.
- <sup>2</sup> Mr Tan Puay Chiang was appointed as a member of the Nominating Committee with effect from 17 April 2015 and subsequently, as Chairman of the Nominating Committee with effect from 1 May 2015.
- <sup>3</sup> Mr Till Vestring was appointed as a non-executive and independent director with effect from 16 February 2015, and was appointed as member of the Remuneration Committee and Nominating Committee on 1 May 2015.
- <sup>4</sup> Ms Veronica Eng was appointed as a non-executive and independent director with effect from 1 July 2015, and was appointed as a member of the Audit Committee and Board Risk Committee on 23 July 2015.





## Corporate Governance

### Internal Limits of Authority:

The Company has adopted internal guidelines setting forth matters that require board approval. Under these guidelines, (a) new investments or increase in investments, (b) acquisition and disposal of assets and (c) capital equipment purchase and/or lease, exceeding \$30 million by any Group company (not separately listed), and all commitments to term loans and lines of credit from banks and financial institutions by the Company, require the approval of the Board. Each Board member has equal responsibility to oversee the business and affairs of the Company. Management, on the other hand, is responsible for the day-to-day operation and administration of the Company in accordance with the policies and strategy set by the Board.

**Director Orientation:** A formal letter is sent to newly-appointed directors upon their appointment explaining their duties and obligations as directors. All newly-appointed directors undergo a comprehensive orientation programme which includes site visits and management presentations on the Group's businesses, strategic plans and objectives.

**Training:** The directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, changes in the Companies Act, continuing listing obligations and industry-related matters, so as to update and refresh them on matters that may affect or enhance their performance as board or board committee members. A training programme is also in place for directors in areas such as accounting, finance, risk governance and management, the roles and responsibilities of a director of a listed company and industry specific matters. In FY2015, some KCL directors attended talks on topics relating

to updates to Companies Act, the global macro-economic development, the financial, political, and economic risks of emerging countries, board leadership, and innovation. Site visits are also conducted periodically for directors to familiarise them with the operations of the various businesses so as to enhance their performance as board or board committee members. In FY2015, members of the Board Safety Committee visited the International Financial Centre Jakarta (IFC) Tower 2, which is under development, to reinforce the Group's commitment to safety.

### Board Composition and Succession Planning

#### Principle 2:

*Strong and independent element on the Board*

### Board Composition and Succession Planning:

To discharge its oversight responsibilities, the Board must be an effective board which can lead and control the business of the Group. There is a process of refreshing the Board progressively over time so that the experience of longer serving directors can be drawn upon while tapping into the new external perspectives and insights which more recent appointees bring to the Board's deliberation.

### Board Independence:

The Nominating Committee determines, on an annual basis, whether or not a director is independent bearing in mind the 2012 Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a director not to be independent. The Committee carried out the review on the independence of each non-executive director in January 2016 based on the respective directors' self-declaration in the Directors' Independence Checklist and

their actual performance on the Board and board committees.

In this connection, the Committee (save for Mr Alvin Yeo who abstained from deliberation in this matter) noted that Mr Alvin Yeo is Senior Partner of WongPartnership LLP which is one of the law firms providing legal services to the Group. Mr Yeo had declared to the Committee that he did not have a 10% or more stake in WongPartnership LLP and did not involve himself in the selection and appointment of legal counsels for the Group. The Committee also took into account Mr Yeo's actual performance on the Board and board committees and the outcome of the recent self and peer Individual Director Performance assessment, and agreed that Mr Yeo has at all times exercised independent judgment in the best interests of the Company in the discharge of his director's duties and should therefore continue to be deemed an independent director.

The Committee (save for Mr Tan Ek Kia who abstained from deliberation in this matter) also noted that Mr Tan Ek Kia is a non-executive and independent director on the board of TransOcean Ltd which has business dealings with the Keppel Offshore & Marine Group. Mr Tan had declared to the Committee that he was not involved in the negotiation of contracts or business dealings between the companies. The Committee also took into account Mr Tan's actual performance on the Board and board committees and the outcome of the recent self and peer Individual Director Performance assessment and agreed that Mr Tan has at all times exercised independent judgment in the best interests of the Company in the discharge of his director's duties and should therefore continue to be deemed an independent director.

The Committee (save for Mr Till Vestring who abstained from

deliberation in this matter) also noted that Mr Till Vestring is a partner in Bain & Company's Southeast Asia office which has performed consulting services to the Group. Mr Vestring had declared to the Committee that (a) he did not have a 10% or more stake in Bain & Company, (b) he would not be involved in any future services that Bain & Company provides to the Group; and (c) he would recuse himself from any decision making process undertaken by the Board or board committees in connection with awarding a consultancy contract and Bain & Company was involved. The Committee also took into account Mr Vestring's actual performance on the Board and board committees and the outcome of the recent self and peer Individual Director Performance assessment and agreed that Mr Vestring has at all times exercised independent judgment in the best interests of the Company in the discharge of his director's duties and should therefore continue to be deemed an independent director.

Further, a director who is directly associated with a 10% shareholder is deemed as non-independent under the 2012 Code. Mr Tow Heng Tan was previously the Chief Investment Officer of Temasek Holdings (Private) Limited ("Temasek"). He ceased to be employed by Temasek since 2012 and is currently the Chief Executive Officer of Pavilion Capital International Pte Ltd, a wholly-owned subsidiary of Temasek. As Mr Tow is currently employed by a wholly-owned subsidiary of Temasek, the Committee (save for Mr Tow who abstained from deliberation in this matter) continued to deem Mr Tow as a non-independent non-executive director.

Lastly, the 2012 Code states that the independence of any director who has served on the Board beyond nine years from the date of his first appointment should

be subject to particularly rigorous review.

In this regard, the Committee noted that Mrs Oon Kum Loon was first appointed to the Board on 15 May 2004. However, the Committee considered that Mrs Oon has demonstrated independent judgment at Board, and board committee meetings, and was of the firm view that she has exercised independent judgment in the best interests of the Company in the discharge of her director's duties. The Committee therefore continued to deem Mrs Oon as an independent director.

The Board concurred with the reasons set forth by the Nominating Committee and was of the view that Dr Lee Boon Yang, Mrs Oon Kum Loon, Mr Alvin Yeo, Mr Tan Ek Kia, Mr Danny Teoh, Mr Tan Puay Chiang, Mr Till Vestring and Ms Veronica Eng should be deemed independent.

**Board Size:** The Board, in concurrence with the Nominating Committee, was of the view that, taking into account the nature and scope of the operations of the Company, the requirements of the Company's businesses and the need to avoid undue disruptions from changes to the composition of the Board and board committees, the Board should consist of approximately 10 to 12 members, which would facilitate effective decision making. The Board currently comprises majority independent directors with a total of 10 directors of whom 8 are independent. No individual or small group of individuals dominate the Board's decision making.

The nature of the directors' appointments on the Board and details of their membership on board committees are set out on page 108 herein.

**Board Competency:** The Nominating Committee is

satisfied that the Board and the board committees comprise directors who, as a group, provide an appropriate balance and diversity of skills, experience, gender, knowledge of the Group, core competencies such as accounting or finance, business or management experience, human resource, risk management, technology, mergers and acquisitions, legal, international perspective, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board and the board committees to be effective. In this respect, the Nominating Committee recognises the merits of gender diversity in relation to the composition of the Board and, in identifying suitable candidates for new appointment to the Board, would ensure that female candidates are included for consideration. Having said that, gender is but one aspect of diversity and new directors will continue to be selected based on objective criteria set as part of the process for appointment of new directors and Board succession planning. In FY2015, there were 2 female directors out of a total of 10 directors, representing 20% of the entire Board.

**Board Information:** The Board and management fully appreciate that fundamental to good corporate governance is an effective and robust Board whose members engage in open and constructive debate and challenge management on its assumptions and proposals, and that for this to happen, the Board, in particular, the non-executive directors, must be kept well informed of the Company's business and affairs and be knowledgeable about the industry in which the businesses operate. The Company has therefore adopted initiatives to put in place processes to ensure that the non-executive directors are well supported by accurate, complete and timely information,



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have unrestricted access to management, and have sufficient time and resources to discharge their oversight function effectively. These initiatives include regular informal meetings for management to brief the directors on prospective deals and potential developments at an early stage before formal board approval is sought, and the circulation of relevant information on business initiatives, industry developments and analyst and press commentaries on matters in relation to the Company or the industries in which it operates. A two-day off-site board strategy meeting is organised annually for in-depth discussion on strategic issues and direction of the Group, to give the non-executive directors a better understanding of the Group and its businesses, and to provide an opportunity for the non-executive directors to familiarise themselves with the management team so as to facilitate the Board's review of the Group's succession planning and leadership development programme.

### Non-executive Directors'

**Meetings:** The non-executive directors set aside time at each scheduled quarterly meeting to meet without the presence of management to discuss matters such as board processes, corporate governance initiatives, matters which they wish to discuss during the board off-site strategy meeting, succession planning and leadership development, and performance management and remuneration matters. Such meetings may also be scheduled on a need-be basis.

### Chairman and Chief Executive Officer

#### Principle 3:

*Chairman and Chief Executive Officer should in principle be separate persons to ensure appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making*

Dr Lee Boon Yang is the non-executive and independent Chairman of the Company. Mr Loh Chin Hua is the CEO of the Company.

The Chairman, with the assistance of the Company Secretaries, schedules meetings and prepares meeting agenda to enable the Board to perform its duties responsibly having regard to the flow of the Company's operations.

The Chairman sets guidelines on and monitors the flow of information from management to the Board to ensure that all material information are provided in a timely manner to the Board for the Board to make good decisions. He also encourages constructive relations between the Board and management, and between the executive directors and non-executive directors.

At annual general meetings and other shareholders' meetings, the Chairman ensures constructive dialogue between shareholders, the Board and management.

The Chairman takes a leading role in the Company's drive to achieve and maintain a high standard of corporate governance with the full support of the directors, Company Secretaries and management.

The CEO, assisted by the management team, makes strategic proposals to the Board and after robust and constructive board discussion, executes the agreed strategy, manages and develops the Group's businesses and implements the Board's decisions.

### Board Membership

#### Principle 4:

*Formal and transparent process for the appointment and re-appointment of directors to the Board*

### Nominating Committee

The Company has established a Nominating Committee (NC) to,

among other things, make recommendations to the Board on all board appointments and oversee the Board and senior management's succession and leadership development plans. The NC comprises entirely non-executive directors, five out of six of whom (including the Chairman) are independent; namely:

- Mr Tan Puay Chiang  
Independent Chairman
- Dr Lee Boon Yang  
Independent Member
- Mr Tow Heng Tan  
Non-Executive and Non-Independent Member
- Mr Tan Ek Kia  
Independent Member
- Mr Alvin Yeo  
Independent Member
- Mr Till Vestring  
Independent Member

The responsibilities of the NC are set out on page 107 herein.

### Process for Appointment of New Directors and Board Succession Planning

The NC is responsible for reviewing the succession plans for the Board. In this regard, it has put in place a formal process for the renewal of the Board and the selection of new directors. The NC leads the process and makes recommendations to the Board as follows:

- (a) NC reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making.
- (b) In the light of such review and in consultation with management, the NC assesses if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment.
- (c) External help (for example, Singapore Institute of Directors, search consultants, open



advertisement) may be used to source for potential candidates if need be. Directors and management may also make recommendations.

- (d) NC meets with the short-listed candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.
- (e) NC makes recommendations to the Board for approval.

The Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the Board is continually under review.

#### Criteria for Appointment of New Directors

All new appointments are subject to the recommendation of the NC based on the following objective criteria:

- (1) Integrity
- (2) Independent mindedness
- (3) Diversity – Possess core competencies that meet the needs of the Company and complement the skills and competencies of the existing directors on the Board
- (4) Able to commit time and effort to carry out duties and responsibilities effectively – proposed director does not have more than six listed company board representations and/or other principal commitments
- (5) Track record of making good decisions
- (6) Experience in high-performing companies
- (7) Financially literate

Adopting the above appointment process and criteria, the Board will be recommending at the upcoming annual general meeting the re-election of a new director, Ms Veronica Eng.

Ms Eng was a Founding Partner of Permira, an international private equity firm and an adviser to

funds with committed capital of €25 billion investing across five sectors, namely Consumer, Financial Services, Healthcare, Industrials and Technology. Over her 30-year career with Permira, Ms Eng held a number of key positions in the firm and had extensive experience in a wide range of roles in relation to its funds' investments across sectors and geographies. She served on the Board of Permira and its Executive Committee, chaired the Investment Committee and was the Fund Minder to various Permira funds. In addition, she had oversight of Permira's firm-wide risk management as well as its operations in Asia. Ms Eng sits on the Board of the Centre for Asset Management Research and Investments at NUS Business School, and the Advisory Board of Asia Private Equity Institute at Singapore Management University. She is also a Professor (Practice) at the NUS Business School.

#### Re-nomination of Directors

The NC is also charged with the responsibility of re-nomination having regard to the director's contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual director by his peers.

The directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to the Company's constitution, one-third of the directors retire from office at the Company's annual general meeting, and a newly appointed director must submit himself for re-election at the annual general meeting immediately following his appointment.

#### Annual Review of Board Committees Composition

The NC reviews the composition of the board committees on an

annual basis to ensure that they comprise members with the necessary qualifications and skills to discharge their responsibilities effectively.

#### Annual Review of Directors' Independence

The NC is also charged with determining the "independence" status of the directors annually. Please refer to pages 90 and 91 herein on the basis of the NC's determination as to whether a director should or should not be deemed independent.

#### Annual Review of Directors' Time Commitments

The NC has adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards and/or have other principal commitments. As a guide, directors should not have more than six listed company board representations and/or other principal commitments.

The NC determines annually whether a director with other listed company board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual director, and the respective directors' actual conduct on the Board, in making this determination. In respect of FY2015, the NC was of the view that each director has given sufficient time and attention to the affairs of the Company and has been able to discharge his duties as director effectively. The NC noted that based on the attendance of board and board committee meetings during the year, all the directors were able to participate in at least a substantial number of such meetings to carry out their duties. The NC also noted that, based on the Independent Co-ordinator's Report on individual director



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assessment for FY2015, all the directors performed well. The NC was therefore satisfied that in FY2015, where a director had other listed company board representations and/or other principal commitments, the director was able and had been adequately carrying out his duties as director of the Company.

### Nominee Director Policy

At the recommendation of the NC, the Board approved the adoption of the KCL Nominee Director Policy in January 2009. For the purposes of the policy, a “Nominee Director” is a person who, at the request of KCL, acts as director (whether executive or non-executive) on the board of another company or entity (“Investee Company”) to oversee and monitor the activities of the relevant Investee Company so as to safeguard KCL’s investment in the company.

The purpose of the policy is to highlight certain obligations of a person while acting in his capacity as a Nominee Director. The policy also sets out the internal process for the appointment and resignation of a Nominee Director. The policy would be reviewed and amended as required to take into account current best practices and changes in the law and stock exchange requirements.

### Key Information Regarding Directors

The following key information regarding directors is set out in the following pages of this Annual Report:

Pages 27 to 31: Academic and professional qualifications, board committees served on (as a member or Chairman), date of first appointment as director, date of last re-election as director, directorships or chairmanships both present and past held over the preceding five years in other listed companies and other major appointments, whether appointment is executive or non-executive,

whether considered by the NC to be independent; and

Pages 131 to 132: Shareholding in the Company and its subsidiaries.

### Board Performance

#### Principle 5:

*Formal assessment of the effectiveness of the Board and Board Committees and the contribution by each director to the effectiveness of the Board*

The Board has implemented formal processes for assessing the effectiveness of the Board as a whole and its board committees, the contribution by each individual director to the effectiveness of the Board, as well as the effectiveness of the Chairman of the Board.

#### Independent Co-ordinator:

To ensure that the assessments are done promptly and fairly, the Board has appointed an independent third party (the “Independent Co-ordinator”) to assist in collating and analysing the returns of the board members. Mrs Fang Ai Lian, former Chairman, Ernst & Young and Great Eastern Holdings Ltd, and currently Advisor to Far East Organisation, was appointed for this role. Mrs Fang Ai Lian does not have business relationships or any other connections with the Company which may affect her independent judgment.

#### Formal Process and Performance

**Criteria:** The evaluation processes and performance criteria are disclosed in the Appendix to this report.

#### Objectives and Benefits:

The board assessment exercise provides an opportunity to obtain constructive feedback from each director on whether the Board’s procedures and processes allow him to discharge his duties effectively and the changes which should be made to enhance the effectiveness of the Board and/or board committees. The assessment exercise also

helps the directors to focus on their key responsibilities. The individual director assessment exercise allows for peer review with a view to raising the quality of board members. It also assists the NC in determining whether to re-nominate directors who are due for retirement at the next annual general meeting, and in determining whether directors with multiple board representations are nevertheless able to and have adequately discharged their duties as directors of the Company.

### Access to Information

#### Principle 6:

*Board members to have complete, adequate and timely information*

As a general rule, board papers are required to be distributed to the directors at least seven days before the board meeting so that the members may better understand the matters prior to the board meeting and discussion may be focused on questions that the directors may have. Directors are provided with tablet devices to enable them to access and read the board papers. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insights into the matters at hand would be present at the relevant time during the board meeting. The directors are also provided with the names and contact details of the Company’s senior management and the Company Secretaries to facilitate direct access to senior management and the Company Secretaries.

The Company fully recognises that the flow of relevant information on an accurate and timely basis is critical for the Board to be effective in the discharge of its duties. Management is therefore expected to provide the Board with accurate information in a timely manner concerning

the Company's progress or shortcomings in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues facing the Company.

Management also provides the Board members with management accounts on a monthly basis and as the Board may require from time to time. Such reports keep the Board informed, on a balanced and understandable basis, of the Group's performance, financial position and prospects.

The Company Secretaries administer, attend and prepare minutes of board proceedings. They assist the Chairman to ensure that board procedures (including but not limited to assisting the Chairman to ensure timely and good information flow to the Board and board committees, and between senior management and the non-executive directors, and facilitating orientation and assisting in the professional development of the directors) are followed and regularly reviewed to ensure effective functioning of the Board, and that the Company's constitution and relevant rules and regulations, including requirements of the Companies Act, Securities & Futures Act and Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX"), are complied with. They also assist the Chairman and the Board to implement and strengthen corporate governance practices and processes with a view to enhancing long-term shareholder value. They are also the primary channel of communication between the Company and the SGX.

The appointment and removal of the Company Secretaries are subject to the approval of the Board.

Subject to the approval of the Chairman, the directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company.

### Remuneration Matters

#### Principle 7:

*The procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors should be formal and transparent*

#### Principle 8:

*The level and structure of director fees are aligned with the long-term interest of the Company and appropriate to attract, retain and motivate directors to provide good stewardship of the Company*

*The level and structure of key management remuneration are aligned with the long-term interest and risk policies of the Company and appropriate to attract, retain and motivate key management to successfully manage the Company*

#### Principle 9:

*There should be clear disclosure of remuneration policy, level and mix of remuneration, and procedure for setting remuneration*

### Remuneration Committee

The Remuneration Committee (RC) comprises entirely non-executive directors, four out of five of whom (including the Chairman) are independent; namely:

- Mr Danny Teoh  
Independent Chairman
- Dr Lee Boon Yang  
Independent Member
- Mrs Oon Kum Loon  
Independent Member
- Mr Till Vestring  
Independent Member
- Mr Tow Heng Tan  
Non-Executive and  
Non-Independent Member

The RC is responsible for ensuring a formal and transparent

procedure for developing policy on executive remuneration and for determining the remuneration packages of individual directors and senior management. The RC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholder value. The RC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including directors' fees, salaries, allowances, bonuses, grant of shares and benefits in kind) and the specific remuneration packages for each director and the key management personnel. The RC also reviews the remuneration of senior management and administers the KCL Share Option Scheme in respect of the outstanding options granted prior to the termination of the KCL Share Option Scheme in 2010, the KCL Restricted Share Plan (the "KCL RSP") and the KCL Performance Share Plan (the "KCL PSP"). In addition, the RC reviews the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC has access to expert advice from external remuneration consultants where required. In FY2015, the RC sought views on market practice and trends from external remuneration consultants, Aon Hewitt. The RC undertook a review of the independence and objectivity of the external remuneration consultants through discussions with the external remuneration consultants, and has confirmed that the external remuneration consultants had no relationships with the Company which would affect their independence and objectivity.



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### Annual Remuneration Report Policy in Respect of Non-executive Directors' Remuneration

Each non-executive director's remuneration comprises a basic fee, attendance fee and, if the director is required to travel out of his/her country of residence to attend meetings or events or for any other purpose of the Company, travel allowance. In addition, non-executive directors who perform additional services in board committees are paid an additional fee for such services. The Chairman of each board committee is also paid a higher fee compared with the members of the respective committees in view of the greater responsibility carried by that office. Executive directors are not paid directors' fees.

The directors' fee structure, which remains unchanged since FY2013, is set out in Table 2.

Each of the non-executive directors (including the Chairman) will receive 70% of his total directors' fees in cash ("Cash Component") and 30% in the form

of KCL shares ("Remuneration Shares") (both amounts subject to adjustment as described below). The actual number of Remuneration Shares, to be purchased from the market on the first trading day immediately after the date of the annual general meeting ("Trading Day") for delivery to the respective non-executive directors, will be based on the market price of the Company's shares on the SGX on the Trading Day. The actual number of Remuneration Shares will be rounded down to the nearest thousand and any residual balance will be paid in cash. Such incorporation of an equity component in the total remuneration of the non-executive directors is intended to achieve the objective of aligning the interests of the non-executive directors with those of the shareholders' and the long term interests of the Company.

The aggregate directors' fees for non-executive directors is subject to shareholders' approval at the annual general meeting. The Chairman and the non-executive directors will abstain

from voting, and will procure their respective associates to abstain from voting in respect of this resolution.

### Remuneration Policy in Respect of Executive Directors and Other Key Management Personnel

The Company advocates a performance-based remuneration system that is highly flexible and responsive to the market, Company's, business unit's and individual employee's performance.

In designing the compensation structure, the RC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long-term compensation and between cash versus equity incentive compensation. The total remuneration mix comprises three key components; that is, annual fixed cash, annual performance incentive, and the KCL Share Plans. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances which the Company benchmarks with the relevant industry market

Table 2

		Basic Fee (per annum)
Board Chairman		\$750,000 (all-in)
Board Member		\$81,000
		Additional Fees for Membership in Board Committees (per annum)
	Chairman	Member
Audit Committee	\$50,000	\$27,000
Board Risk Committee	\$50,000	\$27,000
Remuneration Committee	\$35,000	\$23,000
Board Safety Committee	\$35,000	\$23,000
Nominating Committee	\$30,000	\$18,000
		Attendance Fee (per meeting)
Board & Non-Executive Directors' Meetings	Singapore	\$3,000
	Overseas	\$5,000
Committee Meeting	Singapore	\$1,500
	Overseas	\$3,000
Director's Allowance (for overseas travel)		\$1,000 per event day



median. The annual performance incentive is tied to the Company's, business unit's and individual employee's performance, inclusive of a portion which is tied to EVA performance. The KCL Share Plans are in the form of two share plans approved by shareholders, the KCL RSP and the KCL PSP. The EVA performance incentive plan and the KCL Share Plans are long term incentive plans. Executives who have a greater ability to influence Group outcomes have a greater proportion of overall reward at risk.

The RC exercises broad discretion and independent judgment in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and promote the long-term success of the Company. The mix of fixed and variable reward is considered appropriate for the Group and for each individual role.

The compensation structure is directly linked to corporate and individual performance, both in terms of financial, non-financial performance and the creation of shareholder wealth. This link is achieved in the following ways:

- (a) by placing a significant portion of executives' remuneration at risk ("At Risk component") and in some cases, subject to a vesting schedule;
  - (b) by incorporating appropriate key performance indicators ("KPIs") for awarding of annual cash incentives:
    - a. There are four scorecard areas that the Company has identified as key to measuring the performance of the Group –
      - (i) Financial;
      - (ii) Process;
      - (iii) Stakeholders; and
      - (iv) People.
- Some of the key sub-targets within each of the scorecard areas include key financial indicators, safety KPI, enhancing risk management and controls measure, corporate social

responsibilities activities, employee engagement level, talent development and succession plan;

- b. The four scorecard areas have been chosen because they support how the Group achieves its strategic objectives. The framework provides a link for staff in understanding how they contribute to each area of the scorecard, and therefore to the Company's overall strategic goals. This is designed to achieve a consistent approach and understanding across the Group;
- (c) by selecting performance conditions such as ROE, Total Shareholder Return and EVA for equity awards that are aligned with shareholder interests;
- (d) by requiring those KPIs or conditions to be met in order for the At Risk components of remuneration to be awarded or to vest; and
- (e) by forfeiting the At Risk components of remuneration when those KPIs or conditions are not met at a satisfactory level.

The RC also recognised the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore, in determining the compensation structure, the RC had taken into account the risk policies and risk tolerance of the Group as well as the time horizon of risks, and incorporated risk-adjustments into the compensation structure through several initiatives, including but not limited to:

- (a) prudent funding of annual cash incentives;
- (b) bonus deferrals under the EVA performance incentive plan;
- (c) vesting of contingent share awards under the KCL Share Plans being subject to KPIs and/or performance conditions being met; and

- (d) potential forfeiture of variable incentives in any year due to misconduct.

The RC is of the view that the overall level of remuneration is not considered to be at a level which is likely to promote behaviours contrary to the Group's risk profile.

In determining the actual quantum of variable component of remuneration, the RC had taken into account the extent to which the performance conditions, set forth on page 97, have been met. The RC is therefore of the view that remuneration is aligned to performance during FY2015.

In order to align the interests of executive director and key management personnel with that of shareholders, the executive director and key management personnel are remunerated partially in the form of shares in the Company and are encouraged to hold such shares while they remain in the employment of the Company.

The directors, the CEO and the key management personnel (who are not directors or the CEO) are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what has been disclosed.

### Long-term Incentive Plans

#### EVA Incentive Plan

Each year, the current year's EVA bonus earned is added to the accrued EVA bank balance of the preceding year and thereafter one-third ( $\frac{1}{3}$ ) is paid out provided the total EVA balance is positive. The remaining two-third ( $\frac{2}{3}$ ) of the total EVA balance is credited to the executive's EVA Bank for payment in future years, subject to the continued EVA performance of the Company. The EVA bank concept is used to defer incentive compensation over a time horizon to ensure that the executive continues to generate sustainable shareholder value over the longer term. The EVA bank account is



## Corporate Governance

designated on a personal basis and represents the executive's contribution to the EVA performance of the Company. Monies credited into the EVA bank are at risk in that the amount in the bank can decrease should EVA performance turn negative in the future years.

### KCL Share Plans

The KCL Share Plans are put in place to increase the Group's flexibility and effectiveness in its continuing efforts to reward,

retain and motivate employees to achieve superior performance and to motivate them to continue to strive for the Group's long-term shareholder value. The KCL Share Plans also aim to strengthen the Group's competitiveness in attracting and retaining talented key senior management and employees. The KCL RSP applies to a broader base of employees while the KCL PSP applies to a selected group of key management personnel. Generally, it is envisaged that the range of performance

targets to be set under the KCL RSP and the KCL PSP will be different, with the latter emphasising stretched or strategic targets aimed at sustaining longer-term growth.

The RC has the discretion not to award variable incentives in any year if an executive is directly involved in a material restatement of financial statements or of misconduct resulting in restatement of financial statements or of misconduct resulting in financial loss to the

### Level and mix of remuneration of Directors and Key Management Personnel (who are not also Directors or the CEO) for the year ended 31 December 2015

The level and mix of each of the directors' remuneration are set out in Table 3 below:

Table 3

Remuneration & Name of Director	Base/ Fixed Salary (\$)	Performance-Related Bonuses Earned <sup>1</sup> (including EVA and non-EVA Bonuses) (\$)		Directors' Total Fees <sup>2</sup> (\$)		Benefits- in-Kind (\$)	Contingent awards of shares <sup>3</sup> (\$)		Total Remuneration (\$)
		Paid	Deferred & at risk	Cash component <sup>4</sup>	Shares component <sup>4</sup>		PSP	RSP	
Loh Chin Hua <sup>5</sup>	1,190,600	1,497,367	1,757,533	–	–	n.m. <sup>6</sup>	1,038,400	1,243,500	6,727,400
Lee Boon Yang	–	–	–	525,000	225,000	–	–	–	750,000
Tony Chew Leong-Chee <sup>7</sup>	–	–	–	51,709	22,161	–	–	–	73,870
Oon Kum Loon	–	–	–	167,650	71,850	–	–	–	239,500
Tow Heng Tan	–	–	–	142,100	60,900	–	–	–	203,000
Alvin Yeo Khirn Hai	–	–	–	121,800	52,200	–	–	–	174,000
Tan Ek Kia	–	–	–	148,400	63,600	–	–	–	212,000
Danny Teoh	–	–	–	177,100	75,900	–	–	–	253,000
Tan Puay Chiang <sup>8</sup>	–	–	–	140,579	60,248	–	–	–	200,827
Till Vestring <sup>9</sup>	–	–	–	88,768	38,044	–	–	–	126,812
Veronica Eng <sup>10</sup>	–	–	–	56,911	24,390	–	–	–	81,301

#### Notes:

- <sup>1</sup> The RC is satisfied that the quantum of performance-related bonuses earned by the executive director was fair and appropriate taking into account the extent to which his KPIs for FY2015 were met.
- <sup>2</sup> The directors' total fees are subject to shareholders' approval at the Company's Annual General Meeting.
- <sup>3</sup> Shares awarded under the KCL PSP and KCL RSP are subject to pre-determined performance targets set over a three-year and a one-year performance period respectively. As at 31 March 2015 (being the grant date), the estimated fair value of each share granted in respect of the contingent awards under the KCL PSP and KCL RSP were \$4.72 and \$8.29 respectively. For the KCL PSP, the figures are based on the fair value of the PSP shares at 100% of the award and the figures may not be indicative of the actual value at vesting which can range from 0% to 150% of the award.
- <sup>4</sup> The amounts stated may be adjusted as indicated on page 96 of this report.
- <sup>5</sup> Total remuneration shown above for Mr Loh Chin Hua does not include vested share of carried interests for funds created during the time he was Managing Director at Alpha Investment Partners. These carried interests are only earned at the end of the fund life and depend entirely on the actual performance of the funds after they have been liquidated.
- <sup>6</sup> n.m. - not material
- <sup>7</sup> Mr Tony Chew Leong-Chee retired from the Board with effect from 1 May 2015. Concurrently, Mr Chew ceased to be Chairman of the Nominating Committee and member of the Audit Committee. Fees are pro-rated accordingly.
- <sup>8</sup> Mr Tan Puay Chiang was appointed as member of Nominating Committee with effect from 17 April 2015. Subsequently, Mr Tan was appointed as Chairman of the Nominating Committee on 1 May 2015. Fees are pro-rated accordingly.
- <sup>9</sup> Mr Till Vestring was appointed as a non-executive and independent director with effect from 16 February 2015. Subsequently, Mr Vestring was appointed as a member of the Remuneration Committee and Nominating Committee on 1 May 2015. Fees are pro-rated accordingly.
- <sup>10</sup> Ms Veronica Eng was appointed as a non-executive and independent director with effect from 1 July 2015. Fees are pro-rated accordingly. Subsequently, Ms Eng was appointed as a member of the Audit Committee and Board Risk Committee on 23 July 2015. Fees are pro-rated accordingly.

## Sustaining Growth – Corporate Governance

PSP and RSP Shares granted and vested for the executive director are shown below:

Name of Executive Director	PSP Awards	Vesting Date	Contingent Awards of PSP Shares	Number of PSP Shares Vested	Value of PSP Shares Vested (\$) <sup>11</sup>	RSP Awards	Vesting Date	Contingent Awards of RSP Shares	Number of RSP Shares Vested	Value of RSP Shares Vested (\$) <sup>11</sup>
Loh Chin Hua	2012 Awards	27 Feb 2015	0 to 116,500 <sup>12</sup>	47,400	415,224	2012 Awards	28 Feb 2013	76,762 <sup>12</sup>	25,000	287,500
							28 Feb 2014		25,881	270,456
							27 Feb 2015		25,881	226,718
	2013 Awards	26 Feb 2016	0 to 139,800 <sup>12</sup>	–	–	2013 Awards	28 Feb 2014	87,995 <sup>12</sup>	29,331	306,509
							27 Feb 2015		29,331	256,940
							26 Feb 2016		–	–
	2014 Awards	28 Feb 2017	0 to 270,000	–	–	2014 Awards	27 Feb 2015	150,000	50,000	438,000
							26 Feb 2016		–	–
							28 Feb 2017		–	–
	2015 Awards	28 Feb 2018	0 to 330,000	–	–	2015 Awards	26 Feb 2016	150,000	–	–
							28 Feb 2017		–	–
							28 Feb 2018		–	–

**Notes:**

<sup>11</sup> The value of the shares vested under KCL PSP and RSP is computed based on the market price of the shares when the shares are credited to the employee's CDP account. The RC is satisfied that the value of the shares vested under the KCL PSP and RSP to the executive director was fair and appropriate taking into account the extent to which his KPIs and the performance conditions for FY2015 were met.

<sup>12</sup> Arising from the distribution of Keppel REIT unit by way of dividend in-specie on the basis of 1 Keppel REIT unit for every 5 KCL ordinary shares on 8 May 2013 and 8 Keppel REIT units for every 100 KCL ordinary shares on 13 September 2013, the RC approved the adjustments to unvested shares under the award.

The total remuneration paid to the key management personnel (who are not directors or the CEO) in FY2015 was \$14,859,387. The level and mix of each of the key management personnel (who are not also directors or the CEO) in bands of \$250,000 are set out below:

Remuneration Band & Name of Key Management Personnel	Base/ Fixed Salary	Performance-Related Bonuses Earned <sup>13</sup> (including EVA and non-EVA Bonuses)		Benefits-in-Kind	Contingent awards of shares	
		Paid	Deferred & at risk		PSP	RSP
<b>Above \$4,750,000 to \$5,000,000</b>						
Chow Yew Yuen	19%	23%	26%	n.m.	16%	16%
<b>Above \$3,000,000 to \$3,250,000</b>						
Ang Wee Gee	27%	26%	23%	n.m.	10% <sup>14</sup>	14% <sup>14</sup>
Chan Hon Chew	22%	32%	16%	n.m.	12%	18%
<b>Above \$2,750,000 to \$3,000,000</b>						
Ong Tiong Guan	20%	23%	26%	n.m.	11%	20%
<b>Above \$1,250,000 to \$1,500,000</b>						
Pang Thieng Hwi, Thomas	29%	25%	22%	n.m.	14%	10% <sup>15</sup>

**Notes:**

<sup>13</sup> The RC is satisfied that the quantum of performance-related bonuses earned by the key management personnel was fair and appropriate taking into account the extent to which their KPIs for FY2015 were met.

<sup>14</sup> With the delisting of Keppel Land Ltd ("KLL") from SGX-ST with effect from 9.00am (Singapore time) on 16 July 2015, KLL officers will participate in KCL share based compensation scheme from 2015 onwards. As at 30 July 2015 (being the grant date), the estimated fair value of each share granted in respect of the contingent awards under the KCL PSP and KCL RSP were \$3.04 and \$7.14 respectively.

<sup>15</sup> On Keppel Telecommunications & Transportation Ltd ("KTT") share based compensation scheme. As at 10 April 2015 (being the grant date), the estimated fair value of each share granted in respect of the contingent awards under the KTT PSP and KTT RSP were \$1.71 and \$1.81 respectively.



## Corporate Governance

Company. Outstanding EVA bank, KCL RSP and KCL PSP are also subject to RC's discretion before further payment or vesting can occur.

Details of the KCL Share Plans are set out in pages 133 to 135 and 159 to 160 of this Annual Report.

### Remuneration of employees who are immediate family members of a Director or the Chief Executive Officer

No employee of the Company and its subsidiaries was an immediate family member of a director or the CEO and whose remuneration exceeded \$50,000 during the financial year ended 31 December 2015. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

### Details of the KCL Share Plans

The KCL Share Plans, which have been approved by shareholders of the Company, are administered by the RC. Please refer to pages 133 to 135 and 159 to 160 of this Annual Report for details on the KCL Share Plans.

### Accountability and Audit

#### Principle 10:

*The Board should present a balanced and understandable assessment of the Company's performance, position and prospects*

#### Principle 12:

*Establishment of Audit Committee with written terms of reference*

The Board is responsible for providing a balanced and understandable assessment of the Company's and Group's performance, position and prospects, including interim and other price sensitive public reports, and reports to regulators (if required).

The Board has embraced openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial

interests of the Company. Financial reports and other price sensitive information are disseminated to shareholders through announcements via SGXNET, press releases, the Company's website, public webcast as well as media and analyst briefings.

The Company's Annual Report is accessible on the Company's website. The Company also sends its Annual Report to all its shareholders in CD-ROM format. In line with the Company's drive towards sustainable development, the Company encourages shareholders to read the Annual Report from the CD-ROM or on the Company's website. Shareholders may however request for a physical copy at no cost.

Management provides all members of the Board with management accounts which present a balanced and understandable assessment of the Company's and Group's performance, position and prospects on a monthly basis and as the Board may require from time to time. Such reports keep the board members informed of the Company's and Group's performance, position and prospects.

### Audit Committee

The Audit Committee (AC) comprises the following non-executive directors, all of whom are independent:

- Mr Danny Teoh  
Independent Chairman
- Mrs Oon Kum Loon  
Independent Member
- Mr Alvin Yeo  
Independent Member
- Ms Veronica Eng  
Independent Member

Mr Danny Teoh, Mrs Oon Kum Loon and Ms Veronica Eng have recent and relevant accounting and related financial management expertise and

in-depth experience. Mr Alvin Yeo has in-depth knowledge of the responsibilities of the AC and practical experience and knowledge of the issues and considerations affecting the Committee from serving on the audit committee of other listed companies. Mr Danny Teoh, Mrs Oon Kum Loon and Ms Veronica Eng are members of the Board Risk Committee (BRC), with Mrs Oon being the Chairman of the BRC.

The AC's primary role is to assist the Board to ensure integrity of financial reporting and that there is in place sound internal control systems. The Committee's responsibilities are set out on page 106 herein.

The AC has explicit authority to investigate any matter within its responsibilities, full access to and co-operation by management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources (including access to external consultants) to enable it to discharge its functions properly. The Company has an internal audit team which, together with the external auditors, report their findings and recommendations to the AC independently.

The AC met with the external auditors five times, and with the internal auditors five times during the year, and at least one of these meetings was conducted without the presence of management.

During the year, the AC performed independent reviews of the financial statements of the Company before the announcement of the Company's quarterly and full-year results. In the process, the Committee reviewed the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials.



Changes to accounting standards and accounting issues which have a direct impact on the financial statements were reported to the AC, and highlighted by the external auditors in their quarterly reviews with the AC. In addition, the AC members are invited to the Company's annual finance seminars where relevant changes to the accounting standards that will impact the Keppel Group of Companies are shared by, and discussed with accounting practitioners from one of the leading accounting firms.

The AC also reviewed and approved the Group internal auditor's plan, to ensure that the plan covered sufficiently in terms of audit scope in reviewing the significant internal controls of the Company. Such significant controls comprise financial, operational, compliance and information technology controls. All audit findings and recommendations put up by the internal and external auditors were forwarded to the AC. Significant issues were discussed at these meetings.

The AC reviewed and approved the Group external auditor's audit plan for the year. The AC also undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditors would not affect their independence. For details of fees payable to the auditors in respect of audit and non-audit services, please refer to Note 25 of the Notes to the Financial Statements on page 182.

As part of ongoing good corporate governance initiatives, competitive proposals were sought during the year from various audit firms to undertake the audit of the

Group for the financial year ending 31 December 2016. After due evaluation by the AC, the Board accepted the AC's recommendation for a change of external auditor for the financial year ending 31 December 2016, subject to approval by shareholders at the forthcoming annual general meeting.

The Company has complied with Rules 712, and Rule 715 read with 716 of the SGX Listing Manual in relation to its auditing firms.

The AC also reviewed the adequacy of the internal audit function and is satisfied that the team is adequately resourced and has appropriate standing within the Company. The AC also reviewed the training costs and programmes attended by the internal audit team to ensure that their technical knowledge and skill sets remain current and relevant.

The AC has reviewed the Keppel Whistle-Blower Protection Policy (the "Policy") which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. To facilitate the management of incidences of alleged fraud or other misconduct, the AC is guided by a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence.

In addition, the AC reviews the Policy yearly to ensure that it remains current. The details

of the Policy are set out on pages 110 and 111 hereto.

On a quarterly basis, management reported to the AC the interested person transactions ("IPTs") in accordance with the Company's Shareholders' Mandate for IPT. The IPTs were reviewed by the internal auditors. All findings were reported during AC meetings.

## **Risk Management and Internal Controls**

### **Principle 11:**

*Sound system of risk management and internal controls*

The Board Risk Committee (BRC) comprises the following non-executive directors, five out of six of whom (including the Chairman) are independent and the remaining director being a non-executive director who is independent of management; namely:

- Mrs Oon Kum Loon  
Independent Chairman
- Mr Danny Teoh  
Independent Member
- Mr Tow Heng Tan  
Non-Executive and  
Non-Independent Member
- Mr Tan Puay Chiang  
Independent Member
- Mr Tan Ek Kia  
Independent Member
- Ms Veronica Eng  
Independent Member

Mrs Oon Kum Loon was appointed Chairman of the Committee because of her wealth of experience in the area of risk management. Prior to serving as Chief Financial Officer in the Development Bank of Singapore (DBS), she was the Managing Director & Head of Group Risk Management, responsible for the development and implementation of a group-wide integrated risk management framework for the DBS group. Mrs Oon is a member of the Company's AC. Mr Danny Teoh, who is the Chairman of the AC, is the second member of the BRC. Mr Danny Teoh was the Managing Partner of KPMG



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Singapore from October 2005 to October 2010. He was also the Head of Audit and Risk Advisory Services practices in Singapore as well as in Asia, and served on its global team. The third member is Mr Tow Heng Tan who has deep management experience from his extensive business career spanning the management consultancy, investment banking and stock-broking industries. Mr Tow was previously the Chief Investment Officer of Temasek. The fourth member is Mr Tan Puay Chiang, who held various executive management roles in his 37-year career with Mobil and later ExxonMobil, and has in-depth knowledge and experience in the oil and gas industry and wide international exposure. The fifth member is Mr Tan Ek Kia, who is a seasoned executive in the oil and gas and petrochemicals businesses and had held senior positions in Shell, including Vice President (Ventures and Developments) of Shell Chemicals, Asia Pacific and Middle East region, Managing Director (Exploration and Production) of Shell Malaysia, Chairman of Shell North East Asia and Managing Director of Shell Nanhai Ltd. The sixth member is Ms Veronica Eng, who was a Founding Partner of Permira and has extensive experience in a wide range of roles in relation to its funds' investments across sectors and geographies. She served on the Board of Permira and its Executive Committee, chaired the Investment Committee and was the Fund Minder to various Permira funds. In addition, she had oversight of Permira's firm-wide risk management as well as its operations in Asia.

The BRC reviews and guides management in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, to safeguard shareholders' interests and the Company's assets. The Committee reports to the Board on material findings and

recommendations in respect of significant risk matters. The detailed responsibilities of this Committee are disclosed on page 107 herein.

The Company's approach to risk management is set out in the "Risk Management" section on pages 120 to 123 of this Annual Report. The Group is guided by a set of Risk Tolerance Guiding Principles, as disclosed on page 120.

The Company also has in place a Risk Management Assessment Framework which was established to facilitate the Board's assessment on the adequacy and effectiveness of the Group's risk management system. The framework lays out the governing policies, processes and systems pertaining to each of the key risk areas of the Group and assessments are made on the adequacy and effectiveness of the Group's risk management system in managing each of these key risk areas.

KCL's Group Internal Audit also conducts an annual review of the adequacy and effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by management on the recommendations made by Group Internal Audit and the external auditors in this respect.

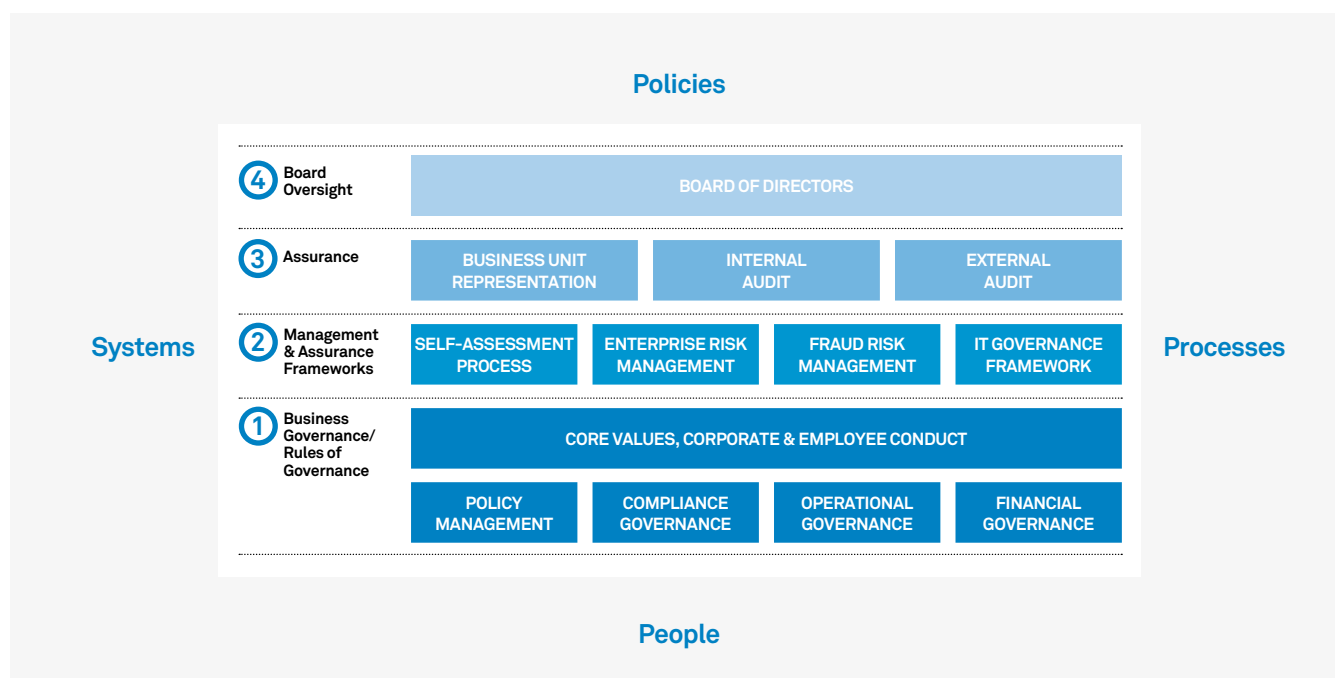
The Group also has in place Keppel's System of Management Controls Framework (the "Framework") outlining the Group's internal control and risk management processes and procedures. The Framework

comprises three Lines of Defence towards ensuring the adequacy and effectiveness of the Group's system of internal controls and risk management

Under the first Line of Defence, management is required to ensure good corporate governance through the implementation and management of policies and procedures relevant to the Group's business scope and environment. Such policies and procedures govern financial, operational, information technology and regulatory compliance matters and are reviewed and updated periodically. Employees are also guided by the Group's Core Values and expected to comply strictly with the Employee Code of Conduct.

Under the second Line of Defence, significant business units are required to conduct a self-assessment exercise on an annual basis. This exercise requires such business units to assess the status of their respective internal controls and risk management via self-assessment questionnaires. Action plans would then be drawn up to remedy identified control gaps. Under the Group's Enterprise Risk Management Framework, significant risk areas of the Group are also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks. Fraud risk management processes include mandatory conflict of interest declaration by employees in high-risk positions and the implementation of policies such as the Keppel Whistle-Blower Protection Policy and Employee Code of Conduct to establish a clear tone at the top with regard to employees' business and ethical conduct.

Under the third Line of Defence, to assist the Company to ascertain the adequacy and effectiveness

**Keppel's System of Management Controls (KSMC)**

of the Group's internal controls, business units are required to provide the Company with written assurances as to the adequacy and effectiveness of their system of internal controls and risk management. Such assurances are also sought from the Company's internal and external auditors based on their independent assessments.

The Board, supported by the AC and BRC, oversees the Group's system of internal controls and risk management.

The Board has received assurance from Chief Executive Officer, Mr Loh Chin Hua and Chief Financial Officer, Mr Chan Hon Chew, that, amongst others:

- (a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Group;

- (b) the internal controls of the Group are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business scope and environment and that they are not aware of any material weaknesses in the system of internal controls; and

- (c) they are of the view that the Group's risk management system is adequate and effective.

Based on the review of the Group's governing framework, systems, policies and processes in addressing the key risks under the Group's Enterprise Risk Management Framework, the monitoring and review of the Group's overall performance and representation from the management, the Board,

with the concurrence of the BRC, is of the view that, as at 31 December 2015, the Group's risk management system is adequate and effective.

Based on the Group's framework of management control, the internal control policies and procedures established and maintained by the Group, and the regular audits, monitoring and reviews performed by the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that, as at 31 December 2015, the Group's internal controls are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business scope and environment.

The system of internal controls and risk management established by the Group provides reasonable,



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but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

### Internal Audit

#### Principle 13:

*Effective and independent internal audit function that is adequately resourced*

The role of the internal auditors is to assist the AC to ensure that the Company maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the AC, and conducting regular in-depth audits of high risk areas. The Company's internal audit functions are serviced in-house ("Group Internal Audit").

Staffed by suitably qualified executives, Group Internal Audit has unrestricted direct access to the AC and unfettered access to all the Group's documents, records, properties and personnel. The Head of Group Internal Audit's primary line of reporting is to the Chairman of the AC, although she reports administratively to the CEO of the Company.

The AC approves the hiring, removal, evaluation and compensation of the Head of Group Internal Audit.

As a corporate member of the Singapore branch of the Institute of Internal Auditors Incorporated, USA ("IIA"), Group Internal Audit is guided by the International Standards for the Professional Practice of Internal Auditing set by

the IIA. These standards consist of attribute and performance standards. External quality assessment reviews are carried out at least once every five years by qualified professionals, with the last assessment conducted in 2011, and the results re-affirmed that the internal audit activity conforms to the International Standards. Group Internal Audit staff performs a yearly declaration to confirm their adherence to the Employee Code of Conduct as well as the Code of Ethics established by the IIA, from which the principles of objectivity, competence, confidentiality and integrity are based.

During the year, Group Internal Audit adopted a risk-based auditing approach that focuses on material internal controls, including financial, operational, compliance and information technology controls. An annual audit plan is developed using a structured risk and control assessment framework. Audits are planned based on the results of the assessment, with priority given to auditing all significant business units in the Company, inclusive of limited review performed on dormant and inactive companies. All Group Internal Audit's reports are submitted to the AC for deliberation with copies of these reports extended to the Chairman, CEO and relevant senior management officers. In addition, Group Internal Audit's summary of findings and recommendations are discussed at the AC meetings. To ensure timely and adequate closure of audit findings, the status of implementation of the actions agreed by management is tracked and discussed with the AC.

### Shareholder Rights and Communication with Shareholders

#### Principle 14:

*Fair and equitable treatment of shareholders and protection of shareholders' rights*

#### Principle 15:

*Regular, effective and fair communication with shareholders*

#### Principle 16:

*Greater shareholder participation at Annual General Meetings*

In addition to the matters mentioned above in relation to "Access to Information", the Company's Group Corporate Communications Department (with assistance from the Group Finance and Group Legal Departments, when required) regularly communicates with shareholders and receives and attends to their queries and concerns.

The Company treats all its shareholders fairly and equitably and keeps all its shareholders and other stakeholders informed of its corporate activities, including changes in the Company or its business which would be likely to materially affect the price or value of its shares, on a timely basis.

The Company has in place an Investor Relations Policy which sets out the principles and practices that the Company applies in order to provide shareholders and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field. The Investor Relations Policy is published on the Company's website at [www.keppcorp.com](http://www.keppcorp.com).

The Company employs various platforms to effectively engage the shareholders and the investment community, with an emphasis on timely, accurate, fair and transparent disclosure of information. Engagement with shareholders and other stakeholders takes many forms, including "live" webcasts of quarterly results and presentations, e-mail communications, publications and content on the Company's website as well as through facility visits, where stakeholders may



raise any queries or concerns that they may have. The Company's mobile-friendly website is also continually updated with the latest information concerning the Company, such as the latest updates on business and operations, quarterly financial statements, materials provided at analysts and media briefings, Group corporate structure, annual reports, and notices of general meetings. Contact details of the investor relations department are also set out on the website to facilitate any queries from investors. During the year, the Company improved the reader-friendliness of its annual report with the launch of an interactive microsite.

In addition to shareholder meetings, senior management meet with investors, analysts and the media, as well as participate in industry conferences to solicit and understand the views of the investment community. In FY2015, the Company hosted some 230 meetings and conference calls with institutional investors, including several site visits to its shipyards and logistics facilities in Singapore, as well as to its residential and commercial properties in Vietnam. Management also traveled widely for non-deal roadshows to meet investors across countries. Such meetings provide useful platforms for management to engage with investors and analysts.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET and the press. To ensure a level playing field and provide confidence to shareholders, unpublished price sensitive information is not selectively disclosed, and on the rare occasion when such information is inadvertently disclosed, it is immediately released to the public via SGXNET and the press.

The Company ensures that shareholders have the opportunity



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to participate effectively and vote at shareholders' meeting. In this regard, the shareholders' meeting are generally held in central locations which are easily accessible by public transportation. Shareholders are informed of shareholders' meetings through notices published in the newspapers and via SGXNET, and reports or circulars sent to all shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. Shareholders are also informed of the rules, including voting procedures, governing such meetings.

If any shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance.

Any payment of interim dividend or, upon receipt of shareholders' approval at annual general meetings, final dividend, will be paid to all shareholder in an equitable and timely manner.

At shareholders' meetings, each distinct issue is proposed as a separate resolution. Such resolutions include matters of

significance to shareholders such as, where applicable, proposed amendments to the Company's constitution, the authorisation to issue additional shares, the transfer of significant assets, re-election of directors, and the remuneration of non-executive directors. The rationale for the resolutions to be proposed at the meeting is set out in the notices to the meeting or its accompanying appendices. To ensure transparency, the Company conducts electronic poll voting for shareholders/proxies present at the meeting for all the resolutions proposed at the general meeting. A scrutineer is also appointed to count and validate the votes cast at the meetings. Votes cast for and against and the respective percentages, on each resolution will be displayed "live" to shareholders/proxies immediately after each poll conducted. The total number of votes cast for or against the resolutions and the respective percentages are also announced in a timely manner after the general meeting via SGXNET. Each share is entitled to one vote.

The Chairmen of the Board and each board committee are required to be present to address

**01** Keppel actively engages with shareholders and the financial community through various platforms, such as meetings and site visits.



## Corporate Governance

questions at general meetings of shareholders. External auditors are also present at such meetings to assist the directors to address shareholders' queries, if necessary.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretaries prepare minutes of shareholders' meetings, which incorporates substantial comments or queries from shareholders and responses from the Board and management. These minutes are available to shareholders upon their requests.

### Securities Transactions Insider Trading Policy

The Company has a formal Insider Trading Policy and Guidelines on Disclosure of Dealings in Securities on dealings in the securities of the Company and its listed subsidiaries, which sets out the implications of insider trading and guidance on such dealings, including the prohibition on dealings with the Company's securities on short-term considerations. The policy and guidelines have been distributed to the Group's directors and officers. In compliance with Rule 1207(19) of the Listing Manual on best practices on dealing in securities, the Company issues circulars to its directors and officers informing that the Company and its officers must not deal in listed securities of the Company one month before the release of the full-year results and two weeks before the release of quarterly results, and if they are in possession of unpublished price-sensitive information. Directors and CEO are also required to report their dealings in the Company's securities within two business days.

## Appendix

### Board Committees – Responsibilities

#### A. Audit Committee

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|--|---|
| <p>1.1 Review financial statements and formal announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, for better assurance of the integrity of such statements and announcements.</p> <p>1.2 Review and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties).</p> <p>1.3 Review audit plans and reports of the external auditors and internal auditors, and consider the effectiveness of actions or policies taken by management on the recommendations and observations.</p> <p>1.4 Review the independence and objectivity of the external auditors.</p> <p>1.5 Review the nature and extent of non-audit services performed by the auditors.</p> <p>1.6 Meet with external auditors and internal auditors, without the presence of management, at least annually.</p> <p>1.7 Make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors.</p> | <p>1.8 Review the adequacy and effectiveness of the Company's internal audit function, at least annually.</p> <p>1.9 Ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, at least annually.</p> <p>1.10 Approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced.</p> <p>1.11 Review the policy and arrangements by which employees of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken.</p> <p>1.12 Review interested person transactions.</p> <p>1.13 Investigate any matters within the Committee's purview, whenever it deems necessary.</p> <p>1.14 Report to the Board on material matters, findings and recommendations.</p> <p>1.15 Review the Committee's terms of reference annually and recommend any proposed changes to the Board.</p> <p>1.16 Perform such other functions as the Board may determine.</p> |
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- 1.17 Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Committee may deem fit.
- B. Board Risk Committee**
- 1.1 Receive, as and when appropriate, reports and recommendations from management on risk tolerance and strategy, and recommend to the Board for its determination the nature and extent of significant risks which the Group overall may take in achieving its strategic objectives and the overall Group's levels of risk tolerance and risk policies.
- 1.2 Review and discuss, as and when appropriate, with management, the Group's risk governance structure and its risk policies, risk mitigation and monitoring processes and procedures.
- 1.3 Receive and review at least quarterly reports from management on major risk exposures and the steps taken to monitor, control and mitigate such risks.
- 1.4 Review the Group's capability to identify and manage new risk types.
- 1.5 Review and monitor management's responsiveness to the findings and recommendations of Group Risk Management department.
- 1.6 Provide timely input to the Board on critical risk issues.
- 1.7 Review the Committee's terms of reference annually and recommend any proposed changes to the Board.
- 1.8 Perform such other functions as the Board may determine.
- C. Nominating Committee**
- 1.1 Recommend to the Board the appointment/re-appointment of directors.
- 1.2 Annual review of balance and diversity of skills, experience, gender and knowledge required by the Board, and the size of the Board which would facilitate decision-making.
- 1.3 Annual review of independence of each director, and to ensure that the Board comprises at least one-third independent directors. In this connection, the Nominating Committee should conduct particularly rigorous review of the independence of any director who has served on the Board beyond nine years from the date of his first appointment.
- 1.4 Decide, where a director has other listed company board representation and/or other principal commitments, whether the director is able to and has been adequately carrying out his duties as director of the Company.
- 1.5 Recommend to the Board the process for the evaluation of the performance of the Board, the board committees and individual directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each director.
- 1.6 Annual assessment of the effectiveness of the Board as a whole and individual directors.
- 1.7 Review the succession plans for the Board (in particular, the Chairman) and senior management (in particular, the CEO).
- 1.8 Review talent development plans.
- 1.9 Review the training and professional development programmes for Board members.
- 1.10 Review and, if deemed fit, approve recommendations for nomination of candidates as nominee director (whether as chairman or member) to the board of directors of investee companies which are:
- (i) listed on the Singapore Exchange or any other stock exchange;
  - (ii) managers or trustee-managers of any collective investment schemes, business trusts, or any other trusts which are listed on the Singapore Exchange or any other stock exchange; and
  - (iii) parent companies of the Company's core businesses which are unlisted (that is, as at the date hereof, Keppel Offshore & Marine Ltd, Keppel Land Limited and Keppel Infrastructure Holdings Pte. Ltd.).
- 1.11 Report to the Board on material matters and recommendations.
- 1.12 Review the Committee's terms of reference annually and recommend any proposed changes to the Board.
- 1.13 Perform such other functions as the Board may determine.



## Corporate Governance

1.14 Sub-delegate any of its powers within its terms of reference as listed above, from time to time as the Committee may deem fit.

### D. Remuneration Committee

- 1.1 Review and recommend to the Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each director as well as for the key management personnel.
- 1.2 Review the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable, and not overly generous.
- 1.3 Consider whether directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive schemes).
- 1.4 Administer the Company's employee share option scheme (the "KCL Share Option Scheme"), and the Company's Restricted Share Plan and Performance Share Plan (collectively, the "KCL Share Plans"), in accordance with the rules of the KCL Share Option Scheme and KCL Share Plans.
- 1.5 Report to the Board on material matters and recommendations.

1.6 Review the Committee's terms of reference annually and recommend any proposed changes to the Board.

1.7 Perform such other functions as the Board may determine.

1.8 Sub-delegate any of its powers within its terms of reference as listed above, from time to time as the Committee may deem fit.

Save that a member of this Committee shall not be involved in the deliberations in respect of any remuneration, compensation, award of shares or any form of benefits to be granted to him.

### E. Board Safety Committee

- 1.1 Ensure there is a set of Group Health, Safety and Environment ("HSE") policies and standards to guide HSE operation and performance across the Group.
- 1.2 Monitor HSE performance of the Group companies, analyse trends and accident root causes, and recommend or propose Group-wide initiatives for improvement where appropriate to ensure a robust HSE management system is maintained.
- 1.3 Structure an audit programme of Group companies' HSE management programme to verify effectiveness and use its resources to lead the execution of such audits, drawing additional resources from the line where needed.

### Nature of Current Directors' Appointments and Membership on Board Committees

Director	Board Membership	Committee Membership				
		Audit	Nominating	Remuneration	Risk	Safety
Lee Boon Yang	Chairman	–	Member	Member	–	Member
Loh Chin Hua	Chief Executive Officer	–	–	–	–	Member
Oon Kum Loon	Independent	Member	–	Member	Chairman	–
Tow Heng Tan	Non-Independent & Non-Executive	–	Member	Member	Member	–
Alvin Yeo Khirn Hai	Independent	Member	Member	–	–	–
Tan Ek Kia	Independent	–	Member	–	Member	Chairman
Danny Teoh	Independent	Chairman	–	Chairman	Member	–
Tan Puay Chiang	Independent	–	Chairman	–	Member	Member
Till Vestring	Independent	–	Member	Member	–	–
Veronica Eng	Independent	Member	–	–	Member	–



- 1.4 Make greater use of its HSE staff to lead serious accident investigations.
- 1.5 Review serious accident and near miss incident investigation reports timely to understand underlying root causes and introduce Group-wide initiatives or remedial measures where appropriate.
- 1.6 Follow up on key actions initiated by the Committee.
- 1.7 Ensure that each Group company complies with HSE legislation in the country in which it operates as a minimum.



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- 1.8 Keep abreast of developments in the HSE world, discuss such developments and best practices and consider the desirability of implementation in the Group.
- 1.9 Introduce actions to enhance safety awareness and culture within the Group.
- 1.10 Ensure that the safety functions in Group companies are adequately resourced (in terms of number, qualification and budget) and have appropriate standing within the organisation.
- 1.11 Consider management's proposals on safety-related matters.
- 1.12 Carry out such investigations into safety-related matters as the Committee deems fit.
- 1.13 Report to the Board on material matters, findings and recommendations.
- 1.14 Perform such other functions as the Board may determine.

- 1.15 Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Committee may deem fit.

#### **Board Assessment Evaluation Processes Board**

Each board member is required to complete a Board Evaluation Questionnaire and send the Questionnaire directly to the Independent Co-ordinator ("IC") within five working days. An "Explanatory Note" is attached to the Questionnaire to clarify the background, rationale and objectives of the various performance criteria used in the Board Evaluation Questionnaire with the aim of achieving consistency in the understanding and interpretation of the questions. Based on the returns from each of the directors, the IC prepares a consolidated report and briefs the Chairman of the Nominating Committee ("NC") and the Board Chairman on the report. Thereafter, the IC presents the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.

#### **Individual Directors**

The Board differentiates the assessment of an executive director from that of a non-executive director ("NED").

In the case of the assessment of the individual executive director, each NED is required to complete the executive director's assessment form and send the form directly to the IC within five working days. It is emphasised that the purpose of the assessment is to assess the executive director on his performance on the Board (as opposed to his executive performance). The executive director is not required to perform a self, nor a peer, assessment. Based on the returns from each of the NEDs, the IC prepares a consolidated report and briefs the NC Chairman and Board Chairman on the report. Thereafter, the IC presents the report to the Board for discussion. The NC Chairman will thereafter meet with the executive director to provide the necessary feedback on his board performance with a view to improving his board performance and shareholder value.

**01** Safety is a core value. It is conscientiously ingrained in Keppel's organisational culture and reaffirmed by all stakeholders at the annual Keppel Safety Convention.



## Corporate Governance

As for the assessment of the performance of the NEDs, each director (both NEDs and executive director) is required to complete the NED's assessment form and send the form directly to the IC within five working days. Each NED is also required to perform a self-assessment in addition to a peer assessment. Based on the returns, the IC prepares a consolidated report and briefs the NC Chairman and Board Chairman on the report. Thereafter, the IC presents the report to the Board for discussion at a meeting of the NEDs. The NC Chairman will thereafter meet with the NEDs individually to provide the necessary feedback on their respective board performance with a view to improving their board performance and shareholder value.

### Chairman

The Chairman Evaluation Form is completed by each director (both non-executive and executive) and sent directly to the IC within five working days. Based on the returns, the IC prepares a consolidated report and briefs the NC Chairman and Board Chairman on the report. Thereafter, the IC presents the report to the Board for discussion.

### Performance Criteria

The performance criteria for the board evaluation are in respect of the board size, board and board committee composition, board independence, board processes, board information and accountability, board performance in relation to discharging its principal functions and ensuring the integrity and quality of financial reporting to stakeholders and board committee performance in relation to discharging their responsibilities set out in their respective terms of reference.

The individual director's performance criteria are

categorised into four segments; namely, (1) interactive skills (under which factors as to whether the director works well with other directors, and participates actively are taken into account); (2) knowledge (under which factors as to the director's industry and business knowledge, functional expertise, whether he provides valuable inputs, his ability to analyse, communicate and contribute to the productivity of meetings, and his understanding of finance and accounts, are taken into consideration); (3) director's duties (under which factors as to the director's board committee work contribution, whether the director takes his role of director seriously and works to further improve his own performance, whether he listens and discusses objectively and exercises independent judgment, and meeting preparation are taken into consideration); and (4) availability (under which the director's attendance at board and board committee meetings, whether he is available when needed, and his informal contribution via e-mail, telephone, written notes etc are considered).

The assessment of the Chairman of the Board is based on, among others, his ability to lead, whether he established proper procedures to ensure the effective functioning of the Board, whether he ensured that the time devoted to board meetings were appropriate (in terms of number of meetings held a year and duration of each board meeting) for effective discussion and decision-making by the Board, whether he ensured that information provided to the Board was adequate (in terms of adequacy and timeliness) for the Board to make informed and considered decisions, whether he guided discussions

effectively so that there was timely resolution of issues, whether he ensured that meetings were conducted in a manner that facilitated open communication and meaningful participation, and whether he ensured that board committees were formed where appropriate, with clear terms of reference, to assist the Board in the discharge of its duties and responsibilities.

### Keppel Whistle-Blower Protection Policy

Keppel Whistle-Blower Protection Policy (the "Policy") took effect on 1 September 2004 to encourage reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined processes through which such reports may be made with confidence that employees and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.

Reportable Conduct refers to any act or omission by an employee of the Group or contract worker appointed by a company within the Group, which occurred in the course of his or her work (whether or not the act is within the scope of his or her employment) which in the view of a Whistle-Blower acting in good faith, is:

- (a) dishonest, including but not limited to theft or misuse of resources within the Group;
- (b) fraudulent;
- (c) corrupt;
- (d) illegal;
- (e) other serious improper conduct;
- (f) an unsafe work practice; or
- (g) any other conduct which may cause financial or non-financial loss to the Group or damage to the Group's reputation.

A person who files a report or provides evidence which he

knows to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by the Policy and may be subject to administrative and/or disciplinary action.

Similarly, a person may be subject to administrative and/or disciplinary action if he subjects (i) a person who has made or intends to make a report in accordance with the Policy, or (ii) a person who was called or may be called as a witness, to any form of reprisal which would not have occurred if he did not intend to, or had not made the report or be a witness.

The General Manager (Internal Audit) is the Receiving Officer for the purposes of the Policy and is responsible for the administration, implementation and overseeing ongoing compliance with the Policy. She reports directly to the AC Chairman on all matters arising under the Policy.

### Reporting Mechanism

The Policy emphasises that the role of the Whistle-Blower is as a reporting party, and that Whistle-Blowers are not to investigate, or determine the appropriate corrective or remedial actions that may be warranted. Employees are encouraged to report suspected Reportable Conduct to their respective supervisors who are responsible for promptly informing the Receiving Officer, who in turn is required to promptly report to the AC Chairman, of any such report. The supervisor must not start any investigation in any event. If any of the persons in the reporting line prefers not to disclose the matter to the supervisor and/or Receiving Officer (as the case may be), he may make the report directly to the Receiving Officer or the AC Chairman.

Other Whistle-Blowers may report a suspected Reportable Conduct to either the Receiving Officer or the AC Chairman.

All reports and related communications made will be documented by the person first receiving the report. The information disclosed should be as precise as possible so as to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken.

### Investigation

The AC Chairman will review the information disclosed, interview the Whistle-Blower(s) when required and, either exercising his own discretion or in consultation with the other AC members, determine whether the circumstances warrant an investigation and if so, the appropriate investigative process to be employed and corrective actions (if any) to be taken. The AC Chairman will use his best endeavours to ensure that there is no conflict of interests on the part of any person involved in the investigations.

All employees have a duty to cooperate with investigations initiated under the Policy. An employee may be placed on administrative leave or investigatory leave when it is determined by the AC Chairman that it would be in the best interests of the employee, the Company or both. Such leave is not to be interpreted as an accusation or a conclusion of guilt or innocence of any employee, including the employee on leave. All participants in the investigation must also refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. In no circumstance should such persons discuss matters relating to the investigation

with the person(s) who is/are subject(s) of the investigation ("Investigation Subject(s)").

Identities of Whistle-Blower, participants of the investigations and the Investigation Subject(s) will be kept confidential to the extent possible.

### No Reprisal

No person will be subject to any reprisal for having made a report in accordance with the Policy or having participated in the investigation. A reprisal means personal disadvantage by:

- (a) dismissal;
- (b) demotion;
- (c) suspension;
- (d) termination of employment/contract;
- (e) any form of harassment or threatened harassment;
- (f) discrimination; or
- (g) current or future bias.

Any reprisal suffered may be reported to the Receiving Officer (who shall refer the matter to the AC Chairman) or directly to the AC Chairman. The AC Chairman shall review the matter and determine the appropriate actions to be taken. Any protection does not extend to situations where the Whistle-Blower or witness has committed or abetted the Reportable Conduct that is the subject of allegation. However, the AC Chairman will take into account the fact that he or she has cooperated as a Whistle-Blower or a witness in determining the suitable disciplinary measure to be taken against him or her.



## Corporate Governance

### Code of Corporate Governance 2012

#### Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
<b>General</b>	<p>(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</p>	<p>Yes</p> <p>N.A.</p>
<b>Board Responsibility</b>		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	<p>(a) New investments or increase in investments exceeding \$30 million by any Group company (not separately listed);</p> <p>(b) Acquisition and disposal of assets exceeding \$30 million by any Group company (not separately listed);</p> <p>(c) Capital equipment purchase and/or lease exceeding \$30 million by any Group company (not separately listed); and</p> <p>(d) All commitments to term loans and lines of credit from banks and financial institutions by the Company.</p>
<b>Members of the Board</b>		
Guideline 2.6	<p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p> <p>(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</p>	<p>The Nominating Committee (NC) reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision making. Thereafter, in consultation with management, the NC assesses if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment.</p> <p>The NC is satisfied that the Board and the board committees comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender, knowledge of the Group, core competencies such as accounting or finance, business or management experience, human resource, risk management, technology, mergers and acquisitions, legal, international perspective, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board and the board committees to be effective.</p> <p>There is a process of refreshing the Board progressively.</p> <p>See Guideline 4.6 below on process for nomination of new directors and Board succession planning.</p>
Guideline 4.6	<p>Please describe the board nomination process for the Company in the last financial year for</p> <p>(i) selecting and appointing new directors and</p> <p>(ii) re-electing incumbent directors.</p>	<p><b>For new directors</b></p> <p>(a) The NC reviewed the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making.</p> <p>(b) In light of such review and in consultation with management, the NC assessed if there was any inadequate representation in respect of any of those attributes and determined the role and the desirable competencies for a particular appointment.</p> <p>(c) NC met with the short-listed candidates to assess suitability and to ensure that the candidates are aware of the expectations and the level of commitment required.</p> <p>(d) NC made recommendations to the Board for approval.</p>



Guideline	Questions	How has the Company complied?
		<p><b>For incumbent directors</b></p> <p>Pursuant to the Company's constitution, one-third of the directors retire from office at the Company's annual general meeting, and a newly appointed director must submit himself for re-election at the annual general meeting immediately following his appointment.</p> <p>NC recommended the re-nomination of directors to the Board for approval, having regard to the director's contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual director by his peers.</p>
Guideline 1.6	<p>(a) Are new directors given formal training? If not, please explain why.</p> <p>(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?</p>	<p>Yes, all new directors undergo a comprehensive orientation programme.</p> <p>All directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, changes in the Companies Act, continuing listing obligations and industry-related matters.</p> <p>A training programme is also in place for directors in areas such as accounting, finance, risk governance and management, the roles and responsibilities of a director of a listed company and industry specific matters.</p> <p>Site visits are also conducted periodically for directors to familiarise them with the operations of the various businesses so as to enhance their performance as board or board committee members.</p>
Guideline 4.4	<p>(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?</p> <p>(b) If a maximum number has not been determined, what are the reasons?</p> <p>(c) What are the specific considerations in deciding on the capacity of directors?</p>	<p>Directors should not have more than six listed company board representations and/or other principal commitments. This serves as a guide and the NC takes into account other factors in deciding on the capacity of director.</p> <p>N.A.</p> <p>The NC takes into account the results of the annual assessment of the effectiveness of the individual director, and the respective directors' actual conduct on the Board, in determining whether a director with other listed company board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a director of the Company.</p>
<b>Board Evaluation</b>		
Guideline 5.1	<p>(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?</p> <p>(b) Has the Board met its performance objectives?</p>	<p>An independent third party (the "Independent Co-ordinator") was appointed to assist in collating and analysing the returns of the board members for the annual assessment. Based on the returns from each of the directors, the Independent Co-ordinator prepared a consolidated report and briefed the Chairman of the NC and the Board Chairman on the report. Thereafter, the Independent Co-ordinator presented the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.</p> <p>The detailed process is set out on page 109 of the Corporate Governance Report.</p> <p>Yes</p>



## Corporate Governance

Guideline	Questions	How has the Company complied?
<b>Independence of Directors</b>		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes
Guideline 2.3	<p>(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.</p> <p>(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</p>	<p>Yes.</p> <p>Mr Alvin Yeo is Senior Partner of WongPartnership LLP which is one of the law firms providing legal services to the Keppel Group.</p> <p>Mr Tan Ek Kia is a non-executive and independent director on the board of TransOcean Ltd which has business dealings with the Keppel Offshore &amp; Marine Group.</p> <p>Mr Till Vestring is a partner of Bain &amp; Company's Southeast Asia office, which has performed consulting services to the Group.</p> <p>Mr Alvin Yeo had declared to the NC that he did not have a 10% or more stake in WongPartnership LLP and did not involve himself in the selection and appointment of legal counsels for the Group. The NC also took into account Mr Yeo's actual performance on the Board and board committees and the outcome of the recent self and peer Individual Director Performance assessment, and agreed that Mr Yeo has at all times exercised independent judgment in the best interests of the Company in the discharge of his director's duties and should therefore continue to be deemed an independent director.</p> <p>Mr Tan Ek Kia had declared to the NC that he was not involved in the negotiation of contracts or business dealings between the Keppel Offshore &amp; Marine Group and TransOcean Ltd. The NC also took into account Mr Tan's actual performance on the Board and board committees and the outcome of the recent self and peer Individual Director Performance assessment and agreed that Mr Tan has at all times exercised independent judgment in the best interests of the Company in the discharge of his director's duties and should therefore continue to be deemed an independent director.</p> <p>Mr Till Vestring had declared to the NC that (a) he did not have a 10% or more stake in Bain &amp; Company, (b) he would not be involved in any future services that Bain &amp; Company provides to the Group; and (c) he would recuse himself from any decision making process undertaken by the Board or board committees in connection with awarding a consultancy contract and Bain &amp; Company was involved. The NC also took into account Mr Vestring's actual performance on the Board and board committees and the outcome of the recent self and peer Individual Director Performance assessment and agreed that Mr Vestring has at all times exercised independent judgment in the best interests of the Company in the discharge of his director's duties and should therefore continue to be deemed an independent director.</p>
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	<p>Yes. Mrs Oon Kum Loon is an independent director who has served on the Board for more than nine years from date of first appointment.</p> <p>The NC considered that Mrs Oon has demonstrated independent judgment at Board, and board committee meetings, and was of the firm view that she has exercised independent judgment in the best interests of the Company in the discharge of her director's duties.</p>

Guideline	Questions	How has the Company complied?
<b>Disclosure on Remuneration</b>		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes
Guideline 9.3	<p>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</p> <p>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).</p>	<p>Yes</p> <p>Aggregate remuneration paid: S\$14,859,387</p>
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No
Guideline 9.6	<p>(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.</p> <p>(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?</p> <p>(c) Were all of these performance conditions met? If not, what were the reasons?</p>	<p>The total remuneration mix comprises three key components; that is, annual fixed cash, annual performance incentive, and the KCL Share Plans. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances which the Company benchmarks with the relevant industry market median. The annual performance incentive is tied to the Company's, business unit's and individual employee's performance, inclusive of a portion which is tied to EVA performance. The KCL Share Plans are in the form of two share plans approved by shareholders, the KCL Restricted Share Plans ("KCL RSP") and the KCL Performance Share Plans ("KCL PSP"). The EVA performance incentive plan and the KCL Share Plans are long term incentive plans.</p> <p>The compensation structure is directly linked to corporate and individual performance, both in terms of financial, non-financial performance and the creation of shareholder wealth. The key performance indicators ("KPIs") for awarding of annual cash incentives are based on the four scorecard areas that the Company has identified as key to measuring the performance of the Group – (i) Financial; (ii) Process; (iii) Stakeholders; and (iv) People. For the long-term incentive plans, performance conditions that are aligned with shareholder interests such as ROE, Total Shareholder Return and EVA are selected for equity awards.</p> <p>The RC is satisfied that the quantum of performance-related bonuses and the value of shares vested under the KCL PSP and KCL RSP to the executive director and key management personnel was fair and appropriate after taking into account the extent to which their KPIs and performance conditions for FY2015 were met.</p> <p>Please refer to pages 96 to 100 of the Corporate Governance Report for more details.</p>



## Corporate Governance

Guideline	Questions	How has the Company complied?
<b>Risk Management and Internal Controls</b>		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	<p>The Company has adopted initiatives to put in place processes to ensure that the non-executive directors are well supported by accurate, complete and timely information, and have unrestricted access to management.</p> <p>These initiatives include regular informal meetings for management to brief the directors on prospective deals and potential developments at an early stage before formal board approval is sought, and the circulation of relevant information on business initiatives, industry developments and analyst and press commentaries on matters in relation to the Company or the industries in which it operates.</p> <p>A two-day off-site board strategy meeting is organised annually for in-depth discussion on strategic issues and direction of the Group, to give the non-executive directors a better understanding of the Group and its businesses and to provide an opportunity for the non-executive directors to familiarise themselves with the management team so as to facilitate the Board's review of the Group's succession planning and leadership development programme.</p> <p>Aside from board papers, management is also expected to provide the Board with accurate information in a timely manner concerning the Company's progress or shortcomings in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues facing the Company.</p> <p>Management also provides the Board members with management accounts on a monthly basis and as the Board may require from time to time. Such reports keep the Board informed, on a balanced and understandable basis, of the Group's performance, financial position and prospects.</p> <p>Management surfaces key risk issues for discussion and confers with the Board Risk Committee and the Board regularly. On an annual basis, the Board reviews the Group's key risks and assesses the adequacy and effectiveness of the risk management system.</p>
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	<p>The Board oversees the Group's system of internal controls and risk management with the support from Audit Committee and Board Risk Committee.</p> <p>The Board's view on the adequacy and effectiveness of the Company's internal controls is based on the Group's framework of management control, the internal control policies and procedures established and maintained by the Group, and the regular audits, monitoring and reviews performed by the internal and external auditors. The Audit Committee has concurred with this view.</p> <p>The Board's view on the adequacy and effectiveness of the Company's risk management system is based on the review of the Group's governing framework, systems, policies and processes in addressing the key risks under the Group's Enterprise Risk Management Framework, the monitoring and review of the Group's overall performance and representation from the management. The Board Risk Committee has concurred with this view.</p>



Guideline	Questions	How has the Company complied?
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes. The Board has received assurance from the CEO and CFO on points (i) and (ii). The Board received assurance from the internal auditor on the adequacy and effectiveness of the Company's internal control systems.
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	The Group's estimated audit fees payable to the external auditors of the Company and other auditors of subsidiaries for FY2015 is S\$5,900,000. The Group's non audit services fees paid to external auditor of the Company and other auditors of subsidiaries amounted to S\$647,000.
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	The Audit Committee undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditors would not affect their independence.
<b>Communication with Shareholders</b>		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Yes.  In FY2015, the Company hosted some 230 meetings and conference calls with institutional investors, including several site visits to its shipyards in Singapore, as well as to its properties in Vietnam. Management also traveled widely for non-deal roadshows to meet investors across countries. Such meetings provide useful platforms for management to engage with investors and analysts.  In addition to addressing the retail shareholders' questions over the phone and email, the Company also engaged retail shareholders' through its general meetings and long-term sponsorship of Securities Investors Association Singapore's Investor Education Programme.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	This role is performed by Group Corporate Communications Department (with assistance from the Group Finance and Group Legal departments, where required)
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Engagement with shareholders and other stakeholders take many forms including "live" webcasts of quarterly results briefings, email communications, publications and content on the Company's website as well as through facility visits. The Company's mobile-friendly website is also continually updated with the latest information concerning the Company, such as the latest updates on business and operations, quarterly financial statements, materials provided at analysts and media briefings, Group corporate structure, annual reports, and notices of general meetings. Contact details of the investor relations department are also set out on the website to facilitate any queries from investors. During the year, the Company improved the reader-friendliness of its annual report with the launch of an interactive microsite.  Senior management also meets with investors, analysts and the media, as well as participates in industry conferences to solicit and understand the views of the investment community.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	N.A.



## Corporate Governance

### Code of Corporate Governance 2012

#### Specific Principles and Guidelines for Disclosure

Relevant Guideline or Principle	Page Reference in this Report
<b>Guideline 1.3</b> Delegation of authority, by the Board to any board committee, to make decisions on certain board matters	Page 89
<b>Guideline 1.4</b> The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings	Page 89
<b>Guideline 1.5</b> The type of material transactions that require board approval under guidelines	Page 90
<b>Guideline 1.6</b> The induction, orientation and training provided to new and existing directors	Page 90
<b>Guideline 2.3</b> The Board should identify in the company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed	Pages 90 and 91
<b>Guideline 2.4</b> Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed.	Page 91
<b>Guideline 3.1</b> Relationship between the Chairman and the CEO where they are immediate family members	N.A.
<b>Guideline 4.1</b> Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	Pages 92 and 107
<b>Guideline 4.4</b> The maximum number of listed company board representations which directors may hold should be disclosed	Page 93
<b>Guideline 4.6</b> Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	Pages 92 and 93
<b>Guideline 4.7</b> Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	Pages 27 to 31
<b>Guideline 5.1</b> The Board should state in the company's Annual Report how assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report	Pages 94 and 109
<b>Guideline 7.1</b> Names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board	Pages 95 and 108
<b>Guideline 7.3</b> Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the company	Page 95
<b>Guideline 9</b> Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	Pages 96 to 100
<b>Guideline 9.1</b> Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO)	Pages 98 and 99
<b>Guideline 9.2</b> Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives	Page 98

Relevant Guideline or Principle	Page Reference in this Report
<b>Guideline 9.3</b> Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel	Page 99
<b>Guideline 9.4</b> Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S\$50,000	Page 100
<b>Guideline 9.5</b> Details and important terms of employee share schemes	Pages 133 to 135 and 159 to 160
<b>Guideline 9.6</b> For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met	Pages 97 and 98
<b>Guideline 11.3</b> The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems  The commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems  The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems.	Page 103
<b>Guideline 12.1</b> Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board	Pages 100 and 106
<b>Guideline 12.6</b> Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	Page 101
<b>Guideline 12.7</b> The existence of a whistle-blowing policy should be disclosed in the company's Annual Report	Pages 110 and 111
<b>Guideline 12.8</b> Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	Pages 100 and 101
<b>Guideline 15.4</b> The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings	Pages 104 to 106
<b>Guideline 15.5</b> Where dividends are not paid, companies should disclose their reasons.	N.A.



# Risk Management

*As a Group, we take a balanced approach to risk management, recognising that not all risks can be eliminated. To optimise returns for the Group, we will only undertake appropriate and well-considered risks.*



01

**01** Talks and workshops are organised to keep Keppel's directors and senior management abreast of economic trends, risks and opportunities for the Group.

Staying competitive in a complex and dynamic environment requires a continuous, disciplined pursuit of new opportunities and revenue streams. Supported by a robust risk management system, the Group's unique combination of strengths will equip us to respond effectively to shifting business demands and seize opportunities to create value for our stakeholders.

## Robust Enterprise Risk Management Framework

Our Board is responsible for governing risks and ensuring that management maintains a sound system of risk management and internal controls. Assisted by the Board Risk Committee (BRC), the Board provides valuable advice to management in formulating the risk management framework, policies and guidelines. Our management surfaces key risk issues for discussion with the BRC and the Board regularly.

The terms of reference for the BRC are disclosed on page 107 of this Report.

The Board has put in place three risk tolerance guiding principles for the Group. These principles serve to determine the nature and extent of the significant risks, which our Board is willing to take in achieving its strategic objectives.

These principles are:

- (1) Risk taken should be carefully evaluated, commensurate with rewards and in line

with the Group's core strengths and strategic objectives.

- (2) No risk arising from a single area of operation, investment or undertaking should be so huge as to endanger the entire Group.
- (3) The Group does not condone safety breaches or lapses, non-compliance with laws and regulations, as well as acts such as fraud, bribery and corruption.

Our risk governance framework is set out on pages 101 to 104 under Principle 11 (Risk Management and Internal Controls). This framework facilitates management and the BRC in determining the adequacy and effectiveness of the Group's risk management system.

Risk management is an integral part of decision-making across the Group. Keppel's holistic approach to identifying and managing risks not only instills ownership but reduces uncertainties associated with executing our strategies.

Keppel's Enterprise Risk Management (ERM) framework, a component of Keppel's System of Management Controls, provides the Group with a holistic and systematic approach in risk management. It outlines the reporting structure, monitoring mechanisms, processes and tools, as well as policies and limits, in addressing the Group's key risks.



Our ERM framework is constantly refined, ensuring relevance in a dynamic operating environment. References are made to the Singapore Code of Corporate Governance, ISO 31000, ISO 22313 and the 2014 Guidebook for Audit Committees.

We keep abreast of the latest developments and best practices by participating in industry seminars and interacting with risk management practitioners. An ERM Committee, comprising risk champions across the business units, drives and coordinates Group-wide initiatives.

As a Group, we take a balanced approach to risk management, recognising that not all risks can be eliminated. To optimise returns for the Group, we will only undertake appropriate and well-considered risks.

The Group's five-step risk management process consists of identification, assessment, formulation of mitigation measures, communication and implementation, and monitoring and review. The process takes into account both the impact and likelihood of the risks identified.

### **Strategic Risk** **Market, Competition** **and Technology**

The strategic risks for Keppel Group includes market, competition and technology risks.

These include market driven forces, evolving competitive landscape, changing customer demands and disruptive innovation. These risks receive constant high-level attention through the year. Strategy meetings are held to review business strategies, formulate strategic responses and take pre-emptive mitigations.

The BRC guides the Group in formulating and reviewing risk policies and limits. These are subject to periodic reviews to ensure relevance in supporting business objectives and alignment to the Group's risk tolerance level. Policies aim to address risks effectively and proactively, taking into consideration the prevailing business climate.

### **Investment and Divestment**

The Group has an established process for evaluating investment and divestment proposals. The Investment and Major Project Action Committee (IMPAC), together with the Board, guides the Group to take thoughtful risks to earn the best risk-adjusted returns, while exercising the spirit of enterprise. Financial discipline is exercised with capital allocated to the right projects. This systematic evaluation process requires our investment teams to identify the risks and corresponding mitigating actions in their proposals.

Investment risk assessment involves rigorous due diligence, feasibility studies and sensitivity analyses of key assumptions and variables. Some factors considered in the assessment include alignment to Group strategy, financial viability, country-specific political and regulatory developments, contractual risk implications and lessons learned. The investment portfolio is constantly monitored to ensure that performance is on track to meet the strategic intent and investment returns.

### **Human Resource**

To drive the Group's growth, emphasis is placed on attracting the best talent, nurturing employees, maintaining good industrial relations and fostering a conducive work environment. The Group continues to focus on improving succession planning, bench strength and maintaining choice employer status.

Keppel recognises that it is vital for staff to imbibe a risk-centric mindset and have the ability to assess and manage risks at work. Keppel Leadership Institute, established as a global centre to groom leaders and equip them with the capabilities to drive and support Keppel's growth, helps to inculcate this mindset through the embedment of risk management in key leadership courses.

## **The Keppel Group's Five-Step Risk Management Process**





## Risk Management

### Operational Risk

#### Project Management

Risk management processes are integrated with project management from the initiation stage through to completion. The Group adopts a systematic assessment and monitoring process to help manage the key risks for each project. Particular attention is given to technically challenging and high-value projects, including greenfield developments, and those that involve new technology or operations in a new country. Projects are managed in accordance to the respective country's environmental laws and labour practices.

At the execution stage, project reviews and quality assurance programmes are carried out to address issues involving cost, schedule and quality. Key Risk Indicators are used as early warning signals. Knowledge sharing workshops are conducted to share best practices across the Group, building lessons learnt into case studies for future reference. All this helps to ensure that projects are completed on time and within budget, while meeting safety and quality standards.

#### Health, Safety & Environment

The Group places great emphasis in maintaining a high level of health, safety and environmental (HSE) standards. A CEO Roundtable group reviews safety efforts and considers ideas to improve safety. There are ongoing efforts to raise HSE awareness and culture at the ground level, and align HSE systems and standards via a global HSE information and management framework. Particular attention is placed on training in identified high risk activities such as lifting and movement of vehicles.

#### Business & Operational Processes

Continuing efforts are placed on streamlining business process with a common shared services

platform that allows the Group to achieve cost-savings, improvement in efficiency and productivity, and enhancement in governance and control at the same time.

ISO standards and certifications were adopted to achieve standardisation of processes and best practices. Procedures relating to defect management, operations, project control and supply chain management were established to improve quality of deliverables. A regular review of policies and authority limits is carried out to ensure that they remain relevant in meeting changing business requirements.

#### Laws & Regulations

The Group monitors closely developments in laws and regulations in the countries that we operate in to ensure that our businesses and operations comply with all relevant laws and regulations. We regularly engage with government authorities and agencies to keep abreast of changes in regulations. Particular emphasis is placed on regulatory compliance in all our operations.

#### Business Continuity

We are committed to enhancing the Group's operational resilience through a robust Business Continuity Management (BCM) Plan. Keppel's BCM Plan enables us to respond effectively to disruptions while continuing with critical business functions.

Crisis management and communication procedures have been embedded into the Group's BCM processes to bolster operational readiness. These procedures are constantly refined to allow us to respond in an orderly and coordinated way, as well as to expedite recovery. Our focus is on building capabilities to respond to crisis effectively while safeguarding our people, assets and the interest of stakeholders.

### Information Technology

The Group has in place an Information Technology (IT) security framework to address evolving IT security threats, such as hacking, malware, mobile threats and data-loss.

The Group's IT security, governance and control have been strengthened through the alignment of IT policies, processes and systems, and the consolidation of servers and storages. Extensive training was carried out on user security education, and assessment exercises were conducted to heighten awareness of threats. Measures and considerations have also been taken to safeguard against loss of information, data security, and prolonged service unavailability of critical IT systems.

### Financial Risk

#### Misstatement of Financial Statements, Fraud and Corruption

Policies such as the Whistle-Blower Protection Policy and the Employee Code of Conduct established a clear tone from the top with regard to business and ethics conduct. The Group adopts a strong anti-corruption stance. The internal control systems and processes are monitored closely.

Keppel's System of Management Control Framework outlines the Group's internal control and risk management processes and procedures. For more details on the framework, please refer to page 103 of this Report.

#### Financial and Capital

Financial risk management relates to the Group's ability to meet financial obligations and mitigate credit, liquidity, currency and interest rate risks. Policies and financial authority limits are reviewed regularly to incorporate changes in the operating and control environment.

The Group focuses on financial discipline, deploying its capital to earn the best risk-adjusted

returns and maintaining a strong balance sheet to seize opportunities. This includes the evaluation of counterparties against pre-established guidelines. For more details on financial risk management, please refer to pages 82 to 83 of this Report.

Impact assessment and stress tests are performed to gauge the Group's exposure to changing market situations. This allows for informed decision-making and prompt mitigating actions. We regularly monitor the concentration exposure in the countries where we operate.

### Risk-Centric Culture

Effective risk management hinges not only on systems and processes, but also on mindsets and attitudes. The Group fosters a risk-centric culture through four key areas.

#### 1. Leadership

Keppel's top management is committed to fostering a strong risk-centric culture in the Group, showing strong support for risk management initiatives. Key messages encouraging prudent risk-taking in decision-making and business processes are interwoven into major meetings, speeches and publications.

#### 2. Risk Management Process

Management of risks is an integral aspect of strategic and budget review, as well as for investment and project planning. Risk considerations are taken at all levels of the businesses, with tools and risk management methodology applied as part of the process.

#### 3. Training & Communication

ERM workshops are conducted regularly to enhance risk management competency across the Group. Training and communication are also carried out through various forums and in-house publications. This has helped to reinforce discipline

and garner greater awareness across the Group.

#### 4. Performance Evaluation

Keppel seeks to raise the accountability of its employees for risk management through the performance evaluation process. A Group-wide survey is conducted to assess the level of risk awareness amongst employees.

### Proactive Risk Management

We remain vigilant against emerging threats that may affect our different businesses. Through close collaboration with stakeholders, we will continue to review our risk management system to ensure that it remains adequate and effective.



# Environmental Performance

*Keppel is committed to operate in an environmentally-conscious manner and comply with environmental rules and regulations.*



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## Green Technology

Keppel Telecommunications & Transportation's (Keppel T&T) first greenfield data centre in Europe, Almere Data Centre 2, is a high quality facility with an environmentally-conscious design. Among its green features are a chilled-water cooling system that uses ambient air for cooling and Dynamic Rotary Uninterruptible Power Systems (DRUPs), which are more efficient and produce less chemical waste.

In Sydney, Keppel REIT's 8 Chifley Square is a 5-star energy-rated property under the National Australian Built Environment Rating System. The commercial building houses an onsite tri-generation plant that generates electricity using a gas engine, which is twice as efficient as coal-fired power stations and reduces carbon emissions. The tri-generation technology is recognised under Australia's Green Star Design as a carbon and demand reduction initiative.

## Efficiency Upgrades

Keppel Offshore & Marine upgraded the conventional lights at several yards to LED lights and motion lighting, and installed induction lights as dock yard lights for improved luminance and energy savings.

In 2015, Keppel Infrastructure's district cooling division upgraded two sets of chiller systems and implemented a linear programming-based real-time smart control system at its district cooling system (DCS) plant at Changi Business Park. It also upgraded the fan blades at Woodlands Wafer Fab Park DCS plant to highly efficient aerofoil blades.

At the Ulu Pandan NEWater Plant, the cooling load consumption in the motor control centre room was further reduced by redesigning the partition to optimise cooling of electrical equipment.

Photovoltaic cell installations are in operation at Ocean Financial Centre, Ulu Pandan NEWater Plant and Changi Business Park DCS plant. Meanwhile, Keppel T&T's distribution centre in the Sino-Singapore Tianjin Eco-City utilises a solar water heater for its sanitary system.

## Water Efficiency

Water consumption in Keppel Merlimau Cogen Plant has reduced significantly following the implementation of an Automatic Blowdown Control system. The system measures water chemistry and computes the precise amount of water that should be discarded to maintain the quality of water used by the steam turbines to generate steam, which in turn minimises water losses, yields operating cost savings and improves operational efficiency.

## Managing Emissions

Keppel aims to achieve a 16% improvement in its greenhouse gas (GHG) emissions from 2020 business-as-usual (BAU) levels.

## Working with Stakeholders

Keppel Land WATCO, the Keppel Land-led joint venture behind Saigon Centre in Vietnam's Ho Chi Minh City, collaborated with Philips Lighting Vietnam to retrofit the lighting system of Saigon Centre Phase 1.

This is an extension of a 2014 collaboration between Keppel Land and Philips in Singapore. With the lighting replacements, office tenants have benefitted from improved lighting ambience and visual comfort.

**01** Keppel Telecommunications & Transportation's Almere Data Centre 2, in the Netherlands, incorporates an environmentally-conscious design.

**02** Keppel continues to fortify its core competencies and invest in people, technology and R&D.



## Product Excellence

*The Keppel brand is synonymous with world-class execution, quality and innovation. Our Offshore & Marine, Property, Infrastructure and Investments divisions provide holistic and sustainable solutions to meet the needs of an urbanising world.*

### Execution Excellence

In recognition of the environmentally-friendly design and construction of its buildings and facilities, the Keppel Group received eight accolades at the Building & Construction Authority of Singapore Awards 2015 ceremony.

Keppel Seghers, a subsidiary of Keppel Infrastructure, provided its proprietary Waste-to-Energy (WTE) technology and services to three WTE plants in Beijing and Guilin in China, supporting the cities' goals for sustainable waste management.

In 2015, Keppel Offshore & Marine (Keppel O&M) handed over seven quality jackup drilling rigs and several non-drilling solutions to its customers. These included a Depletion Compression Platform to Shell Philippines Exploration, an accommodation semisubmersible to Floatel International and three Floating Production Storage & Offloading vessels, among other specialised vessels and equipment.

Keppel Logistics, a subsidiary of Keppel Telecommunications & Transportation (Keppel T&T), received the ASEAN Transport and Logistics Awards for being the Best Land Freight Forwarder in Singapore, as testament to its operational and business excellence.

### Driving Innovation

Despite the challenging environment, we continue to invest prudently in research and development.

In recognition of our excellence in innovation, Keppel Corporation received Channel NewsAsia's Innovation Luminary Award.

In 2015, Keppel O&M inked an agreement to acquire the LETOURNEAU™ rig designs and aftermarket business to broaden its suite of jackup rig design solutions and better support customers through aftermarket sales and services. Keppel O&M also expanded its natural gas solutions suite for both onshore and offshore liquefaction and LNG transportation.

### Geographic Diversification

Seizing opportunities in promising cities around the world, Keppel Land invested some \$615 million to strengthen its portfolio in West Jakarta, London and Chengdu.

Keppel T&T embarked on its fourth data centre development in Singapore and opened its first greenfield data centre in Europe. In the logistics business, Keppel T&T commenced operations at its Tampines Logistics Hub in Singapore and a distribution centre in Vietnam. Elsewhere,

Keppel REIT completed its acquisition of three prime retail units at 8 Exhibition Street in Melbourne, Australia, and Keppel DC REIT acquired Intellicentre 2 in Australia and made a forward acquisition of maincubes Data Centre in Germany.

### Customer Health & Safety

Keppel exercises due care and diligence in the design, construction and operation of its products and services to ensure that they are fit for use and do not pose health or safety hazards. We monitor and mitigate potential health and safety impacts throughout the life cycle of our products and services.

### Compliance

Keppel subscribes to best practices and complies with all applicable legislations and requirements. In 2015, the Group did not identify any non-compliance with laws, regulations and voluntary codes concerning the provision, use, health and safety of its products and services.



## Labour Practices & Human Rights

*Our people are our most valuable resource. We adhere to fair employment practices, respect and uphold human rights principles, and invest in developing and training our workforce. In doing so, we attract and retain the best talent and grow the capabilities of our people.*



**01** Keppel leverages platforms, such as Singapore's National Day events, to create opportunities for employees to build camaraderie and forge stronger bonds.

**02** The well-being and safety of all our stakeholders are among our top priorities.

01

Our Code of Conduct sets out the rules by which the Group operates.

### Fair Employment Practices

We adopt fair employment practices and comply with labour laws across our operations worldwide. In Singapore, Keppel subscribes to the principles spelt out by The Tripartite Alliance for Fair Employment Practices and endorses the Tripartite Alliance's Employers' Pledge of Fair Employment Practices.

We aim to provide a work environment that fosters mutual respect, and prohibit discrimination on any basis.

### Human Rights

Keppel upholds and respects the fundamental principles set out in the United Nations Universal Declaration of Human Rights, and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. Our approach to human rights is articulated in our Corporate Statement on Human Rights, and informed and guided by general

concepts from the United Nations Guiding Principles on Business and Human Rights.

We do not tolerate unethical labour practices such as child labour, forced labour, slavery and human trafficking in any of our operations. Keppel also supports the elimination of exploitative labour.

### Skills Development

We adopt a holistic approach towards attracting and developing talent, with the aim of maximising our employees' potential.

Keppel offers structured learning programmes to enhance the skills and capabilities of our workforce. Our Training Centres equip workers with technical and core skills qualifications and support the upgrading and certification of skillsets. The Group also offers internships to tertiary students to expose them to the company and related industries.

In 2015, we established Keppel Leadership Institute, headquartered in Singapore,

to groom global Keppel Leaders who imbibe our core values and are guided by our operating principles. The Institute exemplifies the Group's commitment towards developing leaders and equipping them with capabilities to drive our businesses into the future.

### Employee Engagement

We engage our employees through initiatives that enhance communication and foster bonding across the Group.

The inaugural Global Keppelites Forum, a Group-wide townhall, was held in January 2015. At the platform, Mr Loh Chin Hua, CEO of Keppel Corporation, shared the Group's vision and priorities with some 3,000 employees across 70 locations, many of whom were tuned in via an interactive online portal.

We believe that cohesive teams make for a productive workforce, and we continue to ignite team spirit through various platforms, such as the annual Keppel Games, a series of sports competitions organised by Keppelite Recreation Club.

# Safety & Health

*Safety is our core value. We are committed to create an incident-free workplace for all our stakeholders.*

## Commitment from the Top

The Keppel Corporation Board Safety Committee (BSC), supported by the Inter-Strategic Business Unit Safety Committee, leads efforts to implement initiatives and improve performance. To further strengthen the coordination of safety efforts across the Group, Keppel Corporation appointed a dedicated General Manager of Group Health, Safety and Environment (HSE) in January 2015.

At the annual Keppel Leadership HSE Roundtable and inaugural Global HSE Workshop, senior management and safety personnel discussed insights and ideas on improving Keppel's safety performance. The actions and solutions generated during the sessions were converted into a roadmap for the next phase of our safety journey.

## Safety Review

The BSC has reviewed and refreshed our Group HSE Policy and five Key Safety Principles which will serve as the basis of how safety is managed across the Group.

Based on analyses of past incidents, "vehicle movement" was added as an area of focus under our High Impact Risk Activity framework, through which we aim to strengthen safety practices when working with moving vehicles.

## Recognising Safe Behaviour

The Keppel Safety Convention 2015 saw the launch of the Keppel Group Safety Awards to recognise employees who have gone the extra mile to foster a safe and healthy work environment. The Keppel Group Safety Photography Competition was held for employees to capture and share snapshots of best practices, further promoting safe behaviour.

## Incident Reduction

While our Accident Frequency Rate improved in 2015, our Accident Severity Rate was up, as we suffered four fatalities globally. We are saddened by the loss of our colleagues and have thoroughly investigated the causes, stepped up efforts to prevent recurrences and shared the lessons learnt across the Group. We have put in place a Group HSE Alerts system to better disseminate lessons learnt across our global operations and ensure preventive measures are taken promptly.

## Safety Performance

The Keppel Group received 35 awards at the Workplace Safety and Health (WSH) Awards 2015, organised by Singapore's WSH Council and Ministry of Manpower.

## Five Key Safety Principles

1. Every incident is preventable.
2. HSE is an integral part of our business.
3. HSE is a line responsibility.
4. Everyone is empowered to stop any unsafe work.
5. A strong safety culture is achieved through teamwork.

02





## Our Community

*We strive to positively impact the communities where we operate by contributing time and resources. The Keppel Group commits up to 1% of annual net profit to worthy social causes.*

### Keppel Care Foundation

The Group's philanthropic arm, Keppel Care Foundation, supports initiatives to protect the environment, promote education and care for the underprivileged.

### Keppel Volunteers

Our community initiatives are bolstered by a robust culture of volunteerism. Keppel Volunteers organise regular activities for beneficiaries in Singapore such as Thye Hua Kwan Moral Society, a non-profit group of charities, and Association for Persons with Special Needs. In 2015, employees across the Group achieved close to 5,000 hours of community service.

We have also embarked on skills-based volunteering. In June 2015, a group of Keppel's finance professionals held workshops at Care Corner, a non-profit organisation, to equip low-income families with financial literacy skills.

### Community Development

In Vietnam, Keppel Land sponsors Words on Wheels, a mobile library programme that promotes child literacy in the rural outskirts of Ho Chi Minh City.

To date, over 50 Keppelites have made seven volunteer trips under the programme, conducting English lessons and other learning activities.

In Brazil, BrasFELS engineers lead Teach-It-Forward, a programme to benefit public school youth in Angra dos Reis. Besides conducting Portuguese and mathematics classes for students in need of extra academic help, the volunteers give talks at high schools, sharing their academic and professional journeys to inspire the students.

### Arts Advocate

Established with a \$12 million commitment from Keppel, the Keppel Centre for Art Education

at the National Gallery Singapore is the region's first art education facility specially designed to expose young visitors to the arts. Keppel is a Founding Patron of the Gallery, Singapore's newest visual arts institution which opened in November 2015.

We sponsor Keppel Nights, a partnership with Esplanade – Theatres On The Bay, to provide students from heartland schools with access to world class performances. Since its re-launch in November 2013, the programme has benefitted over 9,000 students from 44 schools.

### Fostering Co-operation

To strengthen partnerships between corporates and non-profits, Keppel sponsored and hosted a Corporate Giving Practitioner Networking Session, organised by Singapore's National Volunteer and Philanthropy Centre, National Council of Social Service and Community Chest in September 2015.



01

**01** The Keppel Centre for Art Education at the National Gallery Singapore is designed to spark the imagination of young visitors.



# Directors' Statement & Financial Statements

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# Directors' Statement

For the financial year ended 31 December 2015

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 2015.

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 137 to 208 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 2015, 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)  
Oon Kum Loon (Mrs)  
Tow Heng Tan  
Alvin Yeo Khirn Hai  
Tan Ek Kia  
Danny Teoh  
Tan Puay Chiang  
Till Bernhard Vestring (appointed on 16 February 2015)  
Veronica Eng (appointed on 1 July 2015)

## 2. Audit Committee

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

Danny Teoh (Chairman)  
Oon Kum Loon (Mrs)  
Alvin Yeo Khirn Hai  
Veronica Eng (appointed on 1 July 2015)

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

- Reviewed audit scopes, plans and reports of the Company's external auditors and internal auditors and considered effectiveness of actions/policies taken by management on the recommendations and observations;
- Reviewed the assistance given by the Company's officers to the auditors;
- Carried out independent review of quarterly financial reports and year-end financial statements;
- Examined effectiveness of financial, operational, compliance and information technology controls;
- Reviewed the independence and objectivity of the external auditors annually;
- 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 has appropriate standing within the Company, at least annually;
- Reviewed interested person transactions; and
- Investigated any matters within the Audit Committee's term of reference, whenever it deemed necessary.

The Audit Committee nominates Messrs PricewaterhouseCoopers LLP for appointment as the external auditors of the Company in place of the retiring auditors, Messrs Deloitte & Touche LLP, 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 is 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		
	1.1.2015 or date of appointment, if later	31.12.2015	21.1.2016
<b>Keppel Corporation Limited</b>			
<i>(Ordinary shares)</i>			
Lee Boon Yang	173,000	197,000	197,000
Loh Chin Hua	180,212	332,824	332,824
Loh Chin Hua (deemed interest)	38,500	38,500	38,500
Oon Kum Loon (Mrs)	69,200	76,200	76,200
Oon Kum Loon (Mrs) (deemed interest)	54,000	54,000	54,000
Tow Heng Tan	24,888	30,888	30,888
Tow Heng Tan (deemed interest)	28,789	28,789	28,789
Alvin Yeo Khirn Hai	19,225	24,225	24,225
Alvin Yeo Khirn Hai (deemed interest)	32,000	32,000	32,000
Tan Ek Kia	10,825	16,825	16,825
Danny Teoh	37,825	44,825	44,825
Tan Puay Chiang	27,600	32,600	32,600
Tan Puay Chiang (deemed interest)	7,103	7,103	7,103
Till Bernhard Vestring	-	55,000	55,000
<i>(Unvested restricted shares to be delivered after 2012)</i>			
Loh Chin Hua	25,881	-	-
<i>(Unvested restricted shares to be delivered after 2013)</i>			
Loh Chin Hua	58,664	29,333	29,333
<i>(Unvested restricted shares to be delivered after 2014)</i>			
Loh Chin Hua	150,000	100,000	100,000
<i>(Contingent award of restricted shares to be delivered after 2015)<sup>1</sup></i>			
Loh Chin Hua	-	150,000	150,000
<i>(Contingent award of performance shares issued in 2012 to be delivered after 2014)<sup>2</sup></i>			
Loh Chin Hua	77,643	-	-
<i>(Contingent award of performance shares issued in 2013 to be delivered after 2015)<sup>2</sup></i>			
Loh Chin Hua	93,171	93,171	93,171
<i>(Contingent award of performance shares issued in 2014 to be delivered after 2016)<sup>2</sup></i>			
Loh Chin Hua	180,000	180,000	180,000
<i>(Contingent award of performance shares issued in 2015 to be delivered after 2017)<sup>2</sup></i>			
Loh Chin Hua	-	220,000	220,000
<i>(3.145% Fixed Rate Notes due 2022)</i>			
Tan Puay Chiang	\$250,000	\$250,000	\$250,000

## Directors' Statement

### 4. Directors' interests in shares and debentures (continued)

		Holdings At	
	1.1.2015 or date of appointment, if later	31.12.2015	21.1.2016
<b>Keppel Land Limited</b>			
<i>(Ordinary shares)</i>			
Loh Chin Hua	150,400	-	-
Oon Kum Loon (Mrs)	14,000	-	-
Tow Heng Tan (deemed interest)	95	-	-
Alvin Yeo Khirn Hai (deemed interest)	10,000	-	-
Tan Ek Kia	11,400	-	-
Danny Teoh	100,000	-	-
<i>(3.51% Fixed Rate Notes due 2015)</i>			
Tan Puay Chiang	\$250,000	-	-
<i>(3.90% Fixed Rate Notes due 2024)</i>			
Tan Puay Chiang	\$250,000	\$250,000	\$250,000

(Keppel Land Limited was delisted from the Official List of the Singapore Exchange Securities Trading Limited on 16 July 2015 following the completion of the voluntary unconditional cash offer (the "Offer") and subsequent exercise under Section 215(3) of the Companies Act (Chapter 50 of Singapore) for shares in Keppel Land Limited by Keppel Corporation Limited. As at the close of the Offer, all outstanding share options granted under the Keppel Land Share Option Scheme were tendered in acceptance of the options proposal made by Keppel Corporation Limited and subsequently cancelled. In connection with the delisting, it has been determined by the Remuneration Committee of Keppel Land Limited that all outstanding awards under the Keppel Land Restricted Share Plan and Keppel Land Performance Share Plan will, subject to the fulfilment of the vesting conditions, be settled by cash payments as permitted under the rules of the aforementioned share plans.)

#### Keppel REIT

##### *(Units)*

Lee Boon Yang	14,840	15,097	15,097
Loh Chin Hua	7,000	7,000	7,000
Loh Chin Hua (deemed interest)	556,160	556,160	556,160
Oon Kum Loon (Mrs)	17,696	17,696	17,696
Oon Kum Loon (Mrs) (deemed interest)	12,320	12,320	12,320
Tow Heng Tan	5,568	5,568	5,568
Tow Heng Tan (deemed interest)	8,070	8,070	8,070
Alvin Yeo Khirn Hai	4,263	4,303	4,303
Alvin Yeo Khirn Hai (deemed interest)	108,960	210,663	210,663
Tan Ek Kia	1,911	1,911	1,911
Danny Teoh	8,911	8,911	8,911
Tan Puay Chiang	12,000	12,000	12,000
Tan Puay Chiang (deemed interest)	6,000	6,000	6,000

#### Keppel DC REIT

##### *(Units)*

Oon Kum Loon (Mrs)	75,000	75,000	75,000
Alvin Yeo Khirn Hai	75,000	75,000	75,000
Tan Puay Chiang	75,000	75,000	75,000

- Depending on the achievement of pre-determined performance targets, the actual number of shares to be released could range from zero to the number stated.
- 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.



**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 1,528,130 Shares issued by virtue of exercise of options and options to take up 220,900 Shares were cancelled during the financial year. At the end of the financial year, there were 17,821,474 Shares under option as follows:

Date of grant	Number of Share Options			Balance at 31.12.2015	Exercise price	Date of expiry
	Balance at 1.1.2015	Exercised	Cancelled			
11.02.05	11,000	(11,000)	-	-	\$3.42	10.02.15
11.08.05	19,800	(19,800)	-	-	\$5.07	10.08.15
09.02.06	82,500	(2,200)	-	80,300	\$5.21	08.02.16
10.08.06	283,000	(132,700)	-	150,300	\$6.36	09.08.16
13.02.07	1,671,900	(43,000)	-	1,628,900	\$7.70	12.02.17
10.08.07	6,145,759	-	(209,000)	5,936,759	\$11.17	09.08.17
14.02.08	2,355,600	-	-	2,355,600	\$8.46	13.02.18
14.08.08	3,177,430	(17,600)	(11,900)	3,147,930	\$8.73	13.08.18
05.02.09	876,100	(404,800)	-	471,300	\$3.07	04.02.19
06.08.09	2,122,485	(240,300)	-	1,882,185	\$6.86	05.08.19
09.02.10	2,824,930	(656,730)	-	2,168,200	\$6.89	08.02.20
	<u>19,570,504</u>	<u>(1,528,130)</u>	<u>(220,900)</u>	<u>17,821,474</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 and KCL RSP are disclosed in Note 3 to the financial statements.

The number of contingent Shares granted was 920,000 under KCL PSP and 5,652,889 under KCL RSP during the financial year. The number of Shares released was 376,200 under KCL PSP and 4,585,541 under KCL RSP during the financial year. 323,400 Shares under the KCL PSP and 4,267,443 Shares under KCL RSP were vested during the financial year. 118,413 Shares under the KCL RSP were cancelled during the financial year. At the end of the financial year, there were 2,052,119 contingent Shares under the KCL PSP and 5,521,483 contingent Shares and 4,193,125 unvested Shares under the KCL RSP as follows:

**Contingent awards:**

Date of grant	Number of Shares					Balance at 31.12.2015
	Balance at 1.1.2015	Contingent awards granted	Adjustments upon release	Released	Cancelled	
<b>KCL PSP</b>						
29.6.2012	616,606	-	(240,406)	(376,200)	-	-
28.3.2013	554,719	-	-	-	-	554,719
31.3.2014	577,400	-	-	-	-	577,400
31.3.2015	-	700,000	-	-	-	700,000
30.7.2015	-	220,000	-	-	-	220,000
	<u>1,748,725</u>	<u>920,000</u>	<u>(240,406)</u>	<u>(376,200)</u>	<u>-</u>	<u>2,052,119</u>
<b>KCL RSP</b>						
31.3.2014	4,639,784	-	-	(4,585,541)	(54,243)	-
31.3.2015	-	4,863,286	-	-	(131,406)	4,731,880
30.7.2015	-	789,603	-	-	-	789,603
	<u>4,639,784</u>	<u>5,652,889</u>	<u>-</u>	<u>(4,585,541)</u>	<u>(185,649)</u>	<u>5,521,483</u>

## Directors' Statement

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

#### Awards released but not vested:

Date of grant	Number of Shares					Balance at 31.12.2015
	Balance at 1.1.2015	Released	Vested	Cancelled	Other adjustments	
<b>KCL PSP</b>						
29.6.2012	-	376,200	(323,400)	-	(52,800)	-
	-	376,200	(323,400)	-	(52,800)	-
<b>KCL RSP</b>						
29.6.2012	1,275,274	-	(1,272,168)	(3,106)	-	-
28.3.2013	2,718,166	-	(1,371,290)	(37,849)	-	1,309,027
31.3.2014	-	4,585,541	(1,623,985)	(77,458)	-	2,884,098
	3,993,440	4,585,541	(4,267,443)	(118,413)	-	4,193,125

The information on Directors of the Company participating in the KCL RSP and the KCL PSP is as follows:

#### Contingent awards:

Name of Director	Contingent awards granted during the financial year	Aggregate awards granted since commencement of plans to the end of financial year	Aggregate other adjustment 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>					
Loh Chin Hua	150,000	464,757	-	(314,757)	150,000
<b>KCL PSP</b>					
Loh Chin Hua	220,000	570,814	(30,243)	(47,400)	493,171

#### Awards released but not vested:

Name of Director	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>			
Loh Chin Hua	314,757	(185,424)	129,333
<b>KCL PSP</b>			
Loh Chin Hua	47,400	(47,400)	-

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

No director or employee received more than 5 percent or more of the total number of contingent award of Shares granted to date.

**7. Share options and share plans of subsidiaries**

The particulars of share options and share plans of subsidiaries of the Company are as follows:

**(a) Keppel Telecommunications & Transportation Ltd ("Keppel T&T")**

At the end of the financial year, there were 595,000 unissued shares of Keppel Telecommunications & Transportation Ltd under option relating to Keppel T&T Share Option Scheme. In addition, there were 841,415 unvested shares and 1,001,781 contingent shares granted under Keppel T&T Restricted Share Plan, and 490,000 contingent shares granted under Keppel T&T Performance Share Plan at the end of the financial year. Details and terms of the options and share plans have been disclosed in the Directors' Statement of Keppel Telecommunications & Transportation Ltd.

**(b) Keppel Land Limited ("Keppel Land")**

Keppel Land Limited was delisted from the Official List of the Singapore Exchange Securities Trading Limited on 16 July 2015 following the completion of the voluntary unconditional cash offer (the "Offer") and subsequent exercise under Section 215(3) of the Companies Act (Chapter 50 of Singapore) for shares in Keppel Land Limited by Keppel Corporation Limited. As at the close of the Offer, all outstanding share options granted under the Keppel Land Share Option Scheme were tendered in acceptance of the options proposal made by Keppel Corporation Limited and subsequently cancelled. In connection with the delisting, it has been determined by the Remuneration Committee of Keppel Land Limited that all outstanding awards under the Keppel Land Restricted Share Plan and Keppel Land Performance Share Plan will, subject to the fulfilment of the vesting conditions, be settled by cash payments as permitted under the rules of the aforementioned share plans.

On behalf of the Board



**LEE BOON YANG**  
Chairman



**LOH CHIN HUA**  
Chief Executive Officer

Singapore, 24 February 2016

# Independent Auditors' Report

to the Members of Keppel Corporation Limited

For the financial year ended 31 December 2015

## Report on the Financial Statements

We have audited the accompanying financial statements of Keppel Corporation Limited ("Company") and its subsidiary corporations ("Group") which comprise the balance sheets of the Group and the Company as at 31 December 2015, the consolidated profit and loss account, consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 137 to 208.

## Management's Responsibility 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 Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards 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.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

## 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.



## DELOITTE & TOUCHE LLP

Public Accountants and  
Chartered Accountants  
Singapore

Cheung Pui Yuen  
Partner  
Appointed on 21 April 2011

24 February 2016



# Balance Sheets

As at 31 December 2015

	Note	Group		Company	
		31 December 2015 \$'000	31 December 2014 \$'000	31 December 2015 \$'000	31 December 2014 \$'000
<b>Share capital</b>	3	<b>1,288,394</b>	1,287,595	<b>1,288,394</b>	1,287,595
<b>Treasury shares</b>	3	<b>(49,011)</b>	(48,665)	<b>(49,011)</b>	(48,665)
<b>Reserves</b>	4	<b>9,856,278</b>	9,141,832	<b>5,608,423</b>	4,591,571
<b>Share capital &amp; reserves</b>		<b>11,095,661</b>	10,380,762	<b>6,847,806</b>	5,830,501
<b>Non-controlling interests</b>	5	<b>830,198</b>	4,346,879	-	-
<b>Capital employed</b>		<b>11,925,859</b>	14,727,641	<b>6,847,806</b>	5,830,501
Represented by:					
<b>Fixed assets</b>	6	<b>2,845,547</b>	2,673,015	<b>1,281</b>	694
<b>Investment properties</b>	7	<b>3,272,112</b>	1,987,515	-	-
<b>Subsidiaries</b>	8	-	-	<b>8,139,235</b>	5,067,567
<b>Associated companies</b>	9	<b>5,521,756</b>	4,988,444	-	-
<b>Investments</b>	10	<b>350,103</b>	358,366	-	-
<b>Long term assets</b>	11	<b>283,464</b>	294,478	<b>380</b>	321
<b>Intangibles</b>	12	<b>99,825</b>	101,732	-	-
		<b>12,372,807</b>	10,403,550	<b>8,140,896</b>	5,068,582
<b>Current assets</b>					
Stocks & work-in-progress in excess of related billings	13	<b>10,650,500</b>	10,681,123	-	-
Amounts due from:					
- subsidiaries	14	-	-	<b>3,445,760</b>	4,100,374
- associated companies	14	<b>509,041</b>	630,552	<b>511</b>	471
Debtors	15	<b>3,144,822</b>	2,500,666	<b>1,257</b>	1,459
Derivative assets		<b>125,472</b>	8,923	<b>120,507</b>	24,829
Short term investments	16	<b>225,118</b>	371,451	-	-
Bank balances, deposits & cash	17	<b>1,892,841</b>	5,736,001	<b>91</b>	2,308
		<b>16,547,794</b>	19,928,716	<b>3,568,126</b>	4,129,441
Assets classified as held for sale	18	-	1,258,640	-	-
		<b>16,547,794</b>	21,187,356	<b>3,568,126</b>	4,129,441
<b>Current liabilities</b>					
Creditors	19	<b>4,971,549</b>	5,082,654	<b>144,866</b>	151,093
Derivative liabilities		<b>780,275</b>	350,100	<b>515,746</b>	341,075
Billings on work-in-progress in excess of related costs	13	<b>1,888,468</b>	2,397,376	-	-
Provisions	20	<b>90,216</b>	149,526	-	-
Amounts due to:					
- subsidiaries	14	-	-	<b>993,056</b>	1,004,570
- associated companies	14	<b>137,376</b>	137,188	-	-
Term loans	21	<b>856,735</b>	1,795,635	<b>631,879</b>	290,511
Taxation	27	<b>352,595</b>	462,699	<b>15,867</b>	14,000
		<b>9,077,214</b>	10,375,178	<b>2,301,414</b>	1,801,249
Liabilities directly associated with assets classified as held for sale	18	-	450,017	-	-
		<b>9,077,214</b>	10,825,195	<b>2,301,414</b>	1,801,249
<b>Net current assets</b>		<b>7,470,580</b>	10,362,161	<b>1,266,712</b>	2,328,192
<b>Non-current liabilities</b>					
Term loans	21	<b>7,401,934</b>	5,586,908	<b>2,500,000</b>	1,500,000
Deferred taxation	22	<b>373,173</b>	302,493	-	-
Other non-current liabilities	19	<b>142,421</b>	148,669	<b>59,802</b>	66,273
		<b>7,917,528</b>	6,038,070	<b>2,559,802</b>	1,566,273
<b>Net assets</b>		<b>11,925,859</b>	14,727,641	<b>6,847,806</b>	5,830,501

See accompanying notes to the financial statements.

# Consolidated Profit and Loss Account

For the financial year ended 31 December 2015

	Note	2015 \$'000	2014 \$'000
<b>Revenue</b>	23	<b>10,296,473</b>	13,282,979
Materials and subcontract costs		<b>(7,023,337)</b>	(9,244,629)
Staff costs	24	<b>(1,600,010)</b>	(1,732,964)
Depreciation and amortisation		<b>(220,037)</b>	(265,136)
Other operating income		<b>60,542</b>	333,170
<b>Operating profit</b>	25	<b>1,513,631</b>	2,373,420
Investment income	26	<b>14,966</b>	11,936
Interest income	26	<b>119,320</b>	133,104
Interest expenses	26	<b>(154,844)</b>	(134,024)
Share of results of associated companies	9	<b>504,321</b>	504,176
<b>Profit before tax</b>		<b>1,997,394</b>	2,888,612
Taxation	27	<b>(404,429)</b>	(462,362)
<b>Profit for the year</b>		<b>1,592,965</b>	2,426,250
Attributable to:			
<b>Shareholders of the Company</b>		<b>1,524,622</b>	1,884,798
<b>Non-controlling interests</b>	5	<b>68,343</b>	541,452
		<b>1,592,965</b>	2,426,250
Earnings per ordinary share	28		
- basic		<b>84.0 cts</b>	103.8 cts
- diluted		<b>83.5 cts</b>	102.8 cts

# Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2015

	2015 \$'000	2014 \$'000
<b>Profit for the year</b>	<b>1,592,965</b>	<b>2,426,250</b>
Items that may be reclassified subsequently to profit and loss account:		
Available-for-sale assets		
- Fair value changes arising during the year	(10,868)	(47,295)
- Realised and transferred to profit and loss account	(21,925)	(34,553)
Cash flow hedges		
- Fair value changes arising during the year	(475,351)	(505,083)
- Realised and transferred to profit and loss account	182,006	(24,112)
Foreign exchange translation		
- Exchange difference arising during the year	100,615	128,500
- Realised and transferred to profit and loss account	16,633	23,570
Share of other comprehensive income of associated companies		
- Available-for-sale assets	5,111	(3,732)
- Cash flow hedges	19,198	14,401
- Foreign exchange translation	(29,374)	23,650
Items that will not be reclassified to profit and loss account:		
Share of other comprehensive income of associated companies		
- Revaluation surplus	-	996
<b>Other comprehensive income for the year, net of tax</b>	<b>(213,955)</b>	<b>(423,658)</b>
<b>Total comprehensive income for the year</b>	<b>1,379,010</b>	<b>2,002,592</b>
<b>Attributable to:</b>		
Shareholders of the Company	1,272,232	1,393,768
Non-controlling interests	106,778	608,824
	<b>1,379,010</b>	<b>2,002,592</b>

# Statements of Changes in Equity

For the financial year ended 31 December 2015

	Attributable to owners of the Company							
	Share Capital \$'000	Treasury Shares \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Translation Account \$'000	Share Capital & Reserves \$'000	Non-controlling Interests \$'000	Capital Employed \$'000
<b>Group 2015</b>								
<b>As at 1 January</b>	<b>1,287,595</b>	<b>(48,665)</b>	<b>(89,335)</b>	<b>9,422,754</b>	<b>(191,587)</b>	<b>10,380,762</b>	<b>4,346,879</b>	<b>14,727,641</b>
<b>Total comprehensive income for the year</b>								
Profit for the year	-	-	-	1,524,622	-	1,524,622	68,343	1,592,965
Other comprehensive income *	-	-	(304,475)	-	52,085	(252,390)	38,435	(213,955)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(304,475)</b>	<b>1,524,622</b>	<b>52,085</b>	<b>1,272,232</b>	<b>106,778</b>	<b>1,379,010</b>
<b>Transactions with owners, recognised directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Dividends paid	-	-	-	(872,479)	-	(872,479)	-	(872,479)
Share-based payment	-	-	48,882	-	-	48,882	346	49,228
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(83,225)	(83,225)
Shares issued	799	-	(20)	-	-	779	-	779
Purchase of treasury shares	-	(49,367)	-	-	-	(49,367)	-	(49,367)
Treasury shares reissued pursuant to share plans and share option scheme	-	49,021	(40,906)	-	-	8,115	-	8,115
Transfer of statutory, capital and other reserves from revenue reserves	-	-	4,127	(4,127)	-	-	-	-
Cash subscribed by/(return of capital to) non-controlling shareholders	-	-	1,407	-	-	1,407	(3,981)	(2,574)
Contributions to defined benefits plans	-	-	1,824	-	-	1,824	261	2,085
Other adjustments	-	-	-	12	-	12	-	12
<b>Total contributions by and distributions to owners</b>	<b>799</b>	<b>(346)</b>	<b>15,314</b>	<b>(876,594)</b>	<b>-</b>	<b>(860,827)</b>	<b>(86,599)</b>	<b>(947,426)</b>
<b>Changes in ownership interests in subsidiaries</b>								
Acquisition of subsidiaries	-	-	-	-	-	-	1,224	1,224
Acquisition of additional interest in subsidiaries	-	-	(5,044)	308,538	-	303,494	(3,530,670)	(3,227,176)
Disposal of interest in subsidiaries	-	-	-	-	-	-	(7,414)	(7,414)
<b>Total change in ownership interests in subsidiaries</b>	<b>-</b>	<b>-</b>	<b>(5,044)</b>	<b>308,538</b>	<b>-</b>	<b>303,494</b>	<b>(3,536,860)</b>	<b>(3,233,366)</b>
<b>Total transactions with owners</b>	<b>799</b>	<b>(346)</b>	<b>10,270</b>	<b>(568,056)</b>	<b>-</b>	<b>(557,333)</b>	<b>(3,623,459)</b>	<b>(4,180,792)</b>
<b>As at 31 December</b>	<b>1,288,394</b>	<b>(49,011)</b>	<b>(383,540)</b>	<b>10,379,320</b>	<b>(139,502)</b>	<b>11,095,661</b>	<b>830,198</b>	<b>11,925,859</b>

\* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.



## Directors' Statement &amp; Financial Statements - Statements of Changes in Equity

	Attributable to owners of the Company							
	Share Capital \$'000	Treasury Shares \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Translation Account \$'000	Share Capital & Reserves \$'000	Non-controlling Interests \$'000	Capital Employed \$'000
<b>Group</b>								
<b>2014</b>								
<b>As at 1 January</b>	1,205,877	-	500,753	8,301,117	(306,566)	9,701,181	3,987,682	13,688,863
<b>Total comprehensive income for the year</b>								
Profit for the year	-	-	-	1,884,798	-	1,884,798	541,452	2,426,250
Other comprehensive income *	-	-	(606,009)	-	114,979	(491,030)	67,372	(423,658)
<b>Total comprehensive income for the year</b>	-	-	(606,009)	1,884,798	114,979	1,393,768	608,824	2,002,592
<b>Transactions with owners, recognised directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Dividends paid	-	-	-	(762,906)	-	(762,906)	-	(762,906)
Share-based payment	-	-	53,701	-	-	53,701	2,327	56,028
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(265,603)	(265,603)
Shares issued	81,718	-	(47,422)	-	-	34,296	-	34,296
Purchase of treasury shares	-	(48,665)	-	-	-	(48,665)	-	(48,665)
Transfer of statutory, capital and other reserves from revenue reserves	-	-	2,092	(2,092)	-	-	-	-
Cash subscribed by non-controlling shareholders	-	-	-	-	-	-	12,196	12,196
Contributions to defined benefits plans	-	-	13,228	-	-	13,228	1,501	14,729
Other adjustments	-	-	-	18	-	18	-	18
<b>Total contributions by and distributions to owners</b>	81,718	(48,665)	21,599	(764,980)	-	(710,328)	(249,579)	(959,907)
<b>Changes in ownership interests in subsidiaries</b>								
Acquisition of subsidiaries	-	-	-	-	-	-	7,204	7,204
Acquisition of additional interest in subsidiaries	-	-	(5,678)	1,819	-	(3,859)	(5,736)	(9,595)
Disposal of interest in subsidiaries	-	-	-	-	-	-	(1,516)	(1,516)
<b>Total change in ownership interests in subsidiaries</b>	-	-	(5,678)	1,819	-	(3,859)	(48)	(3,907)
<b>Total transactions with owners</b>	81,718	(48,665)	15,921	(763,161)	-	(714,187)	(249,627)	(963,814)
<b>As at 31 December</b>	1,287,595	(48,665)	(89,335)	9,422,754	(191,587)	10,380,762	4,346,879	14,727,641

\* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

## Statements of Changes in Equity

	Share Capital \$'000	Treasury Shares \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Total \$'000
<b>Company</b>					
<b>2015</b>					
<b>As at 1 January</b>	<b>1,287,595</b>	<b>(48,665)</b>	<b>191,294</b>	<b>4,400,277</b>	<b>5,830,501</b>
<b>Profit/Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,880,900</b>	<b>1,880,900</b>
<b>Transactions with owners, recognised directly in equity</b>					
Dividends paid	-	-	-	(872,479)	(872,479)
Share-based payment	-	-	49,345	-	49,345
Shares issued	799	-	(20)	-	779
Purchase of treasury shares	-	(49,367)	-	-	(49,367)
Treasury shares reissued pursuant to share plans and share option scheme	-	49,021	(40,906)	-	8,115
Other adjustments	-	-	-	12	12
<b>Total transactions with owners</b>	<b>799</b>	<b>(346)</b>	<b>8,419</b>	<b>(872,467)</b>	<b>(863,595)</b>
<b>As at 31 December</b>	<b>1,288,394</b>	<b>(49,011)</b>	<b>199,713</b>	<b>5,408,710</b>	<b>6,847,806</b>
<b>Company</b>					
<b>2014</b>					
<b>As at 1 January</b>	<b>1,205,877</b>	<b>-</b>	<b>188,432</b>	<b>4,300,590</b>	<b>5,694,899</b>
<b>Profit/Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>862,575</b>	<b>862,575</b>
<b>Transactions with owners, recognised directly in equity</b>					
Dividends paid	-	-	-	(762,906)	(762,906)
Share-based payment	-	-	50,284	-	50,284
Shares issued	81,718	-	(47,422)	-	34,296
Purchase of treasury shares	-	(48,665)	-	-	(48,665)
Other adjustments	-	-	-	18	18
<b>Total transactions with owners</b>	<b>81,718</b>	<b>(48,665)</b>	<b>2,862</b>	<b>(762,888)</b>	<b>(726,973)</b>
<b>As at 31 December</b>	<b>1,287,595</b>	<b>(48,665)</b>	<b>191,294</b>	<b>4,400,277</b>	<b>5,830,501</b>

# Consolidated Statement of Cash Flows

For the financial year ended 31 December 2015

	Note	2015 \$'000	2014 \$'000
<b>Operating activities</b>			
Operating profit		1,513,631	2,373,420
Adjustments:			
Depreciation and amortisation		220,037	265,136
Share-based payment expenses		55,221	56,461
Profit on sale of fixed assets and investment property		(3,251)	(289,214)
Gain on disposal of subsidiaries		(218,770)	(48,647)
Loss/(gain) on disposal of associated companies		18,823	(145,184)
Impairment/write-off of fixed assets		8,018	7,746
Impairment of intangibles		1,472	-
Write-back of impairment of investments and associated company		(16,728)	(47,971)
Gains associated with restructuring of operations and others		(65,876)	(4,752)
Fair value gain on investment properties		(128,874)	(54,569)
Profit on sale of investments		(54,975)	(8,008)
Operational cash flow before changes in working capital		1,328,728	2,104,418
Working capital changes:			
Stocks & work-in-progress		(1,000,672)	(2,181,890)
Debtors		(728,391)	(764,052)
Creditors		(253,491)	257,521
Investments		164,602	(91,488)
Intangibles		(40)	(10)
Advances to / from associated companies		120,235	1,008,696
		(369,029)	333,195
Interest received		115,566	130,371
Interest paid		(149,141)	(130,818)
Income taxes paid, net of refunds received		(302,399)	(328,031)
<b>Net cash (used in)/from operating activities</b>		<b>(705,003)</b>	<b>4,717</b>
<b>Investing activities</b>			
Acquisition of subsidiaries	A	(2,559)	(268,768)
Acquisition and further investment in associated companies		(567,812)	(398,680)
Acquisition of fixed assets and investment properties		(1,158,417)	(594,931)
Disposal of subsidiaries	B	1,261,262	125,097
Proceeds from disposal of associated companies and return of capital		237,791	629,910
Proceeds from disposal of fixed assets and investment properties		5,307	973,588
Dividends received from investments and associated companies		350,525	410,401
<b>Net cash from investing activities</b>		<b>126,097</b>	<b>876,617</b>
<b>Financing activities</b>			
Acquisition of additional interest in subsidiaries		(3,227,301)	(9,600)
Proceeds from share issues		779	34,296
Proceeds from reissuance of treasury shares pursuant to share option scheme		8,115	-
(Return of capital to)/Proceeds from non-controlling shareholders of subsidiaries		(2,574)	12,196
Proceeds from term loans		2,616,325	1,066,375
Repayment of term loans		(1,692,712)	(794,844)
Purchase of treasury shares		(49,367)	(48,665)
Dividend paid to shareholders of the Company		(872,479)	(762,906)
Dividend paid to non-controlling shareholders of subsidiaries		(83,225)	(265,603)
<b>Net cash used in financing activities</b>		<b>(3,302,439)</b>	<b>(768,751)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(3,881,345)</b>	<b>112,583</b>
<b>Cash and cash equivalents as at beginning of year</b>		<b>5,712,351</b>	<b>5,557,601</b>
<b>Effects of exchange rate changes on the balance of cash held in foreign currencies</b>		<b>28,112</b>	<b>42,167</b>
<b>Cash and cash equivalents as at end of year</b>	C	<b>1,859,118</b>	<b>5,712,351</b>

See accompanying notes to the financial statements.

## Consolidated Statement of Cash Flows

### Notes to Consolidated Statement of Cash Flows

#### A. Acquisition of Subsidiaries

During the financial year, the fair values of net assets of subsidiaries acquired were as follows:

	2015 \$'000	2014 \$'000
Fixed assets	85	21,352
Investment in associated company	-	14
Intangibles	3,245	16,757
Debtors and other assets	2,970	12,817
Bank balances and cash	2,433	1,432
Creditors	(3,381)	(8,056)
Borrowings	(222)	(11,486)
Current and deferred taxation	(763)	(102)
Total identifiable net assets at fair value	4,367	32,728
Non-controlling interests measured at non-controlling interests' proportionate share of the net assets	(1,224)	(7,204)
Amount previously accounted for as associated companies	(490)	(4,243)
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	-	(219)
Goodwill arising from acquisition	2,339	1,472
Gain on bargain purchase arising from acquisition	-	(113)
Consideration transferred	4,992	22,421
Payment of deferred consideration for prior year's acquisition of a subsidiary	-	247,779
Total purchase consideration	4,992	270,200
Less: Bank balances and cash acquired	(2,433)	(1,432)
<b>Cash flow on acquisition</b>	<b>2,559</b>	<b>268,768</b>

Significant acquisition of subsidiaries during the year mainly relates to acquisition of 75% interest in Array Real Estate Pte. Ltd. and acquisition of additional 50.1% interest in OWEC Tower (AS) increasing our interest to 100%. The newly acquired subsidiaries had no material impact on the Group's consolidated statement of comprehensive income, both from the dates of their acquisitions as well as assuming their acquisitions had been effected as at 1 January 2015.

In the prior year, the Group acquired additional interest of 11% in Indo-Trans Keppel Logistics Vietnam Co., Ltd, increasing our interest to 51% and additional interest of 50% in Securus Partners Pte Ltd, increasing our interest to 100%. Payment of deferred consideration relates to Shanghai Jinju Real Estate Development Co. Ltd.



**B. Disposal of Subsidiaries**

During the financial year, the book values of net assets of subsidiaries disposed were as follows:

	2015 \$'000	2014 \$'000
Fixed assets	(27)	(7,019)
Investment properties	(21,592)	-
Investment in associated company	-	(49,426)
Intangible assets	-	(457)
Stocks and work-in-progress	-	(116)
Debtors and other assets	(1,283)	(37,028)
Bank balances and cash	(8,281)	(3,084)
Assets classified as held for sale*	(1,607,677)	-
Creditors and other liabilities	3,317	20,187
Current and deferred taxation	683	862
Liabilities directly associated with assets classified as held for sale *	394,868	-
Non-controlling interests deconsolidated	7,414	1,516
	<b>(1,232,578)</b>	<b>(74,565)</b>
Amount accounted for as associated company	(40,498)	-
Net assets disposed of	<b>(1,273,076)</b>	<b>(74,565)</b>
Net profit on disposal	<b>(218,770)</b>	<b>(48,647)</b>
Realisation of foreign currency translation reserve and capital reserve	<b>(10,053)</b>	<b>(7,699)</b>
Sale proceeds	<b>(1,501,899)</b>	<b>(130,911)</b>
Less: Bank balances and cash disposed	<b>240,637</b>	<b>3,084</b>
Less: Deferred proceeds	-	2,730
<b>Cash flow on disposal</b>	<b>(1,261,262)</b>	<b>(125,097)</b>

\* Breakdown of assets classified as held for sale and liabilities directly associated with assets classified as held for sale:

	2015 \$'000
<b>Assets classified as held for sale</b>	
Fixed assets (Note 6)	(1,168,222)
Stocks & work-in-progress in excess of related billings	(27,843)
Debtors	(179,256)
Bank balances, deposits & cash	(232,356)
	<b>(1,607,677)</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	
Creditors	207,611
Deferred taxation	187,257
	<b>394,868</b>

Significant disposal of subsidiaries during the year include the sale of 51% interest in Keppel Merlimau Cogen Pte Ltd and disposal of 80% interest in BG Junction in Surabaya.

Significant disposals in the prior year include the sale of entire interest in Berich Enterprises Limited, divestment of Boxel Investments Limited, which holds a 30% interest in Securus Guernsey 2 Limited, and divestment of Keppel FMO Pte Ltd.

**C. Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents in the consolidated statement of cash flows comprise the following balance sheet amounts:

	2015 \$'000	2014 \$'000
Bank balances, deposits and cash	1,892,841	5,736,001
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	(33,723)	(23,650)
	<b>1,859,118</b>	<b>5,712,351</b>

# Notes to the Financial Statements

For the financial year ended 31 December 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. General

The Company is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of its principal place of business and registered office is 1 HarbourFront Avenue #18-01, Keppel Bay Tower, Singapore 098632.

The Company's principal activity is that of an investment holding and management company.

The principal activities of the companies in the Group consist of:

- offshore oil-rig construction, shipbuilding & shiprepair and conversion;
- environmental engineering, power generation, logistics and data centres;
- property development & investment and property fund management; and
- investments.

There has been no significant change in the nature of these principal activities during the financial year.

The financial statements of the Group for the financial year ended 31 December 2015 and the balance sheet and statement of changes in equity of the Company at 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 24 February 2016.

## 2. Significant accounting policies

### (a) Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

#### Adoption of New and Revised Standards

In the current year, the Group adopted the new/revised FRS that are effective for annual periods beginning on or after 1 January 2015. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

The following are the new or amended FRS that are relevant to the Group:

Amendments to FRS 19 (2011)      Defined Benefit Plans: Employee Contributions  
Improvements to Financial Reporting Standards (January 2014)  
Improvements to Financial Reporting Standards (February 2014)

The adoption of the above new or amended FRS did not have any significant impact on the financial statements of the Group.

### (b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated financial statements from their respective dates of acquisition or disposal. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued, liabilities incurred or assumed at the date of exchange and the fair values of any contingent consideration arrangement and any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised in the profit and loss account as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests, except for deferred tax assets/liabilities, share-based related accounts and assets held for sale.

Any excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted and the difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group derecognises all assets (including any goodwill), liabilities and non-controlling interests at their carrying amounts. Amounts previously recognised in other comprehensive income in respect of that former subsidiary are reclassified to the profit and loss account or transferred directly to revenue reserves if required by a specific Standard. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in the profit and loss account.

On a transaction-by-transaction basis, the measurement of non-controlling interests is either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree.

Contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in the profit and loss account.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the owners of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests in a subsidiary on their respective interests in a subsidiary, even if this result in the non-controlling interests having a deficit balance.

## Notes to the Financial Statements

### 2. Significant accounting policies (continued)

#### (c) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and any impairment in value. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Profits or losses on disposal of fixed assets are included in the profit and loss account.

Depreciation of fixed assets is calculated on a straight-line basis to write off the cost of the fixed assets over their estimated useful lives. No depreciation is provided on freehold land and capital work-in-progress. The estimated useful lives of other fixed assets are as follows:

Buildings on freehold land	20 to 50 years
Leasehold land & buildings	Over period of lease (ranging from 15 to 80 years)
Vessels & floating docks	10 to 20 years
Plant, machinery & equipment	5 to 30 years
Furniture, fittings & office equipment	2 to 10 years
Cranes	5 to 30 years
Small equipment and tools	2 to 20 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

#### (d) Investment Properties

Investment properties comprise completed properties and properties under construction or re-development held to earn rental and/or for capital appreciation. Investment properties are initially recognised at cost and subsequently measured at fair value, determined annually based on valuations by independent professional valuers. Changes in fair value are recognised in the profit and loss account.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the profit and loss account.

#### (e) Subsidiaries

A subsidiary is an entity (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiary is stated in the financial statements of the Company at cost less accumulated impairment losses. On disposal of a subsidiary, the difference between net disposal proceeds and carrying amount of the investment is taken to profit or loss.

#### (f) Associated Companies

An associated company is an entity, not being a subsidiary, over which the Group has significant influence, but not control.

Investments in associated companies are stated in the Company's financial statements at cost less any impairment losses. On disposal of an associated company, the difference between net disposal proceeds and the carrying amount of the investment is taken to the profit and loss account.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment loss, if any. The Group's share of profit or loss and other comprehensive income of the associated company is included in the consolidated profit and loss account and other comprehensive income respectively. The Group's share of net assets of the associated company is included in the consolidated balance sheet.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the profit and loss account.



**(g) Intangibles****Goodwill**

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any impairment losses. If the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the profit and loss account as a bargain purchase gain.

**Management Rights**

Management rights acquired is initially recognised at cost and subsequently carried at cost less accumulated impairment losses. The useful life of the management rights is estimated to be indefinite because management believes there is no foreseeable limit to the period over which the management rights is expected to generate net cash inflows for the Group.

**Other Intangible Assets**

Intangible assets include development expenditure and customer contracts. Costs incurred which are expected to generate future economic benefits are recognised as intangibles and amortised on a straight line basis over their useful lives, ranging from 3 to 17 years.

**(h) Investments**

Investments are classified as held for trading or available-for-sale. Investments acquired for the purpose of selling in the short term are classified as held for trading. Other investments held by the Group are classified as available-for-sale.

Investments are recognised and derecognised on the trade date where the purchase or sale of an investment is under a contract whose terms required delivery of investment within the timeframe established by the market concerned.

Investments are initially measured at fair value plus transaction costs except for investments held for trading, which are recognised at fair value. For unquoted equity investments whose fair value cannot be reliably measured using alternative valuation methods, they are carried at cost less any impairment loss.

For investments held for trading, gains and losses arising from changes in fair value are included in the profit and loss account.

For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in other comprehensive income, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the profit and loss account.

The fair value of investments that are traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price is the current bid prices. The fair value of investments that are not traded in an active market is determined using valuation techniques. Such techniques include using recent arm's length transactions, reference to the underlying net asset value of the investee companies and discounted cash flow analysis.

**(i) Derivative Financial Instruments and Hedge Accounting**

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Gains or losses arising from changes in fair value of derivative financial instruments that do not qualify for hedge accounting are taken to the profit and loss account.

For cash flow hedges, the effective portion of the gains or losses on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in the profit and loss account. Amounts taken to other comprehensive income are reclassified to the profit and loss account when the hedged transaction affects the profit and loss account.

The fair value of forward foreign currency contracts is determined using forward exchange market rates at the balance sheet date. The fair value of High Sulphur Fuel Oil ("HSFO") and Dated Brent forward contracts is determined using forward HSFO and Dated Brent prices provided by the Group's key counterparty. The fair value of interest rate caps and interest rate swaps are based on valuations provided by the Group's bankers.

## Notes to the Financial Statements

### 2. Significant accounting policies (continued)

#### (j) Financial Assets

Financial assets include cash and bank balances, trade, intercompany and other receivables and investments. Trade, intercompany and other receivables are stated initially at fair value and subsequently at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and bank deposits and are subject to an insignificant risk of changes in value.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

#### (k) Stocks & Work-in-Progress

Stocks, consumable materials and supplies are stated at the lower of cost and net realisable value, cost being principally determined on the weighted average method.

Work-in-progress is stated at the lower of cost (comprising direct labour, material costs, direct expenses and an appropriate allocation of production overheads) and net realisable value, which is arrived at after providing for anticipated losses, if any, when the possibility of loss is ascertained.

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overhead expenditure, financing charges and other net costs incurred during the period of construction.

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overheads expenditure, and financing charges incurred during the period of development. Net realisable value represents the estimated selling price less costs to be incurred in selling the property. Upon completion of construction, they are transferred to completed properties held for sale.

Each property under development is accounted for as a separate project. Where a project comprises more than one component or phase with a separate temporary occupation permit, each component or phase is treated as a separate project, and interest and other net costs are apportioned accordingly.

Progress claims made against work-in-progress are offset against the cost of work-in-progress and the profits recognised on partly completed long-term contracts less any provision required to reduce cost to estimated realisable value.

#### (l) Impairment of Assets

##### Financial Assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

##### Loans and receivables

Significant financial difficulties of the debtor and default or significant delay in payments are objective evidence that the financial assets are impaired. The carrying amount of these assets is reduced through the use of an allowance account and the loss is recognised in the profit and loss account. When the asset becomes uncollectible, the carrying amount is written off against the allowance account. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively measured, the previously recognised impairment loss is reversed to the extent that the carrying amount does not exceed the amortised cost had no impairment been recognised in the prior periods. The amount of reversal is recognised in the profit and loss account.

##### Investments

Significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investment is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss account - is removed from equity and recognised in the profit and loss account. For available-for-sale investments, impairment losses previously recognised in the profit and loss account are not reversed through the profit and loss account until the investment is disposed of.

**Goodwill**

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Goodwill included in the carrying amount of an associated company is tested for impairment as part of the investment.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination.

An impairment loss is recognised in the profit and loss account when the carrying amount of the cash-generating unit, including goodwill, exceeds the recoverable amount of the cash-generating unit. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis. An impairment loss recognised for goodwill is not reversed in a subsequent period.

**Other Non-Financial Assets**

Tangible and intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

Management rights are tested for impairment annually and whenever there is an indication that the management rights may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for cash-generating unit to which the asset belongs.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of an asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as impairment loss in the profit and loss account. An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the profit and loss account.

**(m) Financial Liabilities and Equity Instruments**

Financial liabilities include trade, intercompany and other payables, bank loans and overdrafts. Trade, intercompany and other payables are stated initially at fair value and subsequently at amortised cost. Interest-bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

**(n) Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provision for warranties is set up upon completion of a contract to cover the estimated liability which may arise during the warranty period. This provision is based on service history. Any surplus of provision will be written back at the end of the warranty period while additional provisions where necessary are made when known. These liabilities are expected to be incurred over the applicable warranty periods.

Provision for claims is made for the estimated cost of all claims notified but not settled at the balance sheet date, less recoveries, using the information available at the time. Provision is also made for claims incurred but not reported at the balance sheet date based on historical claims experience, modified for variations in expected future settlement. The utilisation of provisions is dependent on the timing of claims.

## Notes to the Financial Statements

### 2. Significant accounting policies (continued)

#### (o) Leases

##### When a group company is the lessee

##### *Finance leases*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are recognised as assets of the Group at their fair values at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit and loss account. Contingent rentals are recognised as expenses in the periods in which they are incurred.

##### *Operating leases*

Leases of assets in which the Group does not transfer substantially all the risks and rewards of ownership of the assets by the lessor are classified as operating leases. Payments made under operating leases (net of any incentive received from lessor) are taken to the profit and loss account on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

##### When a group company is the lessor

##### *Finance leases*

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

##### *Operating leases*

Assets leased out under operating leases are included in investment properties and are stated at fair values. Rental income (net of any incentive given to lessee) is recognised on a straight-line basis over the lease term.

#### (p) Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

#### (q) Revenue

Revenue consists of:

- Revenue recognised on contracts, under the completion of construction method;
- Revenue recognised on contracts, under the percentage of completion method when the outcome of the contract can be estimated reliably;
- Invoiced value of goods and services;
- Rental income from investment properties; and
- Investment income, interest and fee income.



**Revenue recognition**

Revenue from rigbuildings, shipbuildings and repairs, and long term engineering contracts is recognised based on the percentage of completion method in proportion to the stage of completion and provided the outcome of such work can be reliably estimated. The percentage of completion is measured by reference to the percentage of the physical proportion of the contract work completed as determined by engineers' estimates. Where applicable, anticipated losses on contracts in progress are recognised in the profit and loss account.

Revenue recognition on partly completed properties, which are held for sale is based on the following methods:

- For Singapore trading properties under progressive payment scheme, revenue and profit are recognised on the percentage-of-completion method to reflect the continuous transfer of significant risks and rewards of the ownership of the properties to the purchasers as construction progresses. The percentage of work completion is measured based on the construction and related costs incurred to date as a proportion of the estimated total construction and related costs;
- For Singapore trading projects under deferred payment scheme and overseas trading properties, profit recognition is recognised upon the transfer of significant risks and rewards of ownership to the purchasers under the completion of construction method; and
- Where a project comprises more than one component or phase with a separate temporary occupation permit, each component or phase is treated as a separate project.

When losses are expected, they are recognised in full in the accounts after adequate allowance has been made for estimated costs to completion including cost of discontinuance and salvage cost. Any expenditure incurred on abortive projects is written off in the profit and loss account.

Revenue from the sale of products is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales are stated net of goods and services tax and sales returns.

Revenue from the rendering of services including electricity supply and logistic services is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual services provided as a proportion of the total services to be performed.

Rental income from operating leases on investment properties are recognised on a straight-line basis over the lease term.

Dividend income from investments is recognised when the right to receive payment is established, and in the case of fixed interest bearing investments, on a time proportion basis using the effective interest method.

Interest income is recognised on a time proportion basis using the effective interest method.

**(r) Borrowing Costs**

Borrowing costs incurred to finance the development of properties and acquisition of fixed assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are taken to the profit and loss account over the period of borrowing using the effective interest rate method.

**(s) Employee Benefits****Defined Contribution Plan**

The Group makes contributions to pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies make contributions to the Central Provident Fund in Singapore, a defined contribution pension scheme. Contributions to pension schemes are recognised as an expense in the period in which the related service is performed.

## Notes to the Financial Statements

### 2. Significant accounting policies (continued)

#### Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

#### Share Option Scheme and Share Plans

The Group operates share-based compensation plans. The fair value of the employee services received in exchange for the grant of options, restricted shares and performance shares is recognised as an expense in the profit and loss account with a corresponding increase in the share option and share plan reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair values of the options, restricted shares and performance shares granted on the respective dates of grant.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable and share plan awards that are expected to vest on the vesting dates, and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the share option and share plan reserve over the remaining vesting period.

No expense is recognised for options or share plan awards that do not ultimately vest, except for options or share plan awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The proceeds received from the exercise of options are credited to share capital when the options are exercised. When share plan awards are released, the share plan reserve is transferred to share capital if new shares are issued.

#### (t) **Income Taxes**

Current income tax is recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets/liabilities are recognised for deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The principal temporary differences arise from depreciation, valuation of investment properties, unremitted offshore income and future tax benefits from certain provisions not allowed for tax purposes until a later period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the profit and loss account, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

#### (u) **Foreign Currencies**

##### Functional Currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency").

The financial statements of the Group and the balance sheet and statement of changes in equity of the Company are presented in Singapore Dollars, which is the functional currency of the Company.

**Foreign Currency Transactions**

Transactions in foreign currencies are translated at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at exchange rates approximating those ruling at that date. Exchange differences arising from translation of monetary assets and liabilities are taken to the profit and loss account. Exchange differences on non-monetary items such as investments held for trading are reported as part of the fair value gain or loss. Exchange differences on non-monetary items are also recognised in other comprehensive income.

**Foreign Currency Translation**

For inclusion in the Group's financial statements, the assets and liabilities of foreign subsidiaries and associated companies that are in functional currencies other than Singapore Dollars are translated into Singapore Dollars at the exchange rates ruling at the balance sheet date. Profit or loss of foreign subsidiaries and associated companies are translated into Singapore Dollars using the average exchange rates for the financial year. Exchange differences due to such currency translation are recognised in other comprehensive income and accumulated in a separate component of equity. Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as non-monetary foreign currency assets and liabilities of the acquiree and recorded at the closing exchange rate.

**Disposal or partial disposal of a foreign operation**

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

**(v) Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When shares are reacquired by the Company, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised in non-distributable capital reserve. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

**(w) Segment Reporting**

The Group has four reportable segments, namely Offshore & Marine, Property, Infrastructure and Investments. Management monitors the results of each of these operating segments for the purpose of making decisions on resource allocation and performance assessment.

**(x) Critical Accounting Estimates and Judgements****(i) Critical judgements in applying the Group's accounting policies**

In the process of applying the Group's accounting policies, the management is of the opinion that there is no instance of application of judgements which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations and as follows:

**Control over Keppel REIT**

The Group has approximately 46% (2014: approximately 45%) gross ownership interest of units in Keppel REIT as at 31 December 2015. Keppel REIT is managed by Keppel REIT Management Limited ("KRML"), a wholly-owned subsidiary of the Group. The Group has provided an undertaking to the trustee of Keppel REIT to grant the other unitholders the right to endorse or re-endorse the appointment of directors of KRML at the annual general meetings of Keppel REIT. The Group has determined that it continues to have significant influence over Keppel REIT.

## Notes to the Financial Statements

### 2. Significant accounting policies (continued)

#### Control over KrisEnergy

The Group has approximately 40% (2014: approximately 31%) gross ownership interest of shares in KrisEnergy Limited ("KrisEnergy") as at 31 December 2015. The management assessed whether or not the Group has control over KrisEnergy based on whether it has the practical ability to direct the relevant activities of KrisEnergy. In exercising its judgement, management considers the relative size and dispersion of the shareholdings owned by the other shareholders. Taking into consideration the approximately 38% (2014: approximately 45%) interest held by another single shareholder of KrisEnergy, management concluded that the Group does not have sufficient dominant vesting interest to exert control over KrisEnergy and therefore continues to have significant influence over KrisEnergy.

#### (ii) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

#### Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a loan and receivable is impaired. The Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of trade, intercompany and other receivables are disclosed in the balance sheet. As at 31 December 2015, the Group has credit risk exposure to an external group of companies for receivables that are past due. Management has considered any changes in the credit quality of the debtors, the possibility of discontinuance of the projects and the cost incurred to-date when determining the allowance for doubtful receivables and its expected loss. Management performs on-going assessments on the ability of its debtors to repay the amounts owing to the Group. These assessments include the review of the customers' credit-standing and the possibility of discontinuance of the projects. Management has assessed that no allowance for doubtful debt and expected loss is required.

#### Impairment of available-for-sale investments

The Group follows the guidance of FRS 39 in determining whether available-for-sale investments are considered impaired. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, the financial health of and the near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. The fair values of available-for-sale investments are disclosed in the balance sheet.

#### Impairment of non-financial assets

Determining whether the carrying value of a non-financial asset is impaired requires an estimation of the value in use of the cash-generating units. This requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of fixed assets, investments in subsidiaries, investment in associates and joint ventures, investment properties and intangibles are disclosed in the balance sheet.

#### Revenue recognition and contract cost

The Group recognises contract revenue and contract cost based on the percentage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2(q). Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. In making the assumption, the Group evaluates by relying on past experience and the work of engineers. Revenue from construction contracts is disclosed in Note 23 and an expected loss of \$228,000,000 (2014: Nil) was recognised in 2015 based on the estimated costs to completion including cost of discontinuance and salvage cost with regards to certain rig building contracts.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount that it is probable will be accepted by the customer can be measured reliably.



**Income taxes**

The Group has exposure to income taxes in numerous jurisdictions. Significant assumptions are required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of taxation and deferred taxation are disclosed in the balance sheet.

**Claims, litigations and reviews**

The Group entered into various contracts with third parties in its ordinary course of business and is exposed to the risk of claims, litigations, latent defects or review from the contractual parties and/or government agencies. These can arise for various reasons, including change in scope of work, delay and disputes, defective specifications or routine checks etc. The scope, enforceability and validity of any claim, litigation or review may be highly uncertain. In making its judgement as to whether it is probable that any such claim, litigation or review will result in a liability and whether any such liability can be measured reliably, management relies on past experience and the opinion of legal and technical expertise.

**3. Share capital**

	Group and Company			
	Number of Ordinary Shares ("Shares")			
	Issued Share Capital		Treasury Shares	
	2015	2014	2015	2014
Balance at 1 January	<b>1,817,768,227</b>	1,807,970,459	<b>5,932,000</b>	-
Issue of shares under the share option scheme	<b>139,900</b>	4,936,211	-	-
Issue of shares under KCL PSP	-	636,100	-	-
Issue of shares under KCL RSP	<b>2,053</b>	4,225,457	-	-
Treasury shares transferred pursuant to share option scheme	-	-	<b>(1,388,230)</b>	-
Treasury shares transferred pursuant to KCL PSP	-	-	<b>(323,400)</b>	-
Treasury shares transferred pursuant to KCL RSP	-	-	<b>(4,265,390)</b>	-
Treasury shares purchased	-	-	<b>6,808,000</b>	5,932,000
Balance at 31 December	<b>1,817,910,180</b>	1,817,768,227	<b>6,762,980</b>	5,932,000

	Amount (\$'000)			
	Issued Share Capital		Treasury Shares	
	2015	2014	2015	2014
Balance at 1 January	<b>1,287,595</b>	1,205,877	<b>48,665</b>	-
Issue of shares under the share option scheme	<b>779</b>	34,315	-	-
Issue of shares under KCL PSP	-	5,418	-	-
Issue of shares under KCL RSP	<b>20</b>	41,985	-	-
Treasury shares transferred pursuant to share option scheme	-	-	<b>(11,396)</b>	-
Treasury shares transferred pursuant to KCL PSP	-	-	<b>(2,653)</b>	-
Treasury shares transferred pursuant to KCL RSP	-	-	<b>(34,972)</b>	-
Treasury shares purchased	-	-	<b>49,367</b>	48,665
Balance at 31 December	<b>1,288,394</b>	1,287,595	<b>49,011</b>	48,665

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends declared by the Company.

During the financial year, the Company issued 139,900 (2014: 4,936,211) Shares at an average weighted price of \$5.57 (2014: \$6.95) per Share for cash upon exercise of options under the KCL Share Option Scheme.

During the financial year, 323,400 (2014: 636,100) Shares under the KCL Performance Share Plan ("KCL PSP") and 4,267,443 (2014: 4,225,457) Shares under the KCL Restricted Share Plan ("KCL RSP") were vested.

## Notes to the Financial Statements

### 3. Share capital (continued)

During the financial year, the Company transferred 5,977,020 (2014: nil) treasury shares to employees under vesting of shares released under the KCL Share Option Scheme and KCL Share Plans. The Company also purchased 6,808,000 (2014: 5,932,000) treasury shares in the Company in the open market during the financial year. The total amount paid was \$49,367,000 (2014: \$48,665,000). Except for the transfer, there was no other sale, disposal, cancellation and/or use of treasury shares during the financial year.

#### KCL Share Option Scheme

The KCL Share Option Scheme ("Scheme"), which has been approved by the shareholders of the Company, is administered by the Remuneration Committee whose members are:

Danny Teoh  
Lee Boon Yang  
Oon Kum Loon (Mrs)  
Tow Heng Tan

At the Extraordinary General Meeting of the Company held on 23 April 2010, the Company's shareholders approved the adoption of two new share plans, with effect from the date of termination of the Scheme. The Scheme was terminated on 30 June 2010. Options granted and outstanding prior to the termination will continue to be valid and subject to the terms and conditions of the Scheme.

Under the Scheme, an option may, except in certain special circumstances, be exercised at any time after two years but no later than the expiry date. The two-year vesting period is intended to encourage employees to take a longer-term view of the Company.

The Shares under option may be exercised in full or in respect of 100 Shares or a multiple thereof, on the payment of the subscription price. The subscription price is based on the average last done prices for the Shares of the Company on the Singapore Exchange Securities Trading Limited for the three market days preceding the date of offer. The Remuneration Committee may at its discretion fix the subscription price at a discount not exceeding 20 percent to the above price. None of the options offered in 2010 was granted at a discount.

To promote transparency, the Board of Directors had in 2002 resolved that the date of offer of share options under the Scheme shall be a pre-determined date; that is, the date falling 14 days immediately after the date of announcement of the Company's half-year or full-year results, as the case may be. The number of Shares available under the Scheme shall not exceed 15% of the issued share capital of the Company.

The employees to whom the options have been granted do not have the right to participate by virtue of the options in a share issue of any other company.

Movements in the number of share options and their weighted average exercise prices are as follows:

	2015		2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 January	19,570,504	\$8.60	24,832,315	\$8.30
Exercised	(1,528,130)	\$5.82	(4,936,211)	\$6.95
Cancelled	(220,900)	\$11.04	(325,600)	\$11.17
Balance at 31 December	17,821,474	\$8.81	19,570,504	\$8.60
Exercisable at 31 December	17,821,474	\$8.81	19,570,504	\$8.60

The weighted average share price at the date of exercise for options exercised during the financial year was \$8.87 (2014: \$10.52). The options outstanding at the end of the financial year had a weighted average exercise price of \$8.81 (2014: \$8.60) and a weighted average remaining contractual life of 2.3 years (2014: 3.4 years).

**KCL Share Plans**

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

Details of the KCL RSP and the KCL PSP are as follows:

	<b>KCL RSP</b>	<b>KCL PSP</b>
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets at the end of a one-year performance period	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a three-year performance period
Performance Conditions	Return on Equity	a) Economic Value Added b) Absolute Total Shareholder's Return c) Relative Total Shareholder's Return to MSCI Asia Pacific Ex-Japan Industrials Index (MXARJIN)
Final Award	0% or 100% of the contingent award granted, depending on achievement of pre-determined targets	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets
Vesting Condition and Schedule	If pre-determined targets are achieved, awards will vest equally over three years subject to fulfilment of service requirements	If pre-determined targets are achieved, awards will vest at the end of the three-year performance period subject to fulfilment of service requirements

Movements in the number of shares under the KCL RSP and the KCL PSP are as follows:

	<b>2015</b>		<b>2014</b>	
	<b>KCL RSP</b>	<b>KCL PSP</b>	<b>KCL RSP</b>	<b>KCL PSP</b>
<b>Contingent awards</b>				
Balance at 1 January	<b>4,639,784</b>	<b>1,748,725</b>	4,383,491	1,901,333
Granted	<b>5,652,889</b>	<b>920,000</b>	4,750,386	577,400
Adjustments upon released	-	<b>(240,406)</b>	-	(26,450)
Released	<b>(4,585,541)</b>	<b>(376,200)</b>	(4,309,301)	(636,100)
Cancelled	<b>(185,649)</b>	-	(184,792)	(67,458)
Balance at 31 December	<b>5,521,483</b>	<b>2,052,119</b>	4,639,784	1,748,725
<b>Awards released but not vested:</b>				
Balance at 1 January	<b>3,993,440</b>	-	4,040,616	-
Released	<b>4,585,541</b>	<b>376,200</b>	4,309,301	636,100
Vested	<b>(4,267,443)</b>	<b>(323,400)</b>	(4,225,457)	(636,100)
Cancelled	<b>(118,413)</b>	-	(131,020)	-
Other adjustments	-	<b>(52,800)</b>	-	-
Balance at 31 December	<b>4,193,125</b>	-	3,993,440	-

Executive Directors who are eligible for the KCL Share Plans are required to hold a minimum number of shares under the share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

As at 31 December 2015, there were 4,193,125 (2014: 3,993,440) restricted shares that were released but not vested. At the end of the financial year, the number of contingent Shares granted but not released was 5,521,483 (2014: 4,639,784) under the KCL RSP and 2,052,119 (2014: 1,748,725) under the KCL PSP. Depending on the achievement of pre-determined performance targets, the actual number of Shares to be released could be zero or a maximum of 5,521,483 under the KCL RSP and range from zero to a maximum of 3,078,179 under the KCL PSP.

## Notes to the Financial Statements

### 3. Share capital (continued)

The fair values of the contingent award of shares under the KCL RSP and the KCL PSP are determined at the grant date using Monte Carlo simulation method which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility.

On 31 March 2015 (2014: 31 March 2014), the Company granted contingent awards of 4,863,286 (2014: 4,750,386) shares under the KCL RSP and 700,000 (2014: 577,400) shares under the KCL PSP. The estimated fair value of the shares granted amounts to \$8.29 (2014: \$10.31) under the KCL RSP and \$4.72 (2014: \$6.74) under the KCL PSP. On 30 July 2015, the Company granted contingent awards of 789,603 (2014: nil) shares under the KCL RSP and 220,000 (2014: nil) shares under the KCL PSP. The estimated fair value of the shares granted amounts to \$7.14 (2014: nil) under the KCL RSP and \$3.04 (2014: nil) under the KCL PSP. The significant inputs into the model are as follows:

	2015		2015	
	KCL RSP	KCL PSP	KCL RSP	KCL PSP
Date of grant	31.03.2015	31.03.2015	30.07.2015	30.07.2015
Prevailing share price at date of grant	\$9.00	\$9.00	\$7.80	\$7.80
Expected volatility:				
Company	14.21%	14.21%	12.70%	12.70%
MXAPJIN	#	12.35%	#	12.15%
Correlation with MXAPJIN	#	63.8%	#	48.10%
Expected term	0.92 – 2.92 years	2.92 years	0.58 – 2.58 years	2.58 years
Risk free rate	1.12% – 1.52%	1.52%	0.85% – 1.31%	1.31%
Expected dividend yield	*	*	*	*

	2014	
	KCL RSP	KCL PSP
Date of grant	31.03.2014	31.03.2014
Prevailing share price at date of grant	\$10.89	\$10.89
Expected volatility:		
Company	24.65%	24.65%
MXAPJIN	#	22.45%
Correlation with MXAPJIN	#	88.80%
Expected term	0.75 – 2.75 years	2.75 years
Risk free rate	0.35% – 0.70%	0.70%
Expected dividend yield	*	*

# This input is not required for the valuation of shares granted under the KCL RSP.

\* Expected dividend yield is based on management's forecast.

The expected volatilities are based on the historical volatilities of the Company's share price and the MXAPJIN price over the previous 36 months immediately preceding the grant date. The expected term used in the model is based on the grant date and the end of the performance period.

#### Share option schemes and share plans of subsidiaries

##### (a) Keppel Telecommunications & Transportation Ltd ("Keppel T&T")

Details of share plans granted by Keppel Telecommunications & Transportation Ltd are disclosed in its annual report.

##### (b) Keppel Land Limited ("Keppel Land")

Keppel Land Limited was delisted from the Official List of the Singapore Exchange Securities Trading Limited on 16 July 2015 following the completion of the voluntary unconditional cash offer (the "Offer") and subsequent exercise under Section 215(3) of the Companies Act (Chapter 50 of Singapore) for shares in Keppel Land Limited by Keppel Corporation Limited. As at the close of the Offer, all outstanding share options granted under the Keppel Land Share Option Scheme were tendered in acceptance of the options proposal made by Keppel Corporation Limited and subsequently cancelled. In connection with the delisting, it has been determined by the Remuneration Committee of Keppel Land Limited that all outstanding awards under the Keppel Land Restricted Share Plan and Keppel Land Performance Share Plan will, subject to the fulfilment of the vesting conditions, be settled by cash payments as permitted under the rules of the aforementioned share plans.



**4. Reserves**

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Capital Reserves				
Share option and share plan reserve	215,979	212,764	194,972	191,294
Fair value reserve	73,049	102,818	-	-
Hedging reserve	(790,756)	(516,050)	-	-
Bonus issue by subsidiaries	40,000	40,000	-	-
Others	78,188	71,133	4,741	-
	(383,540)	(89,335)	199,713	191,294
Revenue Reserves	10,379,320	9,422,754	5,408,710	4,400,277
Foreign Exchange Translation Account	(139,502)	(191,587)	-	-
	9,856,278	9,141,832	5,608,423	4,591,571

Movements in the Group's and the Company's reserves are set out in the Statements of Changes in Equity.

**5. Non-controlling interests**

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	NCI percentage of ownership interest and voting interest		Carrying amount of NCI		Profit after tax allocated to NCI	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Beijing Aether Property Development Limited	49%	49%	215,634	203,768	5,336	10,936
Keppel Telecommunications & Transportation Limited	20%	20%	146,907	142,529	18,155	48,830
Keppel Land Limited	1%	45%	59,486	3,474,948	10,165	341,567
Other individually immaterial subsidiaries			408,171	525,634	34,687	140,119
Total			830,198	4,346,879	68,343	541,452

**Summarised financial information before inter-group elimination**

	Keppel Land Limited		Beijing Aether Property Development Limited		Keppel Telecommunications & Transportation Limited	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Non-current assets	6,599,959	4,817,660	948,489	876,082	1,228,775	992,705
Current assets	8,257,426	9,709,888	2,662	1,077	270,792	410,259
Non-current liabilities	3,945,646	3,384,532	132,324	126,803	202,303	183,109
Current liabilities	2,279,143	2,998,078	378,808	334,503	472,742	427,294
Net assets	8,632,596	8,144,938	440,019	415,853	824,522	792,561
Revenue	1,598,260	1,497,177	-	-	200,566	224,563
Profit for the year	560,701	823,238	10,889	22,318	105,986	308,189
Total comprehensive income	749,084	959,895	12,591	23,495	112,671	317,276
Net cash flow from/(used in) operations	495,565	200,443	(1,939)	(1,489)	49,988	84,581
Dividends paid to NCI	20,728	190,248	-	-	18,689	64,686

## Notes to the Financial Statements

### 5. Non-controlling interests (continued)

During the financial year, the Group acquired additional interest in certain subsidiaries of the Company from its non-controlling interests. The following summarises the effect of the change in the Group's ownership interest on the equity attributable to owners of the Company:

	2015 \$'000	2014 \$'000
Amounts paid on changes in ownership interest in subsidiaries	(3,227,301)	(9,600)
Non-controlling interest acquired	3,530,670	5,736
Others	125	5
Total amount recognised in equity reserves	303,494	(3,859)

### 6. Fixed assets

	Freehold Land & Buildings \$'000	Leasehold Land & Buildings \$'000	Vessels & Floating Docks \$'000	Plant, Machinery, Equipment & Others <sup>(1)</sup> \$'000	Capital Work-in- Progress \$'000	Total \$'000
<b>Group</b>						
<b>2015</b>						
<b>Cost</b>						
At 1 January	120,605	1,826,739	467,503	1,786,043	549,950	4,750,840
Additions	324	23,978	9,330	67,574	327,820	429,026
Disposals	(616)	(1,101)	(476)	(28,736)	-	(30,929)
Write-off	-	(126)	-	(13,645)	(91)	(13,862)
Subsidiaries acquired	26	-	-	59	-	85
Subsidiaries disposed	-	-	-	(369)	-	(369)
Reclassification						
- Stocks and other assets	-	-	-	(302)	(1,945)	(2,247)
- Investment properties (Note 7)	-	-	-	(248)	-	(248)
- Other fixed assets categories	1,982	231,103	-	141,039	(374,124)	-
Exchange differences	117	28,146	(10,103)	8,556	(36,863)	(10,147)
At 31 December	122,438	2,108,739	466,254	1,959,971	464,747	5,122,149
<b>Accumulated Depreciation &amp; Impairment Losses</b>						
At 1 January	49,642	772,039	187,535	1,068,609	-	2,077,825
Depreciation charge	4,797	65,054	21,630	124,694	-	216,175
Disposals	(334)	(515)	(476)	(26,876)	-	(28,201)
Impairment loss/write-off	-	(126)	-	(5,718)	-	(5,844)
Subsidiaries disposed	-	-	-	(342)	-	(342)
Reclassification						
- Stocks and other assets	-	-	-	399	-	399
- Investment properties (Note 7)	-	-	-	(102)	-	(102)
- Other fixed assets categories	-	675	-	(675)	-	-
Exchange differences	1,410	10,429	(1,568)	6,421	-	16,692
At 31 December	55,515	847,556	207,121	1,166,410	-	2,276,602
<b>Net Book Value</b>	<b>66,923</b>	<b>1,261,183</b>	<b>259,133</b>	<b>793,561</b>	<b>464,747</b>	<b>2,845,547</b>

Included in freehold land & buildings are freehold land amounting to \$8,913,000 (2014: \$11,254,000).

Certain fixed assets with carrying amount of \$260,809,000 (2014: \$137,215,000) are mortgaged to banks for loan facilities (Note 21).

Interest capitalised during the financial year amounted to \$5,417,000 (2014: \$2,364,000).

	Freehold Land & Buildings \$'000	Leasehold Land & Buildings \$'000	Vessels & Floating Docks \$'000	Plant, Machinery, Equipment & Others <sup>(1)</sup> \$'000	Capital Work-in- Progress \$'000	Total \$'000
<b>Group</b>						
<b>2014</b>						
<b>Cost</b>						
At 1 January	120,662	1,858,825	449,937	3,043,349	418,896	5,891,669
Additions	591	15,970	22,485	86,575	434,666	560,287
Disposals	(307)	(123,721)	(18,254)	(176,570)	(8,923)	(327,775)
Write-off	-	(715)	(50)	(1,315)	(506)	(2,586)
Subsidiaries acquired	-	4,566	15,343	1,443	-	21,352
Subsidiaries disposed	(1,121)	-	-	(15,882)	-	(17,003)
Reclassification						
- Stocks	-	-	-	-	103,238	103,238
- Investment properties (Note 7)	-	(64,008)	-	(66,250)	(90)	(130,348)
- Other fixed assets categories	341	123,028	-	265,085	(388,454)	-
- Assets classified as held for sale (Note 18)	-	-	-	(1,353,571)	(12,666)	(1,366,237)
Exchange differences	439	12,794	(1,958)	3,179	3,789	18,243
At 31 December	120,605	1,826,739	467,503	1,786,043	549,950	4,750,840
<b>Accumulated Depreciation &amp; Impairment Losses</b>						
At 1 January	44,817	723,200	171,908	1,153,465	-	2,093,390
Depreciation charge	4,525	54,222	21,647	182,377	-	262,771
Disposals	(234)	(15,091)	(5,798)	(59,427)	-	(80,550)
Impairment loss/write-off	-	5,711	-	(551)	-	5,160
Subsidiaries disposed	(129)	-	-	(9,855)	-	(9,984)
Reclassification						
- Stocks	-	-	-	358	-	358
- Investment properties (Note 7)	-	(1,131)	-	(2,150)	-	(3,281)
- Assets classified as held for sale (Note 18)	-	-	-	(198,015)	-	(198,015)
Exchange differences	663	5,128	(222)	2,407	-	7,976
At 31 December	49,642	772,039	187,535	1,068,609	-	2,077,825
<b>Net Book Value</b>	70,963	1,054,700	279,968	717,434	549,950	2,673,015

## Notes to the Financial Statements

### 6. Fixed assets (continued)

	Freehold Land & Buildings \$'000	Plant, Machinery, Equipment & Others <sup>(1)</sup> \$'000	Total \$'000
<b>Company</b>			
<b>2015</b>			
<b>Cost</b>			
At 1 January	1,464	7,434	8,898
Additions	-	1,406	1,406
Disposals	(231)	(350)	(581)
At 31 December	1,233	8,490	9,723
<b>Accumulated Depreciation</b>			
At 1 January	1,296	6,908	8,204
Depreciation charge	76	743	819
Disposals	(231)	(350)	(581)
At 31 December	1,141	7,301	8,442
<b>Net Book Value</b>	92	1,189	1,281
<b>2014</b>			
<b>Cost</b>			
At 1 January	1,464	7,196	8,660
Additions	-	238	238
At 31 December	1,464	7,434	8,898
<b>Accumulated Depreciation</b>			
At 1 January	1,220	6,558	7,778
Depreciation charge	76	350	426
At 31 December	1,296	6,908	8,204
<b>Net Book Value</b>	168	526	694

(1) Others comprise furniture, fittings and office equipment, cranes and small equipment and tools.



**7. Investment properties**

	Group	
	2015 \$'000	2014 \$'000
At 1 January	<b>1,987,515</b>	2,187,858
Development expenditure	<b>729,391</b>	34,644
Fair value gain		
- Attributable to the Group (Note 25)	<b>128,874</b>	54,569
- Attributable to third parties under a contractual agreement	<b>7,853</b>	7,983
Disposal	-	(454,712)
Subsidiary disposed	<b>(21,592)</b>	-
Reclassification		
- Stocks and work-in-progress	<b>404,761</b>	-
- Fixed assets (Note 6)	<b>146</b>	127,067
Exchange differences	<b>35,164</b>	30,106
At 31 December	<b>3,272,112</b>	1,987,515

The Group's investment properties (including integral plant and machinery) are stated at Directors' assessments based on the following valuations (open market value basis), performed on an annual basis, by independent firms of professional valuers as at 31 December 2015:

- Colliers International Consultancy & Valuation (Singapore) Pte Ltd for properties in Singapore;
- Colliers International (Hong Kong) Limited for properties in China;
- CBRE (Vietnam) Co. Ltd for properties in Vietnam;
- CBRE Limited for a property in the Netherlands;
- KJPP Wilson & Rekan (an affiliate of Knight Frank) for properties in Indonesia;
- Savills (UK) Limited for a property in United Kingdom; and
- Agency for Real Estate Affairs Co., Ltd for a property in Thailand.

Based on valuations performed by the independent valuers, management has analysed the appropriateness of the fair value changes.

Interest capitalised during the financial year amounted to \$6,006,000 (2014: \$1,285,000).

The Group has mortgaged certain investment properties of up to an aggregate amount of \$434,567,000 (2014: \$239,230,000) to banks for loan facilities (Note 21).

In the prior year, the Group, through its subsidiary, D.L. Properties Ltd, divested its entire interest in Equity Plaza, resulting in a gain of \$32 million attributable to shareholders of the Company.

During the year, the Group reclassified land and related costs for a property in China amounting to \$404,761,000, from property held for sale to investment property, due to a change in the local government's city planning and the Group's decision to develop the land for future use as an investment property. The land was originally designated for residential development purpose.

## Notes to the Financial Statements

### 8. Subsidiaries

	Company	
	2015 \$'000	2014 \$'000
Quoted shares, at cost		
Market value: \$649,287,000 (2014: \$3,548,692,000)	<b>398,140</b>	2,083,839
Unquoted shares, at cost	<b>7,772,165</b>	3,055,798
	<b>8,170,305</b>	5,139,637
Provision for impairment	<b>(31,070)</b>	(72,070)
	<b>8,139,235</b>	5,067,567

Movements in the provision for impairment of subsidiaries are as follows:

	Company	
	2015 \$'000	2014 \$'000
At 1 January	<b>72,070</b>	56,115
(Credit)/charge to profit and loss account	<b>(41,000)</b>	15,955
At 31 December	<b>31,070</b>	72,070

During the year, provision of impairment amounting to \$41,000,000 was written-back as a result of increase in the estimated recoverable amount of a subsidiary.

Impairment made in the prior year mainly relates to the shortfall between the carrying amount of the costs of investment and the recoverable amount of a subsidiary.

Information relating to significant subsidiaries consolidated in the financial statements is given in Note 36.

### 9. Associated companies

	Group	
	2015 \$'000	2014 \$'000
Quoted shares, at cost		
Market value: \$2,830,012,000 (2014: \$3,482,487,000)	<b>2,993,194</b>	2,801,642
Unquoted shares, at cost	<b>1,578,241</b>	1,441,871
	<b>4,571,435</b>	4,243,513
Provision for impairment	<b>(83,871)</b>	(98,430)
	<b>4,487,564</b>	4,145,083
Share of reserves	<b>789,192</b>	843,361
	<b>5,276,756</b>	4,988,444
Notes issued by an associated company	<b>245,000</b>	-
	<b>5,521,756</b>	4,988,444

Movements in the provision for impairment of associated companies are as follows:

	Group	
	2015 \$'000	2014 \$'000
At 1 January	98,430	149,498
Write-back of impairment loss	(16,728)	(47,971)
Disposal	-	(3,940)
Exchange differences	2,169	843
At 31 December	83,871	98,430

Notes issued by an associated company are unsecured and considered to be part of investment in associated companies. The notes mature in 2040 and may be redeemed at a redemption price equal to 100% of the principal amount together with interest accrued up to the date of redemption. Interest is charged at 17.5% per annum.

During the financial year, arising from the sale of certain assets in an associated company, the Group wrote back an impairment loss of \$16,728,000 (2014: \$47,971,000) on investment in associated companies.

	Group	
	2015 \$'000	2014 \$'000
The share of net profit of associated companies is as follows:		
Share of profit before tax	504,321	504,176
Share of taxation (Note 27)	(68,415)	(72,096)
Share of net profit	435,906	432,080

The summarised financial information of associated companies, not adjusted for the Group's proportionate share, is as follows:

	2015 \$'000	2014 \$'000
Total assets	27,509,336	21,031,854
Total liabilities	13,163,355	8,479,519
Revenue	4,977,640	5,021,596
Net profit	1,419,800	1,075,579

The carrying amount of the Group's material associates, all of which are equity accounted for and whose activities are strategic to the Group's activities, are as follows:

	2015 \$'000	2014 \$'000
Keppel REIT	1,938,012	1,833,180
Keppel Infrastructure Trust	292,403	290,577
KrisEnergy Limited	489,835	335,655
Other associates	2,801,506	2,529,032
	5,521,756	4,988,444

## Notes to the Financial Statements

### 9. Associated companies (continued)

The summarised financial information of the material associates, not adjusted for the Group's proportionate share, based on its FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Keppel REIT		Keppel Infrastructure Trust		KrisEnergy Limited *	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current assets	163,949	225,467	466,304	138,392	248,013	332,590
Non-current assets	7,261,469	7,103,937	3,625,406	472,634	1,333,712	709,489
Total assets	7,425,418	7,329,404	4,091,710	611,026	1,581,725	1,042,079
Current liabilities	89,945	380,371	170,699	19,930	248,202	44,198
Non-current liabilities	2,709,452	2,491,613	2,327,535	-	450,888	430,065
Total liabilities	2,799,397	2,871,984	2,498,234	19,930	699,090	474,263
Net assets	4,626,021	4,457,420	1,593,476	591,096	882,635	567,816
Proportion of the Group's ownership	46%	45%	18%	49%	40%	31%
Group's share of net assets	2,122,418	2,018,320	290,172	290,642	354,378	178,294
Other adjustments	(184,406)	(185,140)	2,231	(65)	135,457	157,361
Carrying amount of the investment	1,938,012	1,833,180	292,403	290,577	489,835	335,655
Revenue	170,347	184,093	382,599	65,451	67,161	101,531
Profit after tax	338,848	371,902	18,839	12,709	66,781	(43,236)
Other comprehensive income	(47,713)	(11,469)	26,211	-	(501)	8
Total comprehensive income	291,135	360,433	45,050	12,709	66,280	(43,228)
Fair value of ownership interest (if listed) **	1,372,384	1,751,331	358,204	329,812	99,312	206,978
Dividends received	73,717	102,442	39,451	24,217	-	-

\* Financial information is available as at 30 September for the current year at the time of reporting and equity accounting is applied on financials from October of the preceding year to September of the current year. The difference in reporting period has no material impact on the Group's consolidated financial statements.

\*\* Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy).

As at 31 December 2015, the fair values of Keppel REIT and KrisEnergy Limited are below the carrying amounts of the Group's ownership interest. Management is of the view that no impairment is required as they are held for long term and their recoverable amounts are more than their carrying amounts.

For the investment in KrisEnergy Limited ("KrisEnergy"), management performed an assessment on the recoverable amount using a discounted cash flow model based on a cash flow projection from 2016 to 2022 with a terminal value and applying certain estimates and assumptions, such as oil prices, discount rates, production volume, lifting costs, reserves and operating costs. The assumption for oil prices, ranging from US\$55 to US\$80 per barrel (for 2016 to 2022), is determined by taking reference from external information sources. The discount rate used is 10%. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of the investment in KrisEnergy. If the estimated oil prices applied to the discounted cash flows had been 10% lower than management's estimates, the carrying amount would be lowered by \$64,000,000.

Aggregate information about the Group's investments in associated companies that are not individually material are as follows:

	2015 \$'000	2014 \$'000
Share of profit before tax	314,026	338,916
Share of taxation	(50,906)	(58,852)
Share of other comprehensive income	13,797	38,786
Share of total comprehensive income	276,917	318,850

Information relating to significant associated companies, including information on principal activities, country of operation/ incorporation and proportion of ownership interest, and whose results are included in the financial statements is given in Note 36.



**10. Investments**

	Group	
	2015 \$'000	2014 \$'000
Available-for-sale investments:		
Quoted equity shares	11,732	67,690
Unquoted equity shares	165,164	142,677
Unquoted property funds	162,663	136,760
Unquoted funds - others	10,544	11,239
	<b>350,103</b>	<b>358,366</b>

**11. Long term assets**

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Staff loans	1,586	1,799	486	402
Long term receivables and others	295,594	306,232	-	-
	297,180	308,031	486	402
Less: Amounts due within one year and included in debtors (Note 15)	(13,716)	(13,553)	(106)	(81)
	283,464	294,478	380	321
Provision for doubtful debts	-	-	-	-
	283,464	294,478	380	321

Movements in the provision for doubtful debts are as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
At 1 January	-	4,718	-	-
Charge to profit and loss account	-	(4,489)	-	-
Exchange differences	-	(229)	-	-
At 31 December	-	-	-	-

Included in staff loans are interest-free advances to directors of related corporations amounting to \$262,000 (2014: \$114,000) under an approved car loan scheme.

Long term receivables are unsecured, largely repayable after five years (2014: five years) and bears effective interest ranging from 4.00% to 11.00% (2014: 4.00% to 11.00%) per annum.

The fair value of long term receivables for the Group is \$296,909,000 (2014: \$304,896,000). These fair values, under Level 2 of the fair value hierarchy, are computed on the discounted cash flow basis using discount rates based upon market-related rates for similar instruments as at the balance sheet date.

## Notes to the Financial Statements

### 12. Intangibles

	Goodwill \$'000	Development Expenditure \$'000	Management Rights \$'000	Customer Contracts \$'000	Total \$'000
<b>Group</b>					
<b>2015</b>					
At 1 January	60,742	6,361	16,757	17,872	101,732
Additions	-	40	-	-	40
Amortisation	-	(2,643)	-	(1,219)	(3,862)
Impairment loss	(1,472)	-	-	-	(1,472)
Subsidiary acquired	-	3,245	-	-	3,245
Exchange differences	-	142	-	-	142
At 31 December	59,270	7,145	16,757	16,653	99,825
Cost	59,270	21,791	16,757	24,963	122,781
Accumulated amortisation	-	(14,646)	-	(8,310)	(22,956)
	59,270	7,145	16,757	16,653	99,825
<b>2014</b>					
At 1 January	59,270	7,879	-	19,091	86,240
Additions	-	10	-	-	10
Amortisation	-	(1,146)	-	(1,219)	(2,365)
Subsidiary acquired	1,472	-	16,757	-	18,229
Subsidiary disposed	-	(457)	-	-	(457)
Exchange differences	-	75	-	-	75
At 31 December	60,742	6,361	16,757	17,872	101,732
Cost	60,742	19,244	16,757	24,963	121,706
Accumulated amortisation	-	(12,883)	-	(7,091)	(19,974)
	60,742	6,361	16,757	17,872	101,732

For the purpose of impairment testing, goodwill is allocated to cash-generating units.

Goodwill allocated to the Offshore & Marine Division amounted to \$2,092,000 (2014: \$2,092,000). The recoverable amount is determined based on value-in-use calculation using cash flow projections derived from the most recent financial budgets approved by management for the next five years using discount rates of 6.99% (2014: 7.96%). The key assumptions are those regarding the discount rate and expected changes to selling prices and direct costs. Management estimates discount rate using pre-tax rate that reflects current market assessment of the time value of money and risks specific to the unit. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Goodwill allocated to the Infrastructure Division amounted to \$57,178,000 (2014: \$58,650,000). The recoverable amount of goodwill at the balance sheet date is based on current bid prices of the quoted shares of the cash-generating unit.

The recoverable amount of management rights is determined based on cash flow projections from the provision of asset management services using a pre-tax discount rate of 9.0% (2014: 9.0%). The key assumptions are those regarding the discount rate and expected changes to assets under management and net property income of these assets.

As at 31 December 2015, apart from the impairment loss on goodwill of a subsidiary, any reasonably possible changes to the key assumptions applied above is not likely to cause the recoverable amounts of goodwill and management rights to be below the respective carrying amounts.

**13. Stocks & work-in-progress**

		Group	
		2015 \$'000	2014 \$'000
Work-in-progress in excess of related billings	(a)	<b>3,841,112</b>	3,339,234
Consumable materials and supplies		<b>141,052</b>	173,936
Finished products for sale		<b>5,462</b>	15,968
Properties held for sale	(c)	<b>6,662,874</b>	7,151,985
		<b>10,650,500</b>	10,681,123
Billings on work-in-progress in excess of related costs	(b)	<b>(1,888,468)</b>	(2,397,376)
(a) Work-in-progress in excess of related billings			
Costs incurred and attributable profits		<b>13,918,026</b>	12,897,402
Provision for loss on work-in-progress		<b>(4,498)</b>	(4,498)
		<b>13,913,528</b>	12,892,904
Less: Progress billings		<b>(10,072,416)</b>	(9,553,670)
		<b>3,841,112</b>	3,339,234

The work-in-progress in excess of related billings included the recognition of expected losses of \$228,000,000 (2014: Nil) with regards to certain rig building contracts.

Movements in the provision for loss on work-in-progress are as follows:

		Group	
		2015 \$'000	2014 \$'000
At 1 January		<b>4,498</b>	4,491
Charge to profit and loss account		<b>-</b>	7
At 31 December		<b>4,498</b>	4,498
(b) Billings on work-in-progress in excess of related costs			
Costs incurred and attributable profits		<b>14,632,362</b>	13,320,254
Less: Progress billings		<b>(16,520,830)</b>	(15,717,630)
		<b>(1,888,468)</b>	(2,397,376)
(c) Properties held for sale			
Properties under development			
Land cost		<b>3,761,352</b>	4,682,842
Development cost incurred to date		<b>1,406,564</b>	1,168,308
Related overhead expenditure		<b>603,972</b>	561,317
Progress billings		<b>(483,283)</b>	(555,267)
		<b>5,288,605</b>	5,857,200
Completed properties held for sale		<b>1,458,228</b>	1,329,045
		<b>6,746,833</b>	7,186,245
Provision for properties held for sale		<b>(83,959)</b>	(34,260)
		<b>6,662,874</b>	7,151,985

## Notes to the Financial Statements

### 13. Stocks & work-in-progress (continued)

Movements in the provision for properties held for sale are as follows:

	Group	
	2015 \$'000	2014 \$'000
At 1 January	34,260	29,893
Charge to profit and loss account	55,471	4,019
Exchange differences	80	348
Amount written off	(5,852)	-
At 31 December	83,959	34,260
The following table provides information about agreements that are in progress at the reporting date whose revenue are recognised on a percentage of completion basis:		
Aggregate amount of costs incurred and recognised profit (less recognised losses) to date	2,466,273	2,629,799
Less: Progress billings	(483,283)	(555,267)
At 31 December	1,982,990	2,074,532

Interest capitalised during the financial year amounted to \$56,441,000 (2014: \$59,199,000) at rates ranging from 1.16% to 3.30% (2014: 0.55% to 3.30%) per annum for Singapore properties and 0.05% to 15.00% (2014: 0.05% to 8.00%) per annum for overseas properties.

Certain properties held for sale with carrying amount of \$1,760,257,000 (2014: \$2,327,841,000) are mortgaged to banks for loan facilities (Note 21).

### 14. Amounts due from/to

	Company	
	2015 \$'000	2014 \$'000
<b>Subsidiaries</b>		
Amounts due from		
- trade	482,912	311,955
- advances	2,969,448	3,795,019
	3,452,360	4,106,974
Provision for doubtful debts	(6,600)	(6,600)
	3,445,760	4,100,374
Amounts due to		
- trade	111,063	218,638
- advances	881,993	785,932
	993,056	1,004,570
Movements in the provision for doubtful debts are as follows:		
At 1 January/31 December	6,600	6,600

Advances to and from subsidiaries are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.00% to 4.00% (2014: 0.00% to 8.00%) per annum on interest-bearing advances.



	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Associated Companies</b>				
Amounts due from				
- trade	110,047	139,223	511	471
- advances	399,040	491,375	-	-
	509,087	630,598	511	471
Provision for doubtful debts	(46)	(46)	-	-
	509,041	630,552	511	471
Amounts due to				
- trade	54,316	43,665	-	-
- advances	83,060	93,523	-	-
	137,376	137,188	-	-
Movements in the provision for doubtful debts are as follows:				
At 1 January	46	286	-	-
Write-back to profit and loss account	-	(240)	-	-
At 31 December	46	46	-	-

Advances to and from associated companies are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.13% to 8.00% (2014: 0.22% to 8.00%) per annum on interest-bearing advances.

## 15. Debtors

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade debtors	2,047,864	1,433,609	-	-
Provision for doubtful debts	(8,759)	(6,538)	-	-
	2,039,105	1,427,071	-	-
Long term receivables due within one year (Note 11)	13,716	13,553	106	81
Sundry debtors	189,938	153,874	504	731
Prepaid project cost & prepayments	61,843	60,923	167	225
Tax recoverable	4,274	9,139	-	-
Goods & Services Tax receivable	41,538	62,585	-	-
Interest receivable	20,906	17,152	58	57
Deposits paid	36,440	35,959	422	365
Advance land payments	20,559	67,717	-	-
Recoverable accounts	187,557	155,116	-	-
Accrued receivables	261,000	149,896	-	-
Advances to subcontractors	153,220	225,041	-	-
Advances to non-controlling shareholders of subsidiaries	147,414	145,597	-	-
	1,138,405	1,096,552	1,257	1,459
Provision for doubtful debts	(32,688)	(22,957)	-	-
	1,105,717	1,073,595	1,257	1,459
Total	3,144,822	2,500,666	1,257	1,459

## Notes to the Financial Statements

### 15. Debtors (continued)

Movements in the provision for doubtful debts are as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
At 1 January	<b>29,495</b>	32,966	-	-
Charge to profit and loss account	<b>12,242</b>	2,945	-	-
Amount written off	<b>(261)</b>	(1,472)	-	-
Subsidiary disposed	<b>(56)</b>	(4,874)	-	-
Exchange differences	<b>27</b>	(70)	-	-
At 31 December	<b>41,447</b>	29,495	-	-

### 16. Short term investments

	Group	
	2015 \$'000	2014 \$'000
Available-for-sale investments:		
Quoted equity shares	<b>77,121</b>	217,704
Unquoted equity shares	<b>1,315</b>	1,217
Unquoted unit trust	<b>47,167</b>	42,209
Total available-for-sale investments	<b>125,603</b>	261,130
Investments held for trading:		
Quoted equity shares	<b>99,515</b>	110,321
Total short term investments	<b>225,118</b>	371,451

### 17. Bank balances, deposits and cash

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Bank balances and cash	<b>617,846</b>	2,587,578	<b>91</b>	2,308
Fixed deposits with banks	<b>1,116,777</b>	3,028,583	-	-
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	<b>33,723</b>	23,650	-	-
Amounts held under project accounts, withdrawals from which are restricted to payments for expenditures incurred on projects	<b>124,495</b>	96,190	-	-
	<b>1,892,841</b>	5,736,001	<b>91</b>	2,308

Fixed deposits with banks of the Group mature on varying periods, substantially between 1 day to 3 months (2014: 1 day to 3 months). This comprises Singapore dollar fixed deposits of \$45,053,000 (2014: \$1,943,175,000) at interest rates ranging from 0.00% to 2.70% (2014: 0.00% to 2.75%) per annum, and foreign currency fixed deposits of \$1,071,724,000 (2014: \$1,085,408,000) at interest rates ranging from 0.00% to 14.22% (2014: 0.00% to 11.57%) per annum.

**18. Assets classified as held for sale and liabilities directly associated with assets classified as held for sale**

On 18 November 2014, Keppel Energy Pte Ltd ("KE"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Keppel Infrastructure Fund Management Pte. Ltd., in its capacity as trustee-manager of Keppel Infrastructure Trust ("KIT"), to divest 102 ordinary shares, representing 51% of the issued and paid-up share capital of Keppel Merlimau Cogen Pte Ltd ("KMC") to KIT.

As at 31 December 2014, the assets and liabilities of KMC have been presented separately as "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale" in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* as follows:

	Group 2014 \$'000
<b>Assets classified as held for sale</b>	
Fixed assets (Note 6)	1,168,222
Stocks & work-in-progress in excess of related billings	27,437
Debtors	61,595
Bank balances, deposits & cash	1,386
	<u>1,258,640</u>
<b>Liabilities directly associated with assets classified as held for sale</b>	
Creditors	284,787
Deferred taxation	165,230
	<u>450,017</u>

In June 2015, KE entered into an equity transfer agreement to dispose of its 51% stake of KMC and the transaction was completed.

**19. Creditors**

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade creditors	596,857	805,240	-	-
Customers' advances and deposits	66,228	67,895	-	-
Proceeds received from sale of properties	342,162	282,763	-	-
Sundry creditors	1,226,701	1,357,466	2,828	2,780
Accrued operating expenses	2,262,589	2,118,849	123,634	131,304
Advances from non-controlling shareholders	215,617	223,945	-	-
Retention monies	216,519	187,323	-	-
Interest payables	44,876	39,173	18,404	17,009
	<u>4,971,549</u>	<u>5,082,654</u>	<u>144,866</u>	<u>151,093</u>
Other non-current liabilities:				
Accrued operating expenses	142,421	148,669	59,802	66,273

The carrying amount of the non-current liabilities approximates their fair value.

Advances from non-controlling shareholders of certain subsidiaries are unsecured and are repayable on demand. Interest is charged at rates ranging from 1.20% to 4.50% (2014: 1.20% to 3.48%) per annum on interest-bearing advances.

## Notes to the Financial Statements

### 20. Provisions

	Warranties \$'000	Claims \$'000	Total \$'000
<b>Group</b>			
<b>2015</b>			
At 1 January	149,526	-	149,526
Write-back to profit and loss account	(48,564)	-	(48,564)
Amount utilised	(7,804)	-	(7,804)
Exchange differences	(2,942)	-	(2,942)
At 31 December	90,216	-	90,216
<b>2014</b>			
At 1 January	153,598	10,005	163,603
Charge to profit and loss account	649	-	649
Amount utilised	(3,458)	(10,005)	(13,463)
Exchange differences	(1,263)	-	(1,263)
At 31 December	149,526	-	149,526

### 21. Term loans

		2015		2014	
		Due within one year \$'000	Due after one year \$'000	Due within one year \$'000	Due after one year \$'000
<b>Group</b>					
Keppel Corporation Medium Term Notes	(a)	-	1,700,000	-	1,500,000
Keppel Land Medium Term Notes	(b)	-	880,700	154,994	854,083
Keppel Land 1.875% Convertible Bonds 2015	(c)	-	-	495,649	-
Keppel Telecommunications & Transportation Medium Term Notes	(d)	-	120,000	-	120,000
Keppel GMTN Floating Rate Notes	(e)	-	282,000	-	260,800
Bank and other loans					
- secured	(f)	11,764	1,216,914	123,234	915,945
- unsecured	(g)	844,971	3,202,320	1,021,758	1,936,080
		856,735	7,401,934	1,795,635	5,586,908
<b>Company</b>					
Keppel Corporation Medium Term Notes	(a)	-	1,700,000	-	1,500,000
Unsecured bank loans	(g)	631,879	800,000	290,511	-
		631,879	2,500,000	290,511	1,500,000

- (a) At the end of the financial year, notes issued under the US\$3,000,000,000 Multi-Currency Medium Term Note Programme by the Company amounted to \$1,700,000,000 (2014: \$1,500,000,000). The notes are unsecured and comprised fixed rate notes due from 2020 to 2042 (2014: from 2020 to 2042) with interest rates ranging from 3.10% to 4.00% (2014: 3.10% to 4.00%) per annum.



- (b) At the end of the financial year, notes issued under the US\$3,000,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited and its wholly-owned subsidiary, Keppel Land Financial Services Pte. Ltd. amounted to \$351,753,000 (2014: \$325,339,000). The fixed rate notes, due in 2019, are unsecured and carried an interest rate of 3.26% (2014: 3.26%) per annum.

At the end of the financial year, notes issued under the US\$800,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited amounted to \$528,947,000 (2014: \$683,738,000). The notes are unsecured and comprised fixed rate notes due from 2017 to 2024 (2014: 2015 to 2024) with interest rates ranging from 2.83% to 3.90% (2014: 2.67% to 3.90%) per annum.

- (c) The \$500,000,000 1.875%, 5 year convertible bonds were issued in 2010 by Keppel Land Limited. Interest was payable semi-annually. On 25 April 2012, \$200,000 of the bond was converted and cancelled pursuant to the exercise of conversion rights by a bondholder. On 18 August 2015, an aggregate amount of \$160,500,000 of the bond were redeemed and subsequently cancelled pursuant to the exercise of the Delisting Put Right of the bonds by the bondholders. Keppel Land Limited redeemed the remaining \$339,300,000 upon maturity on 29 November 2015.

The convertible bonds are recognised on the balance sheet as follows:

	2015 \$'000	2014 \$'000
At 1 January	495,649	491,188
Interest expense	11,899	13,836
Interest paid/accrued	(7,748)	(9,375)
Redemption upon maturity	(499,800)	-
Liability component at 31 December	-	495,649

Interest expense on the convertible bonds is calculated based on the effective interest method by applying the interest rate of 2.50% (2014: 2.50%) per annum for an equivalent non-convertible bond to the liability component of the convertible bonds.

- (d) At the end of the financial year, notes issued under the S\$500,000,000 Multi-Currency Medium Term Note Programme by Keppel Telecommunications & Transportation Ltd, amounted to \$120,000,000 (2014: \$120,000,000). The fixed rates notes, due in 2019, are unsecured and carried an interest rate of 2.63% (2014: 2.63%) per annum from August 2012 to August 2017, and at 3.83% (2014: 3.83%) per annum from August 2017 to August 2019.
- (e) At the end of the financial year, US\$200,000,000 notes issued under the US\$2,000,000,000 Euro Medium Term Note Programme by Keppel GMTN Pte Ltd amounted to \$282,000,000 (2014: \$260,800,000). The floating rate notes due in 2020 are unsecured and bear interest rate payable quarterly at 3-month US Dollar London Interbank Offered Rate plus 0.89% per annum and ranging from 1.12% to 1.21% (2014: 1.12% to 1.13%) per annum.
- (f) The secured bank loans consist of:
- A term loan of \$289,580,000 (2014: \$289,370,000) drawn down by a subsidiary. The term loan is repayable in 2017 and is secured on certain assets of the subsidiary. Interest is based on money market rates ranging from 1.30% to 2.17% (2014: 1.26% to 1.90%) per annum.
  - A term loan of \$53,121,000 (2014: \$46,621,000) drawn down by a subsidiary. The term loan is repayable in 2018 and is secured on certain assets of the subsidiary. Interest is based on money market rates ranging from 1.19% to 2.62% (2014: 1.20% to 1.71%) per annum.
  - A term loan of \$395,409,000 (2014: \$394,861,000) drawn down by a subsidiary. The term loan is repayable in 2019 and is secured on certain assets of the subsidiary. Interest is based on money market rates ranging from 1.16% to 2.30% (2014: 1.02% to 1.16%) per annum.

## Notes to the Financial Statements

### 21. Term loans (continued)

- A term loan of \$nil (2014: \$38,000,000) drawn down by a subsidiary. The term loan was repaid in 2015 and was previously secured on the investment property of the subsidiary. Interest was based on money market rates ranging from nil% to nil% (2014: 1.44% to 1.48%) per annum.
  - Term loans of \$nil (2014: \$9,600,000) drawn down by subsidiaries. The term loans were repaid in 2015 and were secured on certain fixed assets of the subsidiaries. Interest was based on money market rates ranging from nil% to nil% (2014: 0.80% to 0.87%) per annum.
  - Other secured bank loans comprised \$490,568,000 (2014: \$260,727,000) of foreign currency loans. They are repayable between one to seventeen (2014: one to five) years and are secured on investment property and certain fixed and other assets of the subsidiaries. Interest on foreign currency loans is based on money market rates ranging from 1.71% to 16.70% (2014: 3.03% to 16.70%) per annum.
- (g) The unsecured bank and other loans of the Group totaling \$4,047,291,000 (2014: \$2,957,838,000) comprised \$2,243,506,000 (2014: \$1,215,834,000) of loans denominated in Singapore dollar and \$1,803,785,000 (2014: \$2,002,804,000) of foreign currency loans. They are repayable between one to sixteen (2014: one to six) years. Interest on loans denominated in Singapore dollar is based on money market rates ranging from 1.05% to 2.90% (2014: 0.83% to 4.50%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.60% to 13.80% (2014: 0.38% to 10.73%) per annum.

The unsecured bank loans of the Company totaling \$1,431,879,000 (2014: \$290,511,000) comprise \$972,620,000 (2014: nil) of loans denominated in Singapore dollar and \$459,259,000 (2014: \$290,511,000) of foreign currency loans. They are repayable within one to six months (2014: one to six months). Interest on loans denominated in Singapore dollar is based on money market rates ranging from 1.32% to 2.21% (2014: nil) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.79% to 2.57% (2014: 0.38% to 3.30%) per annum.

The Group has mortgaged certain properties and assets of up to an aggregate amount of \$2,455,633,000 (2014: \$2,704,286,000) to banks for loan facilities.

The fair values of term loans for the Group and Company are \$8,269,763,000 (2014: \$7,426,920,000) and \$3,127,116,000 (2014: \$1,787,799,000) respectively. These fair values, under Level 2 of the fair value hierarchy, are computed on the discounted cash flow method using a discount rate based upon the borrowing rate which the Group expect would be available as at the balance sheet date.

Loans due after one year are estimated to be repayable as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Years after year-end:				
After one but within two years	<b>1,087,608</b>	137,015	-	-
After two but within five years	<b>3,870,282</b>	3,260,206	<b>500,000</b>	-
After five years	<b>2,444,044</b>	2,189,687	<b>2,000,000</b>	1,500,000
	<b>7,401,934</b>	5,586,908	<b>2,500,000</b>	1,500,000

**22. Deferred taxation**

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Deferred tax liabilities:				
Accelerated tax depreciation	<b>123,573</b>	107,375	-	-
Investment properties valuation	<b>148,684</b>	132,404	-	-
Offshore income & others	<b>137,972</b>	119,875	-	-
	<b>410,229</b>	359,654	-	-
Deferred tax assets:				
Provisions	<b>(26,981)</b>	(30,938)	-	-
Unutilised tax benefits	<b>(10,075)</b>	(26,223)	-	-
	<b>(37,056)</b>	(57,161)	-	-
Net deferred tax liabilities	<b>373,173</b>	302,493	-	-

Net deferred tax liabilities are determined by offsetting deferred tax assets against deferred tax liabilities of the same entities. Deferred tax assets are recognised for unutilised tax benefits carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unrecognised deferred tax liabilities of \$81,145,000 (2014: \$59,239,000) for taxes that would be payable on the undistributed earnings of certain subsidiaries as these earnings would not be distributed in the foreseeable future and the Group is in a position to control the timing of the reversal of the temporary differences.

The Group has unutilised tax losses and capital allowances of \$438,111,000 (2014: \$389,130,000) for which no deferred tax benefit is recognised in the balance sheet. These tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The unutilised tax losses and capital allowances do not have expiry dates.

## Notes to the Financial Statements

### 22. Deferred taxation (continued)

Movements in deferred tax liabilities and assets are as follows:

	At 1 January \$'000	Charged/ (credited) to profit or loss \$'000	Charged/ (credited) to other comprehen- sive income \$'000	Subsidiaries disposed \$'000	Subsidiaries acquired \$'000	Reclassifi- cation \$'000	Liabilities directly associated with assets classified as held for sale (Note 18) \$'000	Exchange differences \$'000	At 31 December \$'000
<b>Group</b>									
<b>2015</b>									
<b>Deferred Tax Liabilities</b>									
Accelerated tax depreciation	107,375	21,985	-	(601)	10	(5,177)	-	(19)	123,573
Investment properties valuation	132,404	15,833	-	(49)	-	-	-	496	148,684
Offshore income & others	119,875	18,699	(2,216)	-	548	-	-	1,066	137,972
Total	359,654	56,517	(2,216)	(650)	558	(5,177)	-	1,543	410,229
<b>Deferred Tax Assets</b>									
Other provisions	(30,938)	4,827	-	-	-	(796)	-	(74)	(26,981)
Unutilised tax benefits	(26,223)	17,208	-	-	-	-	-	(1,060)	(10,075)
Total	(57,161)	22,035	-	-	-	(796)	-	(1,134)	(37,056)
<b>Net Deferred Tax Liabilities</b>	302,493	78,552	(2,216)	(650)	558	(5,973)	-	409	373,173
<b>2014</b>									
<b>Deferred Tax Liabilities</b>									
Accelerated tax depreciation	288,306	6,701	-	-	-	-	(187,300)	(332)	107,375
Investment properties valuation	124,183	7,744	-	-	-	-	-	477	132,404
Offshore income & others	139,257	(22,585)	2,351	-	-	-	-	852	119,875
Total	551,746	(8,140)	2,351	-	-	-	(187,300)	997	359,654
<b>Deferred Tax Assets</b>									
Other provisions	(37,600)	3,923	-	-	-	568	2,180	(9)	(30,938)
Unutilised tax benefits	(52,867)	14,231	-	-	-	(7,087)	19,890	(390)	(26,223)
Total	(90,467)	18,154	-	-	-	(6,519)	22,070	(399)	(57,161)
<b>Net Deferred Tax Liabilities</b>	461,279	10,014	2,351	-	-	(6,519)	(165,230)	598	302,493

**23. Revenue**

	Group	
	2015 \$'000	2014 \$'000
Revenue from construction contracts	6,201,379	8,547,313
Sale of property		
- Recognised on completion of construction method	1,069,553	860,351
- Recognised on percentage of completion method	536,628	564,962
Sale of goods	23,667	25,602
Rental income from investment properties	76,625	91,105
Revenue from services rendered	2,323,868	3,155,767
Profit on sale of investments	59,780	29,887
Dividend income from quoted shares	4,796	7,776
Others	177	216
	<b>10,296,473</b>	<b>13,282,979</b>

**24. Staff costs**

	Group	
	2015 \$'000	2014 \$'000
Wages and salaries	1,259,855	1,406,861
Employer's contribution to Central Provident Fund	106,631	105,077
Share options and share plans granted to Directors and employees	55,221	56,461
Other staff benefits	178,303	164,565
	<b>1,600,010</b>	<b>1,732,964</b>

**25. Operating profit**

Operating profit is arrived at after charging/(crediting) the following:

	Group	
	2015 \$'000	2014 \$'000
Included in materials and subcontract costs:		
Fair value loss/(gain) on		
- investments	13,465	(82)
- forward foreign exchange contracts	14,985	21,805
Cost of stocks & properties held for sale recognised as expense	1,161,273	1,038,024
Direct operating expenses		
- investment properties that generated rental income	22,746	23,802
Included in staff costs:		
Key management's emoluments (including executive directors' remuneration)		
- short-term employee benefits	14,933	23,521
- post-employment benefits	78	127
- share options and share plans granted	6,707	9,391



## Notes to the Financial Statements

### 25. Operating profit (continued)

	Group	
	2015 \$'000	2014 \$'000
Included in other operating expense/(income):		
Auditors' remuneration		
- auditors of the Company	1,495	1,550
- other auditors of subsidiaries	4,405	4,232
Fees and other remuneration to Directors of the Company	2,519	2,355
Contracts for services rendered by Directors or with a company in which a Director has a substantial financial interest	2,589	956
Impairment/write-off of fixed assets	8,018	7,746
Profit on sale of fixed assets and investment property	(3,251)	(289,214)
Loss on sale of investments	4,805	21,879
Fair value loss/(gain) on		
- investments	21,883	15,084
- forward foreign exchange contracts	8,350	5,584
- interest rate caps and swaps	(6,106)	(3,170)
Provision for stocks and work-in-progress	59,064	2,699
Provision for doubtful debts	12,242	2,945
Rental expense		
- operating leases	109,627	107,153
Loss on differences in foreign exchange	3,092	7,513
Gain on disposal of subsidiaries	(218,770)	(48,647)
Loss/(gain) on disposal of associated companies	18,823	(145,184)
Write-back of impairment of investments and associated company	(16,728)	(47,971)
Fair value gain on investment properties (Note 7)	(128,874)	(54,569)
Gain associated with restructuring of operations and others	(65,876)	(4,752)
Non-audit fees paid to		
- auditors of the Company	75	118
- other auditors of subsidiaries	572	463

### 26. Investment income, interest income and interest expenses

	Group	
	2015 \$'000	2014 \$'000
Investment income from:		
Shares - quoted outside Singapore	1,866	4,169
Shares - unquoted	13,100	7,767
	14,966	11,936
Interest income from:		
Bonds, debentures, deposits and associated companies	119,320	133,104
Interest expenses on bonds, debentures, fixed term loans and overdrafts	(160,950)	(137,194)
Fair value gain on interest rate caps and swaps	6,106	3,170
	(154,844)	(134,024)

**27. Taxation****(a) Income tax expense**

	Group	
	2015 \$'000	2014 \$'000
Tax expense comprised:		
Current tax	<b>265,299</b>	397,319
Adjustment for prior year's tax	<b>(66,456)</b>	(33,512)
Share of taxation of associated companies (Note 9)	<b>68,415</b>	72,096
Others	<b>58,619</b>	16,445
Deferred tax movement:		
Movements in temporary differences (Note 22)	<b>78,552</b>	10,014
	<b>404,429</b>	462,362

The income tax expense on the results of the Group differ from the amount of income tax expense determined by applying the Singapore standard rate of income tax to profit before tax due to the following:

	Group	
	2015 \$'000	2014 \$'000
Profit before tax	<b>1,997,394</b>	2,888,612
Tax calculated at tax rate of 17% (2014: 17%)	<b>339,557</b>	491,064
Income not subject to tax	<b>(217,668)</b>	(181,507)
Expenses not deductible for tax purposes	<b>294,996</b>	133,816
Utilisation of previously unrecognised tax benefits	<b>(6,007)</b>	(21,587)
Effect of different tax rates in other countries	<b>60,007</b>	74,088
Adjustment for prior year's tax	<b>(66,456)</b>	(33,512)
	<b>404,429</b>	462,362

**(b) Movement in current income tax liabilities**

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
At 1 January	<b>462,699</b>	465,387	<b>14,000</b>	19,575
Exchange differences	<b>1,759</b>	143	-	-
Tax expense	<b>265,299</b>	397,319	<b>9,500</b>	7,000
Adjustment for prior year's tax	<b>(66,456)</b>	(33,512)	<b>(6,978)</b>	(12,575)
Income taxes paid	<b>(302,763)</b>	(332,610)	<b>(655)</b>	-
Subsidiary acquired	<b>205</b>	102	-	-
Subsidiaries disposed	<b>(33)</b>	(862)	-	-
Reclassification				
- tax recoverable and others	<b>(8,115)</b>	(33,268)	-	-
At 31 December	<b>352,595</b>	462,699	<b>15,867</b>	14,000

## Notes to the Financial Statements

### 28. Earnings per ordinary share

	Group			
	2015 \$'000		2014 \$'000	
	Basic	Diluted	Basic	Diluted
Net profit attributable to shareholders	1,524,622	1,524,622	1,884,798	1,884,798
Adjustment for dilutive potential ordinary shares of subsidiaries and associated companies	-	(443)	-	(1,730)
Adjusted net profit	1,524,622	1,524,179	1,884,798	1,883,068
	Number of Shares '000		Number of Shares '000	
Weighted average number of ordinary shares (excluding treasury shares)	1,814,546	1,814,546	1,815,042	1,815,042
Adjustment for dilutive potential ordinary shares	-	10,479	-	16,461
Weighted average number of ordinary shares used to compute earnings per share (excluding treasury shares)	1,814,546	1,825,025	1,815,042	1,831,503
Earnings per ordinary share	84.0 cts	83.5 cts	103.8 cts	102.8 cts

### 29. Dividends

A final cash dividend of 22.0 cents per share tax exempt one-tier (2014: final cash dividend of 36.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2015 has been proposed for approval by shareholders at the next Annual General Meeting to be convened.

Together with the interim dividend comprising a cash dividend of 12.0 cents per share tax exempt one-tier (2014: cash dividend of 12.0 cents per share tax exempt one-tier), total distributions paid and proposed in respect of the financial year ended 31 December 2015 will be 34.0 cents per share (2014: 48.0 cents per share).

During the financial year, the following distributions were made:

	\$'000
A final cash dividend of 36.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the previous financial year	654,398
An interim cash dividend of 12.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the current financial year	218,081
	<u>872,479</u>

**30. Commitments****(a) Capital commitments**

	Group	
	2015 \$'000	2014 \$'000
Capital expenditure not provided for in the financial statements:		
In respect of contracts placed:		
- for purchase and construction of investment properties	32,703	71,047
- for purchase of other fixed assets	85,065	131,798
- for purchase/subscription of shares in other companies	218,753	250,079
Amounts approved by Directors in addition to contracts placed:		
- for purchase and construction of investment properties	119,204	142,310
- for purchase of other fixed assets	402,812	412,767
- for purchase/subscription of shares in other companies	6,733	23,073
	865,270	1,031,074
Less: Non-controlling shareholders' shares	(11,436)	(272,267)
	<b>853,834</b>	<b>758,807</b>

There was no significant future capital expenditure/commitment of the Company.

**(b) Lessee's lease commitments**

The Group leases land and office buildings from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payable in respect of significant non-cancellable operating leases as at the end of the financial year is as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Years after year-end:				
Within one year	100,296	109,170	129	49
From two to five years	330,872	349,888	171	-
After five years	874,680	1,029,104	-	-
	<b>1,305,848</b>	<b>1,488,162</b>	<b>300</b>	<b>49</b>

**(c) Lessor's lease commitments**

The Group leases out commercial space to non-related parties under non-cancellable operating leases. The future minimum lease receivable in respect of significant non-cancellable operating leases as at the end of the financial year is as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Years after year-end:				
Within one year	224,961	147,020	-	-
From two to five years	271,613	222,717	-	-
After five years	147,644	151,902	-	-
	<b>644,218</b>	<b>521,639</b>	<b>-</b>	<b>-</b>

Some of the operating leases are subject to revision of lease rentals at periodic intervals. For the purposes of the above, the prevailing lease rentals are used.

## Notes to the Financial Statements

### 31. Contingent liabilities and guarantees (unsecured)

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Guarantees in respect of banks and other loans granted to subsidiaries and associated companies	506,410	452,719	1,428,160	1,664,968
Bank guarantees	7,583	30,165	-	-
Others	378	619	-	-
	<b>514,371</b>	<b>483,503</b>	<b>1,428,160</b>	<b>1,664,968</b>

The financial effects of FRS 39 relating to financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised.

### 32. Significant related party transactions

Other than the related party information disclosed elsewhere in the financial statements, there were no other significant related party transactions during the financial year.

### 33. Financial risk management

The Group operates internationally and is exposed to a variety of financial risks, comprising market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Financial risk management is carried out by the Keppel Group Treasury Department in accordance with established policies and guidelines. These policies and guidelines are established by the Group Central Finance Committee and are updated to take into account changes in the operating environment. This committee is chaired by the Chief Financial Officer of the Company and includes Chief Financial Officers of the Group's key operating companies and Head Office specialists.

#### Market Risk

##### (i) Currency risk

The Group has receivables and payables denominated in foreign currencies viz US dollars, European and other Asian currencies. The Group's foreign currency exposures arise mainly from the exchange rate movement of these foreign currencies against the functional currencies of the respective Group entities. To hedge against the volatility of future cash flows caused by changes in foreign currency rates, the Group utilises forward foreign currency contracts and other foreign currency hedging instruments to hedge the Group's exposure to specific currency risks relating to investments, receivables, payables and other commitments. Group Treasury Department monitors the current and projected foreign currency cash flow of the Group and aims to reduce the exposure of the net position in each currency by borrowing in foreign currency and other currency contracts where appropriate.

As at the end of the financial year, the Group has outstanding forward foreign exchange contracts with notional amounts totalling \$8,444,817,000 (2014: \$9,753,671,000). The net negative fair value of forward foreign exchange contracts is \$398,172,000 (2014: net negative fair value of \$315,776,000) comprising assets of \$117,644,000 (2014: \$25,907,000) and liabilities of \$515,816,000 (2014: \$341,683,000). These amounts are recognised as derivative assets and derivative liabilities.

As at the end of the financial year, the Company has outstanding forward foreign exchange contracts with notional amounts totalling \$8,425,838,000 (2014: \$9,625,812,000). The net negative fair value of forward foreign exchange contracts is \$395,239,000 (2014: net negative fair value of \$316,246,000) comprising assets of \$120,507,000 (2014: \$24,829,000) and liabilities of \$515,746,000 (2014: \$341,075,000). These amounts are recognised as derivative assets and derivative liabilities.



Other than the above hedged foreign currency contracts, the unhedged currency exposure of financial assets and financial liabilities denominated in currencies other than the respective entities' functional currencies are as follows:

	2015			2014		
	USD \$'000	Euro \$'000	Others \$'000	USD \$'000	Euro \$'000	Others \$'000
<b>Group</b>						
<b>Financial Assets</b>						
Debtors	653,801	10,116	259,838	265,883	21,144	287,090
Investments	224,929	-	49,237	197,589	-	56,891
Bank balances, deposits & cash	493,705	4,436	168,233	405,770	29,310	72,229
<b>Financial Liabilities</b>						
Creditors	58,880	354	75,099	69,543	645	29,773
Term loans	1,383,672	-	89,487	1,010,277	56,119	240,752
<b>Company</b>						
<b>Financial Assets</b>						
Debtors	30	-	99	26	-	126
Bank balances, deposits & cash	50	-	784	27	-	1,036

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

#### *Sensitivity analysis for currency risk*

If the relevant foreign currency change against SGD by 5% (2014: 5%) with all other variables held constant, the effects will be as follows:

	Profit before tax		Equity	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Group</b>				
USD against SGD				
- Strengthened	(14,858)	(20,346)	11,326	9,849
- Weakened	14,858	20,346	(11,326)	(9,849)
Euro against SGD				
- Strengthened	705	(314)	-	-
- Weakened	(705)	314	-	-
<b>Company</b>				
USD against SGD				
- Strengthened	3	3	-	-
- Weakened	(3)	(3)	-	-

#### (ii) Interest rate risk

The Group is exposed to interest rate risk for changes in interest rates primarily for debt obligations, placements in the money market and investments in bonds. The Group policy is to maintain a mix of fixed and variable rate debt instruments with varying maturities. Where necessary, the Group uses derivative financial instruments to hedge interest rate risks.

The Group enters into interest rate swap agreements to hedge the interest rate risk exposure arising from its SGD, USD and Renminbi variable rate term loans (Note 21). As at the end of the financial year, the Group has interest rate swap agreements with notional amount totalling \$1,711,435,000 (2014: \$1,138,161,000) whereby it receives variable rates equal to SIBOR, LIBOR and SHIBOR (2014: SIBOR and LIBOR) and pays fixed rates of between 0.85% and 4.90% (2014: 1.27% and 3.62%) on the notional amount.

## Notes to the Financial Statements

### 33. Financial risk management (continued)

The net negative fair value of interest rate swaps for the Group is \$1,959,000 (2014: net negative fair value of \$14,047,000) comprising assets of \$3,475,000 (2014: \$379,000) and liabilities of \$5,434,000 (2014: \$14,426,000). These amounts are recognised as derivative assets and derivative liabilities.

#### *Sensitivity analysis for interest rate risk*

If interest rates increase/decrease by 0.5% (2014: 0.5%) with all other variables held constant, the Group's profit before tax would have been lower/higher by \$6,064,000 (2014: \$6,855,000) as a result of higher/lower interest expense on floating rate loans.

#### (iii) Price risk

The Group hedges against fluctuations arising on the purchase of natural gas that affect cost. Exposure to price fluctuations is managed via fuel oil forward contracts, whereby the price of natural gas is indexed to benchmark fuel price indices, High Sulphur Fuel Oil (HSFO) 180-CST and Dated Brent. As at the end of the financial year, the Group has outstanding HSFO and Dated Brent forward contracts with notional amounts totalling \$687,042,000 (2014: \$583,635,000) and \$7,030,000 (2014: \$11,284,000) respectively. The net negative fair value of HSFO forward contracts for the Group is \$257,618,000 (2014: net negative fair value of \$219,752,000) comprising assets of \$70,000 (2014: \$nil) and liabilities of \$257,688,000 (2014: \$219,752,000). The net negative fair value of Dated Brent forward contracts for the Group is \$1,337,000 (2014: net negative fair value of \$3,519,000). These amounts are recognised as derivative assets and derivative liabilities.

The Group hedges against fluctuations in electricity prices via its daily sales of electricity. Exposure to price fluctuations is managed via electricity futures contracts. As at the end of the financial year, the Group has outstanding electricity futures contracts with notional amounts totalling \$15,955,000 (2014: \$nil). The net positive fair values of electricity futures contracts is \$4,283,000 (2014: \$nil). The amount is recognised as derivative assets.

The Group is exposed to equity securities price risk arising from equity investments classified as investments held for trading and available-for-sale investments. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

#### *Sensitivity analysis for price risk*

If prices for HSFO and Dated Brent increase/decrease by 5% (2014: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been higher/lower by \$21,471,000 (2014: \$18,194,000) and \$285,000 (2014: \$388,000) respectively as a result of fair value changes on cash flow hedges.

If prices for electricity futures contracts increase/decrease by 5% (2014: nil%) with all other variables held constant, the Group's hedging reserve in equity would have been higher/lower by \$584,000 (2014: \$nil) as a result of fair value changes on cash flow hedges.

If prices for quoted investments increase/decrease by 5% (2014: 5%) with all other variables held constant, the Group's profit before tax would have been higher/lower by \$4,976,000 (2014: \$5,516,000) as a result of higher/lower fair value gains on investments held for trading, and the Group's fair value reserve in other comprehensive income would have been higher/lower by \$4,443,000 (2014: \$14,267,000) as a result of higher/lower fair value gains on available-for-sale investments.

The various sensitivity rates used in the sensitivity analysis for currency, interest rate and price risks represent rates generally used internally by management when assessing the various risks.

#### Credit Risk

Credit risk refers to the risk that debtors will default on their obligation to repay the amount owing to the Group. A substantial portion of the Group's revenue is on credit terms or stage of completion. These credit terms are normally contractual. The Group adopts stringent procedures on extending credit terms to customers and on the monitoring of credit risk. The credit policy spells out clearly the guidelines on extending credit terms to customers, including monitoring the process and using related industry's practices as reference. This includes assessment and valuation of customers' credit reliability and periodic review of their financial status to determine the credit limits to be granted. Customers are also assessed based on their historical payment records. Where necessary, customers may also be requested to provide security or advance payment before services are rendered. The Group's policy does not permit non-secured credit risk to be significantly centralised in one customer or a group of customers.

The maximum exposure to credit risk is the carrying amount of financial assets which are mainly debtors, amounts due from associated companies and bank balances, deposits and cash.

(i) **Financial assets that are neither past due nor impaired**

Debtors and amounts due from associated companies that are neither past due nor impaired are substantially companies with good collection track record with the Group. Bank deposits, forward foreign exchange contracts, interest rate caps and interest rate swaps are mainly transacted with banks of high credit ratings assigned by international credit-rating agencies.

(ii) **Financial assets that are past due but not impaired/partially impaired**

The age analysis of trade debtors past due but not impaired/partially impaired is as follows:

	Group	
	2015 \$'000	2014 \$'000
Past due 0 to 3 months but not impaired	490,383	531,853
Past due 3 to 6 months but not impaired	99,625	32,519
Past due over 6 months and partially impaired	575,680	116,011
	<b>1,165,688</b>	<b>680,383</b>

Trade debtors that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments.

Information relating to the provision for doubtful debts is given in Note 15.

**Liquidity Risk**

Prudent liquidity risk management requires the Group to maintain sufficient cash and marketable securities, internally generated cash flows, and the availability of funding resources through an adequate amount of committed credit facilities. Group Treasury also maintains a mix of short-term money market borrowings and medium/long term loans to fund working capital requirements and capital expenditures/investments. Due to the dynamic nature of business, the Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time.

Information relating to the maturity profile of loans is given in Note 21.

The following table details the liquidity analysis for derivative financial instruments and borrowings of the Group and the Company based on contractual undiscounted cash inflows/(outflows).

	Within one year \$'000	Within one to two years \$'000	Within two to five years \$'000	After five years \$'000
<b>Group</b>				
<b>2015</b>				
Gross-settled forward foreign exchange contracts				
- Receipts	4,944,156	2,147,922	921,027	-
- Payments	(5,140,189)	(2,320,481)	(930,107)	-
Net-settled HSFO forward contracts				
- Receipts	15	55	-	-
- Payments	(185,283)	(72,405)	-	-
Net-settled Dated Brent forward contracts				
- Payments	(1,337)	-	-	-
Net-settled electricity futures contracts				
- Receipts	4,283	-	-	-
Borrowings	(1,057,296)	(1,257,867)	(4,268,375)	(2,907,365)
<b>2014</b>				
Gross-settled forward foreign exchange contracts				
- Receipts	4,680,313	2,541,804	2,245,217	-
- Payments	(4,899,429)	(2,641,733)	(2,292,699)	-
Net-settled HSFO forward contracts				
- Payments	(164,727)	(51,865)	(3,160)	-
Net-settled Dated Brent forward contracts				
- Payments	(3,519)	-	-	-
Borrowings	(1,945,561)	(268,190)	(3,617,775)	(2,630,933)

## Notes to the Financial Statements

### 33. Financial risk management (continued)

	Within one year \$'000	Within one to two years \$'000	Within two to five years \$'000	After five years \$'000
<b>Company</b>				
<b>2015</b>				
Gross-settled forward foreign exchange contracts				
- Receipts	4,925,225	2,147,922	921,027	-
- Payments	(5,120,786)	(2,320,481)	(930,107)	-
Borrowings	(706,839)	(74,861)	(721,327)	(2,390,181)
<b>2014</b>				
Gross-settled forward foreign exchange contracts				
- Receipts	4,527,663	2,541,804	2,245,217	-
- Payments	(4,698,470)	(2,641,733)	(2,292,699)	-
Borrowings	(342,159)	(51,460)	(154,380)	(1,894,846)

#### Capital Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings. The Group's current strategy remains unchanged from the previous financial year. The Group and the Company are in compliance with externally imposed capital requirements for the financial year ended 31 December 2015. Externally imposed capital requirements are mainly debt covenants included in certain loans of the Group and the Company requiring the Group or certain subsidiaries of the Company to maintain net gearing to capital employed not exceeding ratios ranging from 2.75 to 3.00 times.

Management monitors capital based on the Group net gearing. The Group net gearing is calculated as net borrowings divided by total capital. Net borrowings are calculated as bank balances, deposits & cash (Note 17) less total term loans (Note 21). Total capital refers to capital employed under equity.

	Group	
	2015 \$'000	2014 \$'000
Net debt	6,365,828	1,646,542
Total capital	11,925,859	14,727,641
Net gearing ratio	0.53x	0.11x

#### Fair Value of Financial Instruments and Investment Properties

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Fair value is determined by reference to the net tangible assets of the investments.

The following table presents the assets and liabilities measured at fair value.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group</b>				
<b>2015</b>				
<b>Financial assets</b>				
Derivative financial instruments	-	125,472	-	125,472
Investments				
- Available-for-sale investments	11,732	10,544	197,388	219,664
Short term investments				
- Available-for-sale investments	77,121	47,167	-	124,288
- Investments held for trading	99,515	-	-	99,515
	<u>188,368</u>	<u>183,183</u>	<u>197,388</u>	<u>568,939</u>
<b>Financial liabilities</b>				
Derivative financial instruments	-	780,275	-	780,275
<b>Non-financial assets</b>				
Investment Properties				
- Commercial, completed	-	-	1,263,322	1,263,322
- Commercial, under construction	-	-	1,889,790	1,889,790
- Residential, completed	-	119,000	-	119,000
	<u>-</u>	<u>119,000</u>	<u>3,153,112</u>	<u>3,272,112</u>
<b>2014</b>				
<b>Financial assets</b>				
Derivative financial instruments	-	8,923	-	8,923
Investments				
- Available-for-sale investments	67,690	11,239	155,340	234,269
Short term investments				
- Available-for-sale investments	217,704	42,209	-	259,913
- Investments held for trading	110,321	-	-	110,321
	<u>395,715</u>	<u>62,371</u>	<u>155,340</u>	<u>613,426</u>
<b>Financial liabilities</b>				
Derivative financial instruments	-	350,100	-	350,100
<b>Non-financial assets</b>				
Investment Properties				
- Commercial, completed	-	-	911,998	911,998
- Commercial, under construction	-	-	952,017	952,017
- Residential, completed	-	123,500	-	123,500
	<u>-</u>	<u>123,500</u>	<u>1,864,015</u>	<u>1,987,515</u>



## Notes to the Financial Statements

### 33. Financial risk management (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Company</b>				
<b>2015</b>				
<b>Financial assets</b>				
Derivative financial instruments	-	120,507	-	120,507
<b>Financial liabilities</b>				
Derivative financial instruments	-	515,746	-	515,746
<b>2014</b>				
<b>Financial assets</b>				
Derivative financial instruments	-	24,829	-	24,829
<b>Financial liabilities</b>				
Derivative financial instruments	-	341,075	-	341,075

There have been no transfer between Level 1, Level 2 and Level 3 for the Group and Company during 2015 and 2014.

The following table presents the reconciliation of financial instruments measured at fair value based on significant unobservable inputs (Level 3).

	Group	
	2015 \$'000	2014 \$'000
At 1 January	155,340	129,433
Purchases	34,854	33,094
Sales	(16,711)	(15,946)
Impairment loss	(1,646)	-
Fair value gain recognised in other comprehensive income	25,462	8,696
Exchange differences	89	63
At 31 December	197,388	155,340

The following table presents the reconciliation of investment properties measured at fair value based on significant unobservable inputs (Level 3).

	Group	
	2015 \$'000	2014 \$'000
At 1 January	1,864,015	2,050,948
Development expenditure	407,585	34,644
Fair value gain	141,227	75,962
Disposal	-	(454,712)
Subsidiary disposed	(21,592)	-
Reclassification		
- Stocks and work-in-progress	726,567	-
- Fixed assets	146	127,067
Exchange differences	35,164	30,106
At 31 December	3,153,112	1,864,015

The fair value of financial instruments categorised under Level 1 of the fair value hierarchy is based on published market bid prices at the balance sheet date.

The fair value of financial instruments categorised under Level 2 of the fair value hierarchy are fair valued under valuation techniques with market observable inputs. These include forward pricing and swap models utilising present value calculations using inputs such as observable foreign exchange rates (forward and spot rates), interest rate curves and forward rate curves and discount rates that reflects the credit risks of various counterparties. The fair value of available-for-sale investments categorised under Level 2 of the fair value hierarchy are based on the net asset value in the fund managers' valuation reports at the balance sheet date and is derived from prices from an observable market.

The fair value of residential investment property categorised under Level 2 is based on comparable market transactions that consider sales of similar properties that have been transacted in the open market. The most significant input is selling price per square feet.

The following table presents the valuation techniques and key inputs that were used to determine the fair value of financial instruments and investment properties categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 31 December 2015 \$'000	Valuation Techniques	Unobservable Inputs	Range of Unobservable Inputs
Available-for-sale investments	197,388	Net asset value and/or discounted cash flow	Net asset value*	Not applicable
Investment Properties				
- Commercial, completed	1,263,322	Direct comparison method, investment method, income capitalisation method and/or discounted cash flow method	Discount rate	4.25% to 14.00%
			Occupancy rate	95% to 99%
			Terminal yield	7.25% to 11.00%
			Capitalisation rate	7.00% to 12.50%
			Monthly effective rental (psm)	\$21 to \$79
- Commercial, under construction	1,889,790	Direct comparison method, residual method, cost replacement method and/or income capitalisation method	Price of comparable land plots (psm)	\$8,152 to \$12,738
			Gross development value (\$'million)	\$3,182
			Construction costs incurred (\$'million)	\$91
			Capitalisation rate	6.00%
			Occupancy rate	95%

\* Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value.

## Notes to the Financial Statements

### 33. Financial risk management (continued)

Description	Fair value as at 31 December 2014 \$'000	Valuation Techniques	Unobservable Inputs	Range of Unobservable Inputs
Available-for-sale investments	155,340	Net asset value and/or discounted cash flow	Net asset value *	Not applicable
Investment Properties				
- Commercial, completed	911,998	Direct comparison method, income capitalisation method and/or discounted cash flow method	Discount rate	4.25% to 14.99%
			Occupancy rate	70% to 98%
			Terminal yield	10.41% to 11.15%
			Capitalisation rate	7.00% to 12.50%
			Monthly effective rental (psm)	\$18 to \$78
- Commercial, under construction	952,017	Direct comparison method and/or residual method	Price of comparable land plots (psm)	\$10,075 to \$11,289
			Gross development value (\$'million)	\$598 to \$893

\* Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value.

The financial instruments and investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of each input would result in significant change to the fair value of the respective asset/liability.

The Group's finance team assessed the fair value of available-for-sale investments on a quarterly basis.

Valuation process of investment properties is described in Note 7.

### 34. Segment analysis

The Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

#### (i) Offshore & Marine

Principal activities include offshore rig design, construction, repair and upgrading, ship conversions and repair, and specialised shipbuilding. The Division has operations in Brazil, China, Singapore, United States and other countries.

#### (ii) Property

Principal activities include property development and investment, and property fund management. The Division has operations in Australia, China, India, Indonesia, Singapore, Vietnam and other countries.

#### (iii) Infrastructure

Principal activities include environmental engineering, power generation, logistics and data centres. The Division has operations in China, Qatar, Singapore, United Kingdom and other countries.

#### (iv) Investments

The Investments Division consists mainly of the Group's investments in KrisEnergy Limited, M1 Limited, k1 Ventures Ltd, and equities.

Management monitors the results of each of the above operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit or loss. Information regarding the Group's reportable segments is presented in the following table:

	Offshore & Marine \$'000	Property \$'000	Infrastructure \$'000	Investments \$'000	Elimination \$'000	Total \$'000
<b>2015</b>						
<b>Revenue</b>						
External sales	6,240,549	1,926,447	2,058,398	71,079	-	10,296,473
Inter-segment sales	799	4,624	32,538	64,201	(102,162)	-
Total	6,241,348	1,931,071	2,090,936	135,280	(102,162)	10,296,473
<b>Segment Results</b>						
Operating profit	596,784	636,481	220,643	45,637	14,086	1,513,631
Investment income	3,340	10,916	-	710	-	14,966
Interest income	69,783	29,026	24,509	157,771	(161,769)	119,320
Interest expenses	(43,425)	(76,608)	(25,162)	(157,332)	147,683	(154,844)
Share of results of associated companies	72,013	296,640	36,025	99,643	-	504,321
Profit before tax	698,495	896,455	256,015	146,429	-	1,997,394
Taxation	(181,986)	(183,720)	(33,387)	(5,336)	-	(404,429)
Profit for the year	516,509	712,735	222,628	141,093	-	1,592,965
Attributable to:						
Shareholders of Company	481,470	700,482	207,127	135,543	-	1,524,622
Non-controlling interests	35,039	12,253	15,501	5,550	-	68,343
	516,509	712,735	222,628	141,093	-	1,592,965
<b>Other information</b>						
Segment assets	10,063,097	16,412,086	3,034,226	6,473,168	(7,061,976)	28,920,601
Segment liabilities	8,692,893	7,196,762	1,936,768	6,230,295	(7,061,976)	16,994,742
Net assets	1,370,204	9,215,324	1,097,458	242,873	-	11,925,859
Investment in associated companies	568,116	3,251,468	928,650	773,522	-	5,521,756
Additions to non-current assets	212,100	895,909	505,869	112,391	-	1,726,269
Depreciation and amortisation	147,691	33,815	37,324	1,207	-	220,037

#### Geographical information

	Singapore \$'000	Brazil \$'000	Far East & other ASEAN countries \$'000	Other countries \$'000	Elimination \$'000	Total \$'000
External sales	6,930,287	1,011,602	1,738,304	616,280	-	10,296,473
Non-current assets	6,028,417	288,560	4,459,665	962,598	-	11,739,240

Other than Singapore and Brazil, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2015.

#### Information about a major customer

No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2015.

Note: Pricing of inter-segment goods and services is at fair market value.

## Notes to the Financial Statements

### 34. Segment analysis (continued)

	Offshore & Marine \$'000	Property \$'000	Infrastructure \$'000	Investments \$'000	Elimination \$'000	Total \$'000
<b>2014</b>						
<b>Revenue</b>						
External sales	8,556,252	1,729,348	2,933,358	64,021	-	13,282,979
Inter-segment sales	491	3,619	50,835	69,758	(124,703)	-
Total	<u>8,556,743</u>	<u>1,732,967</u>	<u>2,984,193</u>	<u>133,779</u>	<u>(124,703)</u>	<u>13,282,979</u>
<b>Segment Results</b>						
Operating profit	1,223,828	667,280	465,727	18,152	(1,567)	2,373,420
Investment income	7,472	3,558	-	906	-	11,936
Interest income	88,812	26,066	960	134,251	(116,985)	133,104
Interest expenses	(12,257)	(60,976)	(44,741)	(134,602)	118,552	(134,024)
Share of results of associated companies	57,346	381,209	29,348	36,273	-	504,176
Profit before tax	1,365,201	1,017,137	451,294	54,980	-	2,888,612
Taxation	(272,706)	(140,024)	(44,530)	(5,102)	-	(462,362)
Profit for the year	<u>1,092,495</u>	<u>877,113</u>	<u>406,764</u>	<u>49,878</u>	<u>-</u>	<u>2,426,250</u>
Attributable to:						
Shareholders of Company	1,039,684	481,993	319,990	43,131	-	1,884,798
Non-controlling interests	52,811	395,120	86,774	6,747	-	541,452
	<u>1,092,495</u>	<u>877,113</u>	<u>406,764</u>	<u>49,878</u>	<u>-</u>	<u>2,426,250</u>
<b>Other information</b>						
Segment assets	9,626,640	16,376,262	4,263,143	8,954,630	(7,629,769)	31,590,906
Segment liabilities	7,299,871	7,453,252	3,311,344	6,428,567	(7,629,769)	16,863,265
Net assets	<u>2,326,769</u>	<u>8,923,010</u>	<u>951,799</u>	<u>2,526,063</u>	<u>-</u>	<u>14,727,641</u>
Investment in associated companies	539,932	3,205,343	649,565	593,604	-	4,988,444
Additions to non-current assets	268,402	234,956	489,995	268	-	993,621
Depreciation and amortisation	141,816	18,601	104,219	500	-	265,136
<b>Geographical information</b>						
	Singapore \$'000	Brazil \$'000	Far East & other ASEAN countries \$'000	Other countries \$'000	Elimination \$'000	Total \$'000
External sales	9,292,272	1,841,396	1,478,354	670,957	-	13,282,979
Non-current assets	5,705,455	325,563	3,196,615	523,073	-	9,750,706

Other than Singapore, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2014.

#### Information about a major customer

No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2014.

Note: Pricing of inter-segment goods and services is at fair market value.



**35. New accounting standards and interpretations**

At the date of authorisation of these financial statements, the following new/revised FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 115 *Revenue from Contracts with Customers*
- FRS 109 *Financial Instruments*
- Improvements to Financial Reporting Standards (November 2014)
- Amendments to FRS 27 *Separate Financial Statements: Equity Method in Separate Financial Statements*
- Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 111 *Joint Arrangements : Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 28 *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

**FRS 115 Revenue from Contracts with Customers**

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

FRS 115 will take effect from financial years beginning on or after 1 January 2018. The Group is currently evaluating the impact of the changes in the period of initial adoption.

**FRS 109 Financial Instruments**

In December 2014, the Accounting Standards Council issued the final version of FRS 109 *Financial Instruments* which reflects all phases of the financial instruments project and replaces FRS 39 *Financial Instruments: Recognition and Measurement*. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The adoption of FRS 109 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities. The Group is currently evaluating the impact of the changes in the period of initial adoption.

**36. Significant subsidiaries and associated companies**

Information relating to significant subsidiaries consolidated in these financial statements and significant associated companies whose results are equity accounted for is given in the following pages.

## Significant Subsidiaries and Associated Companies

	Gross Interest 2015 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2015 %	2014 %	2015 \$'000	2014 \$'000		
OFFSHORE & MARINE							
Offshore Subsidiaries							
Keppel Offshore and Marine Ltd	100	100	100	801,720	801,720	Singapore	Investment holding
Keppel FELS Ltd	100	100	100	#	#	Singapore	Construction, fabrication and repair of offshore production facilities and drilling rigs, power barges, specialised vessels and other offshore production facilities
Angra Propriedades & Administracao Ltd(1a)	100	100	100	#	#	Brazil	Holding of long-term investments and property management
AzerFELS Pte Ltd	68	68	68	#	#	Singapore	Holding of long-term investments
Benniway Pte Ltd	100	100	100	#	#	Singapore	Holding of long-term investments
Caspian Shipyard Company LLC(1a)	75	51	51	#	#	Azerbaijan	Construction and repair of offshore drilling rigs
Deepwater Technology Group Pte Ltd	100	100	100	#	#	Singapore	Research and experimental development on deepwater engineering
Estaleiro BrasFELS Ltda(1a)	100	100	100	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas sector, shipyard works and other general business activities
FELS Offshore Pte Ltd	100	100	100	#	#	Singapore	Holding of long-term investments
Fernvale Pte Ltd	100	100	100	#	#	Singapore	Construction, fabrication and repair of drilling rigs and offshore production facilities
FSTP Brasil Ltda(1a)	75	75	75	#	#	Brazil	Procurement of equipment and materials for the construction of offshore production facilities
FSTP Pte Ltd	75	75	75	#	#	Singapore	Project management, engineering and procurement
Guanabara Navegacao Ltda(1a)	100	100	100	#	#	Brazil	Ship owning
Hygrove Investments Ltd(4)	100	100	100	#	#	BVI	Holding of long-term investments
Keppel AmFELS, LLC(3)	100	100	100	#	#	USA	Construction and repair of offshore drilling rigs and offshore production facilities
Keppel FELS Baltech Ltd(3)	100	100	100	#	#	Bulgaria	Marine and offshore engineering services
Keppel FELS Brasil SA(1a)	100	100	100	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas industry
Keppel Offshore & Marine Engineering Services Mumbai Pte Ltd(3)	100	100	100	#	#	India	Marine and offshore engineering services
Keppel Offshore & Marine Technology Centre Pte Ltd	100	100	100	#	#	Singapore	Research & development on marine and offshore engineering

**Directors' Statement & Financial Statements** - Significant Subsidiaries and Associated Companies

	Gross Interest 2015 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2015 %	2014 %	2015 \$'000	2014 \$'000		
Keppel Offshore & Marine USA Inc(3)	100	100	100	#	#	USA	Offshore and marine-related services
Keppel Sea Scan Pte Ltd	100	100	100	#	#	Singapore	Trading and installation of hardware, industrial, marine and building related products, leasing and provision of services
Keppel Singmarine Brasil Ltda(1a)	100	100	100	#	#	Brazil	Shipbuilding
Keppel Verolme BV(1a)	100	100	100	#	#	Netherlands	Construction and repair of offshore drilling rigs and shiprepairs
KV Enterprises BV(1a)	100	100	100	#	#	Netherlands	Holding of long-term investments
KVE Adminstradora de Bens Imoveis Ltda(1a)	100	100	100	#	#	Brazil	Holding of long-term investments and property management
Lindel Pte Ltd	100	100	100	#	#	Singapore	Project management, engineering and procurement
Navegantes Administracoes de Bens Moveis e Imoveis Ltda(1a)	100	100	100	#	#	Brazil	Shipbuilding
Offshore Technology Development Pte Ltd	100	100	100	#	#	Singapore	Production of jacking systems
Regency Steel Japan Ltd(1a)	51	51	51	#	#	Japan	Sourcing, fabricating and supply of specialised steel components
Topaz Atlantic Unlimited(4)	100	100	100	#	#	BVI	Holding of long-term investments
Wideluck Enterprises Ltd(4)	100	100	100	#	#	BVI	Holding of long-term investments
Willalpha Ltd(4)	100	100	100	#	#	BVI	Holding of long-term investments
<b>Associated Companies</b>							
Asian Lift Pte Ltd	50	50	50	#	#	Singapore	Provision of heavy-lift equipment and related services
Atwin Offshore & Marine Pte Ltd	30	30	30	#	#	Singapore	Investment holding company
FloaTEC Singapore Pte Ltd	50	50	50	#	#	Singapore	Manufacturing and repair of oil rigs
Floatel International Ltd(3)	50	50	50	#	#	Bermuda	Operating accommodation and construction support vessels (floatels) for the offshore oil and gas industry
Marine Housing Services Pte Ltd	50	50	50	#	#	Singapore	Provision of housing services for marine workers
Seafox 5 Ltd(3)	49	49	49	#	#	Isle of Man	Owning and leasing of multi-purpose self-elevating platforms
<b>Marine Subsidiaries</b>							
Keppel Shipyard Ltd	100	100	100	#	#	Singapore	Ship repairing, shipbuilding and conversions
Keppel Philippines Marine Inc(1a)	98	98	98	#	#	Philippines	Shipbuilding and repairing
Alpine Engineering Services Pte Ltd	100	100	100	#	#	Singapore	Marine contracting

## Significant Subsidiaries and Associated Companies

	Gross Interest 2015 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2015 %	2014 %	2015 \$'000	2014 \$'000		
Blastech Abrasives Pte Ltd	100	100	100	#	#	Singapore	Painting, blasting, shot blasting, process and sale of slag
Keppel Nantong Heavy Industry Co Ltd(3)	100	100	100	#	#	China	Engineering and construction of specialised vessels
Keppel Nantong Shipyard Company Ltd(3)	100	100	100	#	#	China	Engineering and construction of specialised vessels
Keppel Singmarine Pte Ltd	100	100	100	#	#	Singapore	Shipbuilding and repairing
Keppel Smit Towage Pte Ltd	51	51	51	#	#	Singapore	Provision of towage services
Keppel Subic Shipyard Inc(1a)	87+	86+	86+	3,020	3,020	Philippines	Shipbuilding and repairing
KS Investments Pte Ltd	100	100	100	#	#	Singapore	Holding of long-term investments
KSI Production Pte Ltd(4)	100	100	100	#	#	BVI/Norway	Holding of long-term investments
Maju Maritime Pte Ltd	51	51	51	#	#	Singapore	Provision of towage services
Marine Technology Development Pte Ltd	100	100	100	#	#	Singapore	Provision of technical consultancy for ship design and engineering works

### Associated Companies

Arab Heavy Industries PJSC(1a)	33	33	33	#	#	UAE	Shipbuilding and repairing
Dyna-Mac Holdings Ltd(3)	24	24	24	#	#	Singapore	Investment holding
Nakilat - Keppel Offshore & Marine Ltd(1a)	20	20	20	#	#	Qatar	Ship repairing
PV Keez Pte Ltd	20	20	20	#	#	Singapore	Chartering of ships, barges and boats with crew

### PROPERTY

#### Subsidiaries

Keppel Land Ltd(2)	99	99	55	4,716,367	1,685,699	Singapore	Holding, management and investment company
Keppel Land China Ltd(2)	100	99	55	#	#	Singapore	Investment holding
Keppel Bay Pte Ltd	100+	100+	86+	626	626	Singapore	Property development
Keppel Philippines Properties Inc(2a)	80+	79+	57+	493	493	Philippines	Investment holding
Aether Ltd(3)	51	51	28	#	#	HK	Investment holding
Aintree Assets Ltd(4)	100	99	55	#	#	BVI/Asia	Investment holding
Alpha Investment Partners Ltd(2)	100	99	55	#	#	Singapore	Fund management
Bayfront Development Pte Ltd(2)	100	99	55	#	#	Singapore	Investment holding
Beijing Aether Property Development Ltd(3)	51	51	28	#	#	China	Property investment
Beijing Kingsley Property Development Co Ltd(3)	100	99	55	#	#	China	Property development
Belwynn-Hung Phu Joint Venture LLC(2a)	60	60	33	#	#	Vietnam	Property development
Broad Elite Investments Ltd(4)	100	99	55	#	#	BVI/China	Investment holding
Castlehigh Pte Ltd(4)	-	-	55	-	#	Singapore	Liquidated

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	Gross Interest 2015 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2015 %	2014 %	2015 \$'000	2014 \$'000		
Changzhou Fushi Housing Development Pte Ltd(3)	100	99	55	#	#	China	Property development
Chengdu Hillstreet Development Co Ltd(3)	100	99	55	#	#	China	Property development
Chengdu Hilltop Development Co Ltd(3)	100	99	55	#	#	China	Property development
Chengdu Hillwest Development Co Ltd(3)	100	99	55	#	#	China	Property development
Chengdu Shengshi Jingwei Real Estate Co Ltd(3)	100	99	55	#	#	China	Property development
D.L. Properties Ltd(2)	65	65	35	#	#	Singapore	Property investment
Double Peak Holdings Ltd(4)	100	99	55	#	#	BVI/Singapore	Investment holding
Estella JV Co Ltd(2a)	98	97	30	#	#	Vietnam	Property development
Evergro Properties Ltd(2)	100	99	55	#	#	Singapore	Investment holding
First King Properties Ltd(n)(4)	100	99	-	#	-	Jersey	Investment holding
Floraville Estate Pte Ltd(2)	100	99	55	#	#	Singapore	Investment holding
Greenfield Development Pte Ltd(2)	100	99	55	#	#	Singapore	Investment holding
Harvestland Development Pte Ltd(2)	100	99	55	#	#	Singapore	Property development
Hillvale Resort Pte Ltd(2)	100	99	55	#	#	Singapore	Investment holding
Hillwest Pte Ltd(2)	100	99	55	#	#	Singapore	Investment holding
International Centre Co Ltd(1a)	79	79	59	#	#	Vietnam	Property investment
Jencity Ltd(4)	90	89	49	#	#	BVI/Vietnam	Investment holding
Jiangyin Evergro Properties Co Ltd(3)	99	98	54	#	#	China	Property development
K-Commercial Management Pte Ltd(2)	100	99	55	#	#	Singapore	Investment holding
KeplandeHub Ltd(2)	100	99	55	#	#	Singapore	Investment holding
Keppel Al Numu Development Ltd(2a)	51	51	28	#	#	Saudi Arabia	Property development
Keppel Bay Property Development (Shenyang) Co Ltd(3)	100	99	55	#	#	China	Property development
Keppel China Marina Holdings Pte Ltd(2)	100	99	55	#	#	Singapore	Investment holding
Keppel China Township Development Pte Ltd(2)	100	99	55	#	#	Singapore	Investment holding
Keppel Digihub Holdings Ltd(2)	100	99	55	#	#	Singapore	Investment, management and holding company
Keppel Heights (Wuxi) Property Development Co Ltd(3)	100	99	55	#	#	China	Property development
Keppel Hong Da (Tianjin Eco-City) Property Development Co Ltd(3)	100+	100+	75+	#	#	China	Property development



## Significant Subsidiaries and Associated Companies

	Gross Interest 2015 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2015 %	2014 %	2015 \$'000	2014 \$'000		
Keppel Hong Yuan (Tianjin Eco-City) Property Development Co Ltd(3)	100+	100+	75+	#	#	China	Property development
Keppel Lakefront (Nantong) Property Development Co Ltd(3)	100	99	55	#	#	China	Property development
Keppel Lakefront (Wuxi) Property Development Co Ltd(3)	100	99	55	#	#	China	Property development
Keppel Land (Mayfair) Pte Ltd(2)	100	99	55	#	#	Singapore	Property development
Keppel Land (Saigon Centre) Ltd(3)	100	99	55	#	#	HK	Investment holding
Keppel Land Financial Services Pte Ltd(2)	100	99	55	#	#	Singapore	Financial services
Keppel Land International Ltd(2)	100	99	55	#	#	Singapore	Property services
Keppel Land Properties Pte Ltd(2)	100	99	55	#	#	Singapore	Investment holding
Keppel Land Realty Pte Ltd(2)	100	99	55	#	#	Singapore	Property development
Keppel Land Watco IV Co Ltd(2a)	68	68	37	#	#	Vietnam	Property investment and development
Keppel Land Watco V Co Ltd(2a)	68	68	37	#	#	Vietnam	Property investment and development
Keppel REIT Investment Pte Ltd(2)	100	99	55	#	#	Singapore	Investment holding
Keppel REIT Management Ltd(2)	100	99	55	#	#	Singapore	Property fund management
Keppel REIT Property Management Pte Ltd(2)	100	99	55	#	#	Singapore	Property management services
Keppel Thai Properties Public Co Ltd(2a)	45	45	25	#	#	Thailand	Property development and investment
Keppel Tianjin Eco-City Holdings Pte Ltd(2)	100+	100+	75+	#	#	Singapore	Investment holding
Keppel Tianjin Eco-City Investments Pte Ltd(2)	100+	100+	75+	126,137	126,137	Singapore	Investment holding
Keppel Township Development (Shenyang) Co Ltd(3)	100	99	55	#	#	China	Property development
Kingsdale Development Pte Ltd(2)	86	85	47	#	#	Singapore	Investment holding
Kingsley Investment Pte Ltd(2)	100	99	55	#	#	Singapore	Investment holding
Le-Vision Pte Ltd(4)	-	-	55	-	#	Singapore	Liquidated
Mansfield Developments Pte Ltd(2)	100	99	55	#	#	Singapore	Property development
Merryfield Investment Pte Ltd(2)	100	99	55	#	#	Singapore	Investment holding
Ocean & Capital Properties Pte Ltd(2)	100	99	55	#	#	Singapore	Property and investment holding
Oceansky Pte Ltd(2)	100	99	55	#	#	Singapore	Investment holding
OIL (Asia) Pte Ltd(2)	100	99	55	#	#	Singapore	Investment holding
Parksville Development Pte Ltd(2)	100	99	55	#	#	Singapore	Property investment
Pembury Properties Ltd(4)	100	99	55	#	#	BVI/Singapore	Investment holding
Portsville Pte Ltd(2)	100	99	55	#	#	Singapore	Investment holding

**Directors' Statement & Financial Statements** - Significant Subsidiaries and Associated Companies

	Gross Interest 2015 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2015 %	2014 %	2015 \$'000	2014 \$'000		
PT Harapan Global Niaga(2a)	100	99	55	#	#	Indonesia	Property development
PT Kepland Investama(2a)	100	99	55	#	#	Indonesia	Property investment and development
PT Puri Land Development(n)(2a)	100	99	-	#	-	Indonesia	Property development
PT Ria Bintan(1a)	100	46	25	#	#	Indonesia	Golf course ownership and operation
PT Sentral Supel Perkasa(2a)	-	-	44	-	#	Indonesia	Disposed
PT Sentral Tanjungan Perkasa(2a)	80	79	44	#	#	Indonesia	Property development
PT Straits-CM Village(1a)	100	39	21	#	#	Indonesia	Hotel ownership and operations
Quang Ba Royal Park JV Co(2a)	70	64	38	#	#	Vietnam	Property investment
Riviera Cove JV LLC(2a)	60	60	33	#	#	Vietnam	Property development
Riviera Point LLC(2a)	75	74	41	#	#	Vietnam	Property development
Saigon Centre Holdings Pte Ltd(2)	100	99	55	#	#	Singapore	Investment holding
Saigon Centre Investment Ltd(4)	100	99	55	#	#	BVI/HK	Investment holding
Saigon Sports City Ltd(2a)	100	89	49	#	#	Vietnam	Property development
Shanghai Floraville Land Co Ltd(3)	99	98	54	#	#	China	Property development
Shanghai Hongda Property Development Co Ltd(3)	100	99	54	#	#	China	Property development
Shanghai Ji Xiang Land Co Ltd(3)	100	99	55	#	#	China	Property development
Shanghai Jinju Real Estate Development Co Ltd(3)	100	99	54	#	#	China	Property development
Shanghai Maowei Investment Consulting Co Ltd(3)	100	99	54	#	#	China	Investment holding
Shanghai Merryfield Land Co Ltd(3)	99	98	54	#	#	China	Property development
Shanghai Pasir Panjang Land Co Ltd(3)	99	98	54	#	#	China	Property development
Sherwood Development Pte Ltd(2)	70	69	38	#	#	Singapore	Property development
Spring City Golf & Lake Resort Co Ltd(3)	80	68	38	#	#	China	Golf club operations and development and property development
Spring City Resort Pte Ltd(2)	100	99	55	#	#	Singapore	Investment holding
Straits Greenfield Ltd(2a)	100	99	55	#	#	Myanmar	Hotel ownership and operations
Straits Properties Ltd(2)	100	99	55	#	#	Singapore	Property development
Straits Property Investments Pte Ltd(2)	100	99	55	#	#	Singapore	Investment holding
Success View Enterprises Ltd(4)	100+	100+	75+	#	#	BVI/China	Investment holding
Sunsea Yacht Club (Zhongshan) Co Ltd(3)	100	79	44	#	#	China	Development of marina lifestyle cum residential properties
Sunseacan Investment (HK) Co Ltd(3)	80	79	44	#	#	HK	Investment holding
Third Dragon Development Pte Ltd(2)	100	99	55	#	#	Singapore	Investment holding and marketing agent
Tianjin Fulong Property Development Co Ltd(3)	100	99	55	#	#	China	Property development

## Significant Subsidiaries and Associated Companies

	Gross Interest 2015 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2015 %	2014 %	2015 \$'000	2014 \$'000		
Tianjin Fushi Property Development Co Ltd(3)	100	99	55	#	#	China	Property development
Tianjin Keppel Hong Hui Procurement Headquarter Co Ltd(3)	100	99	55	#	#	China	Trading of construction materials
Triumph Jubilee Ltd(4)	100	99	55	#	#	BVI/China	Investment holding
West Gem Properties Ltd(n)(4)	100	99	-	#	-	Jersey	Investment holding
Wiseland Investment (Myanmar) Ltd(2a)	100	99	55	#	#	Myanmar	Hotel ownership and operations
Atlantic Marina Services (Asia-Pacific) Pte Ltd	100+	100+	91+	1,460	1,460	Singapore	Investment holding
Esqin Pte Ltd	100	100	100	11,001	11,001	Singapore	Investment holding
FELS Property Holdings Pte Ltd	100	100	100	78,214	78,214	Singapore	Investment holding
FELS SES International Pte Ltd	98+	98+	90+	48	48	Singapore	Investment holding
Harbourfront One Pte Ltd	100+	100+	65+	#	#	Singapore	Property development
Keppel Group Eco-City Investments Pte Ltd	100+	100+	84+	126,744	126,744	Singapore	Investment holding
Keppel Houston Group LLC(4)	100+	100+	86+	#	#	USA	Property investment
Keppel Kunming Resort Ltd(3)	100+	98+	91+	4	4	HK	Property investment
Keppel Point Pte Ltd	100+	100+	86+	122,785	122,785	Singapore	Property development and investment
Keppel Real Estate Investment Pte Ltd	100	100	100	764,400	764,400	Singapore	Investment holding
Petro Tower Ltd(3)	76	74	69	#	#	Vietnam	Property investment
Singapore Tianjin Eco-City Investment Holdings Pte Ltd	90+	90+	76+	#	#	Singapore	Investment holding
Substantial Enterprises Ltd(4)	100+	100+	84+	#	#	BVI	Investment holding
<b>Associated Companies</b>							
Bellenden Investments Ltd(4)	67	66	37	#	#	BVI/Vietnam	Investment holding
Chengdu Taixin Real Estate Development Co Ltd(n)(3)	35	35	-	#	-	China	Property investment
CityOne Development (Wuxi) Co Ltd(3)	50	50	27	#	#	China	Property development
CityOne Township Development Pte Ltd(2)	50	50	27	#	#	Singapore	Investment holding
City Square Office Co Ltd(n)(2a)	40	40	-	#	-	Myanmar	Property investment and development
Davinelle Ltd(4)	67	66	37	#	#	BVI/Vietnam	Investment holding
Dong Nai Waterfront City LLC(2a)	50	50	27	#	#	Vietnam	Property development
EM Services Pte Ltd(3)	25	25	14	#	#	Singapore	Property management
Equity Rainbow II Pte Ltd(2)	43	43	23	#	#	China	Property investment
Harbourfront Three Pte Ltd(3)	-	-	34	-	#	Singapore	Disposed
Harbourfront Two Pte Ltd(3)	-	-	34	-	#	Singapore	Disposed

	Gross Interest 2015 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2015 %	2014 %	2015 \$'000	2014 \$'000		
Keppel Land Watco I Co Ltd(2a)	68	68	37	#	#	Vietnam	Property investment and development
Keppel Land Watco II Co Ltd(2a)	68	68	37	#	#	Vietnam	Property investment and development
Keppel Land Watco III Co Ltd(2a)	68	68	37	#	#	Vietnam	Property investment and development
Keppel REIT(2)	46	46	25	#	#	Singapore	Real estate investment trust
PT Pulomas Gemala Misor(3)	25	25	14	#	#	Indonesia	Property development
PT Purimas Straits Resorts(3)	25	25	14	#	#	Indonesia	Development of holiday resort
Raffles Quay Asset Management Pte Ltd(2)	33	33	18	#	#	Singapore	Property management
Renown Property Holdings (M) Sdn Bhd(2a)	40	40	22	#	#	Malaysia	Property investment
SAFE Enterprises Pte Ltd(3)	25	25	14	#	#	Singapore	Investment holding
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd(1a)	50	45	38	#	#	China	Property development
Suzhou Property Development Pte Ltd(3)	25	25	14	#	#	Singapore	Property development
Vietcombank Tower 198 Ltd(1a)	30	30	27	#	#	Vietnam	Property investment
<b>INFRASTRUCTURE</b>							
<b>Subsidiaries</b>							
Keppel Infrastructure Holdings Pte Ltd	100	100	100	445,892	445,892	Singapore	Investment holding
<b>X-to-Energy</b>							
<b>Subsidiaries</b>							
Keppel DHCS Pte Ltd	100	100	100	#	#	Singapore	Development of district heating and cooling system for the purpose of air cooling and other utility services
Keppel Infrastructure Fund Management Pte Ltd	100	100	100	#	#	Singapore	Trust management services
Keppel XTE Investments Pte Ltd	100	100	100	#	#	Singapore	Investment holding
<b>Associated Companies</b>							
Keppel Infrastructure Trust	18	18	49	#	#	Singapore	Infrastructure business trust
<b>Waste-to-Energy</b>							
<b>Subsidiaries</b>							
Keppel Seghers Pte Ltd	100	100	100	#	#	Singapore	Provision of environmental, technologies, engineering works & construction activities
Keppel Seghers Holdings BV(1a)	100	100	100	#	#	Netherlands	Investment holding

## Significant Subsidiaries and Associated Companies

	Gross Interest 2015 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2015 %	2014 %	2015 \$'000	2014 \$'000		
Keppel Seghers Belgium NV(1a)	100	100	100	#	#	Belgium	Provider of services and solutions to the environmental industry related to solid waste treatment
Keppel Seghers UK Ltd(1a)	100	100	100	#	#	United Kingdom	Design and construction of waste-to-energy plants
<b>Associated Companies</b>							
Tianjin Eco-City Energy Investment & Construction Co Ltd(3)	20	20	20	#	#	China	Investment and implementation of energy and utilities related infrastructure
Tianjin Eco-City Environmental Protection Co Ltd(3)	20	20	20	#	#	China	Investment, construction and operation of infrastructure for environmental protection
<b>Gas-to-Power</b>							
<b>Subsidiaries</b>							
Keppel Energy Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Electric Pte Ltd	100	100	100	#	#	Singapore	Electricity, energy and power supply and general wholesale trade
Keppel Gas Pte Ltd	100	100	100	#	#	Singapore	Purchase and sale of gaseous fuels
<b>Associated Companies</b>							
Keppel Merlimau Cogen Pte Ltd	49	49	100	#	#	Singapore	Commercial power generation
<b>Infrastructure Services</b>							
<b>Subsidiaries</b>							
Keppel Infrastructure Services Pte Ltd	100	100	100	#	#	Singapore	Provision of technical support including engineering, construction, operations and maintenance of plants and facilities
KMC O&M Pte Ltd	100	100	100	#	#	Singapore	Engineering works, construction and O&M of plants and facilities
Keppel Seghers Engineering Singapore Pte Ltd	100	100	100	#	#	Singapore	Engineering works, construction and O&M of plants and facilities
<b>Associated Companies</b>							
GE Keppel Energy Services Pte Ltd(2)	50	50	50	#	#	Singapore	Precision engineering, repairing, services and agencies
<b>Others</b>							
<b>Subsidiaries</b>							
Keppel Integrated Engineering Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Prince Engineering Pty Ltd(2a)	100	100	100	#	#	Australia	Metal fabrication



	Gross Interest 2015 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2015 %	2014 %	2015 \$'000	2014 \$'000		
Logistics & Data Centres							
Subsidiaries							
Keppel Telecommunications & Transportation Ltd(2)	80	80	80	397,647	397,647	Singapore	Investment, management and holding company
Keppel Logistics Pte Ltd(2)	100	80	80	#	#	Singapore	Integrated logistics services and supply chain solutions
Keppel Logistics (Foshan) Ltd(3)	70	56	56	#	#	China	Integrated logistics port operations, warehousing and distribution
Keppel Logistics (Foshan Sanshui Port) Co Ltd(3)	60	33	33	#	#	China	Port operations
Jilin Sino-Singapore Food Zone International Logistics Co Ltd(3)	70	56	56	#	#	China	Integrated logistics services, warehousing and distribution
Keppel Wanjiang International Coldchain Logistics Park (Anhui) Co Ltd (3)	60	48	48	#	#	China	Integrated logistics services, warehousing and distribution
Keppel Data Centres Pte Ltd(2)	100	80	80	#	#	Singapore	Investment holding
Keppel Data Centres Holding Pte Ltd(2)	100+	86+	73+	#	#	Singapore	Data centre facilities and co-location services
Keppel Datahub Pte Ltd(2)	100+	86+	73+	#	#	Singapore	Data centre facilities and co-location services
Keppel Digihub Ltd(2)	100+	86+	73+	#	#	Singapore	Data centre facilities and co-location services
Keppel DC REIT Management Pte Ltd(2)	100	80	80	#	#	Singapore	Investment holding and fund management
Keppel DC Investment Holdings Pte Ltd(2)	100	80	80	#	#	Singapore	Investment holding
Keppel Communications Pte Ltd(2)	100	80	80	#	#	Singapore	Trading and provision of communications systems and accessories
Keppel Telecoms Pte Ltd(2)	100	80	80	#	#	Singapore	Investment holding
Associated Companies							
Asia Airfreight Terminal Company Ltd(3)	10	8	8	#	#	HK	Operation of an air cargo handling terminal
Computer Generated Solutions Inc(3)	21	16	16	#	#	USA	IT consulting and outsourcing provider
Keppel DC REIT(3)	35+	29+	27+	#	#	Singapore	Data centre real estate investment trust
Radiance Communications Pte Ltd(2)	50	40	40	#	#	Singapore	Distribution and maintenance of communications equipment and systems
SVOA Public Company Ltd(2a)	32	25	25	#	#	Thailand	Distribution of IT products and telecommunications services
Wuhu Sanshan Port Co Ltd(3)	50	40	40	#	#	China	Integrated logistics services and port operations

## Significant Subsidiaries and Associated Companies

	Gross Interest 2015 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2015 %	2014 %	2015 \$'000	2014 \$'000		
INVESTMENTS							
Subsidiaries							
Keppel Philippines Holdings Inc(2a)	60+	59+	59+	-	-	Philippines	Investment holding
Alpha Real Estate Securities Fund	98	98	98	#	#	Singapore	Investment holding
Devan International Ltd(4)	100	100	100	#	#	BVI	Investment holding
Kep Holdings Ltd(4)	100	100	100	#	#	BVI	Investment company
Kephinance Investment Pte Ltd	100	100	100	90,000	90,000	Singapore	Investment holding
Keptal Management Ltd(3)	100	100	100	#	#	HK	Investment company
Keppel Funds Investment Pte Ltd	100	100	100	#	#	Singapore	Investment company
Keppel GMTN Pte Ltd	100	100	100	10	10	Singapore	Investment holding
Keppel Investment Ltd	100	100	100	#	#	Singapore	Investment company
Keppel Oil & Gas Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Kepventure Pte Ltd	100	100	100	484,355	484,355	Singapore	Investment holding
KI Investments (HK) Ltd(3)	100	100	100	#	#	HK	Investment company
Primero Investments Pte Ltd	100	100	100	#	#	Singapore	Investment company
Travelmore Pte Ltd	100	100	100	265	265	Singapore	Travel agency
Associated Companies							
k1 Ventures Ltd	36	36	36	#	#	Singapore	Investment holding
KrisEnergy Ltd(2)	40	40	31	#	#	BVI	Exploration for, and the development and production of oil and gas
M1 Ltd(2)	19	15	15	#	#	Singapore	Telecommunications services
Total							
Subsidiaries				8,171,188	5,140,520		

### Notes:

- (i) All the companies are audited by Deloitte & Touche LLP, Singapore except for the following:
- (1a) Audited by overseas practice of Deloitte Touche Tohmatsu Limited;
  - (2) Audited by Ernst & Young LLP, Singapore;
  - (2a) Audited by overseas practice of Ernst & Young LLP;
  - (3) Audited by other firms of auditors; and
  - (4) Not required to be audited by law in the country of incorporation and companies disposed, liquidated and struck off.
- In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associated companies would not compromise the standard and effectiveness of the audit of the Company.
- (ii) + The shareholdings of these companies are held jointly with other subsidiaries.
- (iii) # The shareholdings of these companies are held by subsidiaries of Keppel Corporation Limited.
- (iv) (n) These companies were incorporated/acquired during the financial year.
- (v) The subsidiaries' place of business is the same as its country of incorporation, unless otherwise specified.
- (vi) Abbreviations:  
British Virgin Islands (BVI)      United Arab Emirates (UAE)  
Hong Kong (HK)                      United States of America (USA)
- (vii) The Company has 249 significant subsidiaries and associated companies as at 31 December 2015. Subsidiaries and associated companies are considered as significant (a) in accordance to Rule 718 of The Singapore Exchange Securities Trading Limited – Listing Rules, or (b) by reference to the significance of their economic activities.

## Interested Person Transactions

# Interested Person Transactions

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 17 April 2015. During the financial year, the following interested person transactions were entered into by the Group:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Transaction for the Sale of Goods and Services</b>				
CapitaLand Group	-	-	-	182,980
CapitaMalls Asia Group	-	-	200,000	-
Mapletree Investments Group	225,717	-	104	113,760
Neptune Orient Lines Group	-	-	1,360	210
PSA International Group	-	-	4,871	1,021
SATS Group	-	-	39,354	-
SembCorp Marine Group	-	-	4,881	2,315
Singapore Airlines Group	-	-	5,600	-
Singapore Power Group	-	-	12,300	-
Singapore Technologies Engineering Group	-	-	342	1,183
Singapore Telecommunications Group	-	-	182	-
Temasek Holdings Group	-	-	415	3,758
<b>Transaction for the Purchase of Goods and Services</b>				
Certis CISCO Security Group	-	-	1,181	4,210
CapitaMalls Asia Group	-	-	161	-
Gas Supply Pte Ltd	-	-	80,000	85,000
Mapletree Investments Group	180,926	-	24,436	730
PSA International Group	-	-	143	669
SembCorp Marine Group	-	-	77	195
Singapore Power Group	-	-	-	400
Singapore Technologies Engineering Group	-	-	28,914	12,748
Singapore Telecommunications Group	-	-	2,439	5,200
Temasek Holdings Group	-	-	-	511
<b>Total Interested Person Transactions</b>	<b>406,643</b>	<b>-</b>	<b>406,760</b>	<b>414,890</b>

Save for the interested person transactions disclosed above, there were no other material contracts entered into by the Company and its subsidiaries involving the interests of its chief executive officer, directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

# Key Executives

**Chan Hon Chew, 50**

Bachelor of Accountancy (Honours); Chartered Financial Analyst, Member of the Institute of Chartered Accountants Australia and Institute of the Singapore Chartered Accountants.

Mr Chan is the Chief Financial Officer of Keppel Corporation Limited, appointed with effect from 1 February 2014.

Prior to joining Keppel Corporation, Mr Chan was with Singapore Airlines Limited (SIA) and served as Senior Vice President (SVP) of Finance since June 2006. As SVP Finance, Mr Chan was responsible for a diverse range of functions including investor relations, corporate accounting and reporting, treasury, risk management and insurance. He was also involved in SIA's strategic planning process and had represented SIA as Director on the Boards of various companies including Tiger Airways and Virgin Atlantic Airways Limited.

Prior to SIA, Mr Chan was Assistant General Manager for Finance and Corporate Services at Wing Tai Holdings Limited, where he oversaw all financial matters as well as tax, legal and corporate secretarial functions from 1998 to 2003.

Mr Chan was appointed by Singapore's Ministry of Finance to the Board of the Accounting Standard Council in November 2015. He was also elected to the Council of the Institute of Singapore Chartered Accountants in July 2013.

Mr Chan's principal directorships include Keppel Offshore & Marine Ltd, Keppel Land Limited, Keppel Infrastructure Holdings Pte Ltd and Keppel Telecommunications & Transportation Ltd. He is also the Chairman of Keppel DC REIT Management Pte Ltd (Manager of Keppel DC REIT).

**Past principal directorships in the last five years**

Tiger Airways Holdings Limited, Singapore Aviation & General Insurance Company (Pte) Ltd and RCMS Properties Private Limited.

**Chow Yew Yuen, 61**

Bachelor of Science in Mechanical Engineering (First Class Honours), University of Newcastle Upon Tyne; Attended Advanced Management Programme at Harvard Business School.

Mr Chow was appointed as Chief Executive Officer of Keppel Offshore & Marine Ltd on 1 February 2014. Prior to this, he was the Chief Operating Officer of Keppel Offshore & Marine Ltd since 1 March 2012 and before that, Managing Director of Keppel Offshore & Marine Ltd from 1 June 2011. He has been with the company for over 30 years and was based in the United States for 17 years. His experience is diverse, covering areas of technical, production, operations, commercial and management across different geographical and cultural borders.

In the Americas (the United States, Mexico and Brazil), Mr Chow is Chairman of Keppel AmFELS LLC, Keppel FELS Brasil SA and Keppel Offshore & Marine USA, Inc.

He also serves as the Chairman of Keppel Singmarine Pte Ltd, Keppel Philippines Holdings Inc, Keppel Sea Scan Pte Ltd, Deepwater Technology Group Pte Ltd, Marine Technology Development Pte Ltd and Offshore Technology Development Pte Ltd. He is a Director on the Boards of Keppel Offshore & Marine Technology Centre Pte Ltd, FloaTEC LLC, Keppel FELS Limited, Keppel Shipyard Limited, Keppel Marine Agencies LLC, and Keppel Infrastructure Holdings Pte Ltd.

Mr Chow's other appointments include being President of the Association of Singapore Marine Industries, Chairman of National Work At Heights Safety Taskforce, member of Workplace Safety & Health Council, Singapore Accreditation Council, member and Director of Singapore Maritime Foundation as well as member of ABS Offshore Technical Committee, ABS Southeast Asia Regional Committee and DNV GL South East Asia & Pacific Committee.

**Past principal directorships in the last five years**

Keppel Energy Pte Ltd.

## Key Executives

**Wong Kok Seng, 65**

Bachelor of Science (Honours) in Naval Architecture, University of Newcastle Upon Tyne; Attended the Program for Management Development in Harvard Business School.

Mr Wong is the Managing Director (Offshore and Keppel FELS) of Keppel Offshore & Marine Ltd and also Managing Director of Keppel FELS Limited. Prior to this appointment, he was the Executive Director of Keppel FELS Limited. His career in Keppel FELS Limited began in 1977 and he has held appointments as Structural Engineer, Project Engineer, Project Manager, Quality Assurance Manager, Planning and Estimating Manager, Assistant General Manager (Commercial) and Executive Director (Operations).

Mr Wong also held appointments in the Keppel Group as Project Director of Keppel Land Limited, Executive Director of Keppel Singmarine Pte Ltd and Senior General Manager (Group Procurement) of Keppel Offshore & Marine Ltd.

In addition to his current appointment, he serves as the Chairman of the Centre of Innovation, Marine and Offshore Technology (COI-MOT) Advisory Committee and as a member of the Workplace Safety & Health (WSH) Council Marine Industries Committee.

Mr Wong is a Chartered Engineer, a Fellow of the Institute of Marine Engineering, Science and Technology and is a member of the American Bureau of Shipping and the Royal Institution of Naval Architects.

Mr Wong is a Director of Keppel FELS Limited, Keppel Shipyard Limited, Keppel Nantong Shipyard Company Limited, Keppel Nantong Heavy Industry Co. Ltd., FloaTEC LLC (Chairman), Floatec Singapore Pte Ltd, Offshore Technology Development Pte Ltd, Bintan Offshore Fabricators Pte Ltd (Chairman), Seafox 5 Limited, Keppel Offshore & Marine Technology Centre Pte Ltd, Deepwater Technology Group Pte Ltd, Regency Steel Japan Ltd, Caspian Shipyard Company Ltd, Keppel Amfels LLC, Keppel FELS Brasil, Greenscan Pte Ltd, Keppel Sea Scan Pte Ltd and Keppel Singmarine Pte Ltd.

**Past principal directorships in the last five years**

Nil

**Michael Chia Hock Chye, 63**

Colombo Plan Scholar, Bachelor of Science (First Class Honours) in Naval Architecture and Marine Engineering, University of Newcastle Upon Tyne; Masters in Business Administration, National University of Singapore; Graduate Certificate in International Arbitration, National University of Singapore.

Mr Chia is the Managing Director (Marine and Technology) of Keppel Offshore & Marine Ltd and Managing Director of Keppel Offshore & Marine Technology Centre. He was Director (Group Strategy & Development) of Keppel Corporation Limited from January 2011 to January 2013. He was the Executive Director of Keppel FELS Limited from 2002 to 2009, with overall responsibility of the business management of the company. Mr Chia was also Deputy Chairman of Keppel Integrated Engineering Ltd from 2009 to 2011 and Chief Executive Officer from 2009 to 2010. He has more than 31 years of management experience in corporate development, engineering, operations and commercial.

Mr Chia was elected as the President of the Association of Singapore Marines Industries from 2005 to 2009, a non-profit association formed in 1968 to promote the interests of the marine industry in Singapore and was a member of the Ngee Ann Polytechnic Council from 2006 to 2012. He was a Board Member of the Singapore Maritime Foundation from 2005 to 2015 and was also appointed as Chairman from 2010 to 2015. He is a member of the American Bureau of Shipping, USA, Fellow member with the Society of Naval Architects and Marine Engineers Singapore and Fellow member with the Singapore Institute of Arbitrators.

His principal directorships include Keppel Shipyard Limited, Keppel FELS Limited, FloaTEC LLC, Floatel International Ltd, Keppel Offshore & Marine Technology Centre Pte Ltd, Keppel Singmarine Pte Ltd, Keppel Smit Towage Pte Ltd, Maju Maritime Pte Ltd, Nakilat Keppel Offshore & Marine Ltd and Dyna-Mac Holdings Ltd.

**Past principal directorships in the last five years**

Keppel AmFELS Inc (USA), Keppel Integrated Engineering Ltd, Keppel Telecommunications & Transportation Ltd., FELS Crane Pte Ltd, Keppel Offshore & Marine USA, Keppel Energy Pte Ltd, Offshore Technology Development Pte Ltd and Marine Technology Development Pte Ltd.



## Key Executives

### **Chor How Jat, 54**

Bachelor of Engineering (Honours) in Naval Architect & Shipbuilding, University of Newcastle Upon Tyne; Master of Science in Marine Technology, University of Newcastle Upon Tyne; General Management Program, Harvard Business School.

Mr Chor is the Managing Director of Keppel Shipyard Limited since October 2012. Mr Chor began his professional career with Keppel Offshore and Marine in 1989 and held appointments as Shiprepair Manager of Keppel Shipyard Limited; Deputy Shipyard Manager, Shipyard Manager of Keppel FELS Limited in 2001 and 2002 respectively; General Manager (Operations) of Keppel FELS Limited in 2004; and Executive Director of Keppel Shipyard in January 2011.

Mr Chor serves as Director on the Board of Keppel Shipyard Limited, Asian Lift Pte Ltd, Keppel Philippines Marine Inc., Keppel Batangas Shipyard, Keppel Subic Shipyard Inc., Keppel Offshore & Marine Technology Centre Pte Ltd, Keppel Singmarine Pte Ltd, KS Investments Pte Ltd, Keppel Sea Scan Pte Ltd, Green Scan Pte Ltd, Keppel FELS Limited and Gas Technology Development Pte Ltd. Mr Chor is also Director and Chairman of Blastech Abrasives Pte Ltd, Nusa Maritime Pte Ltd, Alpine Engineering Services Pte Ltd and Blue Ocean Solutions Pte Ltd.

In addition, Mr Chor is a member of Workplace Safety and Health Council (Marine Industries), a member of the American Bureau of Shipping, American Bureau of Shipping Committee Member of The Marine Technical Committee (TMT), ClassNK Singapore Technical Committee of Nippon Kaiji Kyokai, Lloyd's Register South East Asia Technical Committee (SEATC) and AIDS Business Alliance - the Health Promotion Board.

### **Past principal directorships in the last five years**

Japan Regency Steel Limited, Atwin Offshore and Marine Pte Ltd, Keppel FELS Offshore and Engineering Services Mumbai Pvt. Ltd. and KSI Production Pte Ltd.

### **Abu Bakar Bin Mohd Nor, 50**

Master of Business Administration, Singapore Management University; Diploma in Building, Singapore Polytechnic.

Mr Abu Bakar Mohd Nor is the Managing Director of Keppel Singmarine Pte Ltd, appointed with effect from 1 November 2014. Prior to this appointment, he was the Chief Executive Officer of Nakilat-Keppel Offshore & Marine (N-KOM) since 2011. He began his career in the HSE department at Keppel Shipyard Limited and rose through the ranks, holding various appointments in the Operations and Commercial departments.

Mr Abu Bakar sits on various Boards in the Keppel Group companies and associates, such as Keppel Shipyard Limited, Arab Heavy Industries PJSC, Keppel Singmarine Pte Ltd, Keppel Sea Scan Pte Ltd, Green Scan Pte Ltd, Marine Technology Development Pte Ltd, Keppel FELS Limited, Keppel Offshore & Marine Technology Centre Pte Ltd, Nakilat Keppel Offshore & Marine Pte Ltd, Baku Shipyard LLC, Keppel Nantong Shipyard Co Ltd., Keppel Nantong Heavy Industry Co Ltd, Keppel Singmarine Brasil Ltda, Keppel Singmarine Philippines, Inc, Maju Maritime Pte Ltd, Keppel Smit Towage Pte Ltd and Gas Technology Development Pte Ltd.

He is also a member of the American Bureau of Shipping and sits on the Bureau Veritas South East Asia Technical Committee as well as the Board of Trustees of the Singapore Institute of Technology. He has also held various appointments at the national and industry levels such as Member of the Singapore Workplace Safety & Health Council (Marine Industries) Sub-Committee, Council Member of the Association of Singapore Marine Industries (ASMI) where he chaired the Safety Committee during his tenure. He has also served in various committees of Singapore's Ministry of Defence such as Member of the Advisory Council on Community Relations in Defence, Reward and Recognition Committee for Defence and was a Member of the SAFRA Management Committee where he chaired various SAFRA Clubs as Chairman and Vice-Chairman.

Mr Abu Bakar is a Brigade Commander, holding the rank of Colonel (National Service) in the Singapore Armed Forces (SAF). He also served as the Singapore President's Honorary Aide-de-Camp to both Mr Ong Teng Cheong and Mr Nathan during their tenure as the President of Singapore.

### **Past Principal directorships in the last five years**

Alpine Engineering Services Pte Ltd, Blastech Abrasives Pte Ltd and Primesteelkit Pte Ltd.

## Key Executives

**Ong Tiong Guan, 57**

Bachelor of Engineering (First Class Honours), Monash University; Doctor of Philosophy (Ph.D.) under Monash Graduate Scholarship, Monash University.

Dr Ong was appointed Keppel Energy Pte Ltd's Executive Director in November 1999. He became Managing Director of Keppel Energy Pte Ltd with effect from 1 May 2003 and was appointed Deputy Chairman of Keppel Integrated Engineering Ltd on April 2013.

Upon reorganisation of Keppel Energy Pte Ltd and Keppel Integrated Engineering Ltd under Keppel Infrastructure Holdings Pte Ltd in May 2013, Dr Ong was appointed Chief Executive Officer of Keppel Infrastructure Holdings Pte Ltd, responsible for the Keppel Group's energy infrastructure business.

Dr Ong's career spans across the energy industry from engineering and contracting to investment and ownership of energy assets.

His principal directorships include Keppel Infrastructure Holdings Pte Ltd, Keppel Energy Pte Ltd, Keppel Electric Pte Ltd, Keppel Gas Pte Ltd, Keppel DHCS Pte Ltd, Keppel Infrastructure Services Pte Ltd, Keppel Infrastructure Fund Management Pte Ltd (Trustee-Manager of Keppel Infrastructure Trust), GE Keppel Services Pte Ltd and Keppel Seghers Pte Ltd.

**Past principal directorships in the last five years**

Nil

**Tan Boon Leng, 51**

Bachelor of Science (Second Upper Honours) in Computer Science from University College London; Master of Science in Management (Distinction) from Imperial College, London.

Mr Tan joined Keppel Energy Pte Ltd (then known as Keppel Fels Energy Pte Ltd) in 2000 as General Manager (Development), to spearhead the company's business development activities. He was responsible for the implementation of Keppel Merlimau Cogen (KMC) Phase 1 (500MW) project and the subsequent 800MW expansion. He was also responsible for the company's retail and trading operations in the Singapore electricity market before his new appointment under Keppel Infrastructure Holdings Pte Ltd.

Upon the reorganisation of Keppel Energy Pte Ltd and Keppel Integrated Engineering Ltd under Keppel Infrastructure Holdings Pte Ltd in May 2013, Mr Tan was appointed the Executive Director, X-to-Energy of Keppel Infrastructure Holdings Pte Ltd. Companies under X-to-Energy include Keppel DHCS (District Heating and Cooling Systems) and Keppel Infrastructure Fund Management Pte Ltd, which is the Trustee-Manager of Keppel Infrastructure Trust. In December 2013, he was also appointed to the Board of Keppel Seghers Belgium NV and took on the role as Project Sponsor based in UK to oversee the execution of the 750,000 tonnes per year Energy-from-Waste Plant under construction in Runcorn, UK. In March 2015, he was also appointed as Executive Director, Waste-to-Energy of Keppel Infrastructure.

Mr Tan sits on the Boards of Keppel DHCS Pte Ltd, Keppel Seghers Belgium NV, Keppel Seghers UK Ltd, Keppel Energy Ventures Pte Ltd, Fels Cranes Pte Ltd, Keppel Environmental China Investments Pte Ltd, Keppel XTE Developments Pte Ltd and KepFels Engineering Pte Ltd.

**Past principal directorships in the last five years**

Keppel Gas Pte Ltd, Pipenet Pte Ltd, GE Keppel Energy Services Pte. Ltd. and Keppel Infrastructure Fund Management Pte Ltd.

**Nicholas Lai Garchun, 48**

Bachelor of Social Sciences (Second Upper Honours) from National University of Singapore; Master of Applied Finance from Macquarie University, Sydney.

Mr Lai joined Keppel Energy Pte Ltd (then known as Keppel Fels Energy Pte Ltd) in 2002 as Assistant General Manager, Development to bring in more business opportunities for the company. Subsequently, his portfolio evolved to focus on growing gas and power generation capabilities and divesting non-core assets, in his capacity as General Manager. Today, he is the Executive Director, Gas-to-Power of Keppel Infrastructure Holdings Pte Ltd and continues to drive value in the gas and power businesses.

Mr Lai worked in the Singapore Trade Development Board (currently known as IE Singapore) and Ministry of Trade & Industry in his early career, with an overseas stint in Hong Kong. He held an international business development role in Singapore Power International and a finance director role in a subsidiary of Sembcorp Industries prior to joining Keppel Energy Pte Ltd.

He is a Director of Keppel Energy Pte Ltd, Keppel Merlimau Cogen Pte Ltd, Keppel Electric Pte Ltd, Keppel Gas Pte Ltd, Pipenet Pte Ltd and Keppel Energy Ventures Pte Ltd and Keppel Fels Power Pte Ltd.

**Past principal directorships in the last five years**

Nil

## Key Executives

### **Alan Tay Teck Loon, 46**

Bachelor of Business Administration (Honours), National University of Singapore.

Mr Tay is Executive Director, Business Development of Keppel Infrastructure Holdings Pte Ltd, with overall responsibility for the business development of the company and its subsidiaries. Prior to joining the Keppel Group, Mr Tay was Head of South East Asia for JPMorgan Asset Management, Global Real Assets - Asian Infrastructure, a private equity fund focused on infrastructure and related resources investments across Asia. He was also a member of the fund's Investment Committee.

Mr Tay's experience spans across mergers and acquisitions, greenfield development, joint venture, disposal, debt and equity fund raising transactions throughout Asia, covering power, natural gas, waste-to-energy, transportation, banking, property, water, shipyard and manufacturing sectors.

He is a Director of GE Keppel Energy Services Pte Ltd and Keppel Infrastructure Fund Management Pte Ltd.

#### **Past principal directorships in the last five years**

J.P. Morgan Asset Management Real Assets (Singapore) Pte Ltd and Eco Management Korea Holdings Inc.

### **Cindy Lim Joo Ling, 38**

Bachelor of Engineering (Mechanical & Production) (Second Upper Honours), Nanyang Technological University; Executive MBA from the Singapore Management University; General Management Programme at Harvard Business School.

Ms Lim is currently the Executive Director of Infrastructure Services at Keppel Infrastructure Holdings Pte Ltd. Keppel Infrastructure Services focuses on delivering reliable and value-added operations and maintenance services and specialised HSE, technical and project expertise in order to harness maximum values for the asset owners. Ms Lim also oversees Business Process Excellence, covering innovation and process excellence, information technology and enterprise risk management.

Prior to her current appointment, she was the General Manager (Group Human Resources) of Keppel Corporation Limited. Ms Lim started her career as a management system auditor and consultant before she joined Keppel FELS Limited in 2001 as a Quality System Engineer. She had since held several management and leadership positions at Keppel FELS Limited, Keppel Offshore & Marine Ltd and Keppel Corporation Limited in Quality System, Process Excellence, Talent Management and Human Resources.

Ms Lim sits on the Boards of Keppel Infrastructure Services Pte Ltd, Keppel Seghers Engineering Singapore Pte Ltd, Keppel Seghers Pte Ltd, Keppel Seghers O&M Pte Ltd, GE Keppel Energy Services Pte Ltd, KMC O&M Pte Ltd, Kepfels Engineering Pte Ltd and Keppel FMO (India) Pte Ltd.

#### **Past principal directorships in the last five years**

Alpine Engineering Services Pte Ltd, Prime Steelkit Pte Ltd, Keppel FMO Pte Ltd, Keppel Nantong Shipyard Co. Ltd, Keppel Nantong Heavy Industry Co. Ltd, Keppel FELS Offshore and Engineering Services Mumbai Pvt Limited and Travelmore (Pte) Ltd.

### **Khor Un-Hun, 46**

Bachelor of Accountancy (First Class Honours), Nanyang Technological University

Mr Khor Un-Hun has been the Chief Executive Officer of Keppel Infrastructure Fund Management Pte Ltd, the Trustee-Manager of Keppel Infrastructure Trust (KIT), since May 2014. As the Chief Executive Officer, he is responsible for working with the Board to determine the strategy for KIT. He works with other members of the Trustee-Manager's management team to execute the stated strategy of the Trustee-Manager.

Mr Khor joined Keppel Infrastructure Holdings Pte Ltd (KI) as Development Director in April 2014, where he worked on KI's various business development initiatives.

Prior to joining KI, Mr Khor spent most of his career in the banking industry, during which he was involved in a wide range of mergers and acquisitions, financial advisory, capital markets and debt transactions across different sectors throughout Asia.

He held various positions in the corporate finance teams of Deutsche Bank and ING Bank in Singapore and Hong Kong before becoming Managing Director and Head of Corporate Finance, Asia at ING Bank. He was also a Member of ING Bank's Regional Management Committee.

#### **Past principal directorships in the last five years**

Nil

**Key Executives****Thomas Pang Thieng Hwi, 51**

Master of Arts (Honourary Award) and Bachelor of Arts (Engineering), University of Cambridge; Investment Management Certificate from The CFA Society of the UK.

Mr Pang is currently Executive Director and Chief Executive Officer of Keppel Telecommunications & Transportation Ltd, a position he held since July 2014. From June 2010 to June 2014, he was Chief Executive Officer of Keppel Infrastructure Fund Management Pte Ltd, the Trustee-Manager of Keppel Infrastructure Trust.

Mr Pang joined Keppel Offshore & Marine Ltd in 2002 as a Senior Manager (Merger Integration Office) to assist in the merger integration of Keppel FELS Limited and Keppel Shipyard Limited. He was promoted to General Manager (Corporate Development) in 2007 and oversaw the investment, mergers and acquisitions, and strategic planning of Keppel Offshore & Marine Ltd. Prior to that, he was an investment manager with Vertex Management (United Kingdom) from 1998 to 2001. Mr Pang was also the Vice President (Central USA) of the Singapore Tourism Board from 1995 to 1998, as well as the Assistant Head (Services Group, Enterprise Development Division) at the Economic Development Board of Singapore from 1988 to 1995.

Mr. Pang currently holds directorships in several Keppel Telecommunication & Transportation subsidiaries, associates and joint venture companies.

**Past principal directorships in the last five years**

Keppel Seghers Newater Development Co Pte Ltd, Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd, Senoko Waste-To-Energy Pte Ltd and Caspian Rigbuilders Pte Ltd.

**Desmond Gay Kah Meng, 55**

Bachelor of Business Administration and Master of Business Administration (Finance), Roosevelt University, Chicago, USA

Mr Gay is the Chief Executive Officer of Keppel Logistics Pte Ltd, a wholly owned subsidiary of Keppel T&T, which offers integrated third-party logistics solutions. Prior to his appointment, Mr Gay was the CEO of JGL Group Ltd, an Asia-based third-party logistics provider of integrated forwarding and logistics solutions, spanning over nine countries. As an industry veteran with more than 22 years of experience in the logistics industry, he held increasingly senior management positions in companies including Air Express International, DHL Danzas Air and Ocean, DHL Exel Supply Chain within Deutsche Post AG, DTW Logistics Group (former joint venture partner of FEDEX China) and Jacobson Companies.

**Past principal directorships in the last five years**

JGL Holding (S) Pte Ltd, Jacobson Global Logistics (S) Pte Ltd, JGL Group Limited and Jacobson Global Logistics (Hong Kong) Limited

**Vincent Ko Woon Chun, 63**

Bachelor of Commerce (Accounting), Nanyang University; Fellow of the Institute of Certified Public Accountants of Singapore; Diploma in Management Studies, the University of Chicago Graduate School of Business.

Mr Ko is the Chief Executive Officer, Logistics China of Keppel Telecommunications & Transportation (Keppel T&T). He started his career when he joined the Keppel Group in March 1980 as an Accountant with Keppel Shipyard Limited. During his career with the Keppel Group, he has held various management appointments in Singapore, China and Hong Kong with Keppel Land International Ltd, Straits Steamship Company Ltd (now known as Keppel Land Limited) and Keppel Corporation Limited.

He was appointed as the Company's Divisional Director, China Business Unit in January 1998 and in February 2004 assumed the position of Executive Director. He is also Executive Chairman and Chief Executive Officer for Keppel Logistics (Foshan) Limited and Keppel Logistics (Hong Kong) Ltd and is a director of various other Keppel T&T subsidiaries.

**Past principal directorships in the last five years**

Nil

## Key Executives

**Wong Wai Meng, 47**

Bachelor of Engineering (Electrical and Electronic Engineering) (First Class Honours), Nanyang Technological University

Mr Wong is the Chief Executive Officer of Keppel Data Centres with effect from 18 January 2016.

Mr Wong has more than 20 years of experience in the Information and Communications Technology (ICT) industry. Prior to joining Keppel Telecommunications & Transportation, he was Vice President of BT Advise BT Global Services across Asia Pacific, Middle East, Africa and Turkey (AMEA) where he managed the company's practices in business consulting, systems integration, software development, networking, mobility, collaboration and security. He was also CEO of the BT Frontline group of companies where he played a critical role in the integration of BT Frontline into BT Global Services.

Mr Wong holds the Honorary Secretary appointment in the Executive Committee Council of Singapore IT (SiTF) and is also a Senior Member in the Singapore Computer Society. Mr Wong is also a Committee Member in the Technology Strategy Committee of Mount Alvernia Hospital.

**Past principal directorships in the last five years**

BT Singapore Pte Ltd, BT Global Solutions Pte Ltd, BT Global Services Technologies Pte Ltd, iASpire.Net Pte Ltd, Green House Group Pte Ltd and Frontline Solutions Pte Ltd.

**Chua Hsien Yang, 38**

Bachelor of Engineering (Civil), University of Canterbury; Master of Business Administration, University of Western Australia.

Mr Chua is the Chief Executive Officer of Keppel DC REIT Management Pte Ltd (Manager of Keppel DC REIT). Mr Chua has 14 years of experience in fund management, business development and asset management in the real estate and hospitality sectors.

Prior to that, Mr Chua held the position of Senior Vice President of Keppel REIT Management Limited since 2008, where he headed the investment team. He was previously with Ascott Residence Trust Management Limited as Director of Business Development and Asset Management, and with Hotel Plaza Limited (now known as Pan Pacific Hotels Group Limited) as Assistant Vice President of Asset Management.

**Past principal directorships in the last five years**

Mirvac 8 Chifley Pty Limited and Mirvac (Old Treasury) Pty Limited.

**Ang Wee Gee, 54**

Bachelor of Science summa cum laude, University of Denver, USA; Master of Business Administration, Imperial College, University of London, UK.

Mr Ang joined the Keppel Land Group in 1991 and was appointed Chief Executive Officer of Keppel Land Limited on 1 January 2013.

Prior to his appointment as Chief Executive Officer of Keppel Land Limited, Mr Ang held senior management positions in the Group. He was Executive Vice Chairman of Keppel Land China Limited, a wholly-owned subsidiary of Keppel Land Limited which was formed in 2010 to own and operate Keppel Land Limited's businesses in China. Prior to that, he was Executive Director and Chief Executive Officer, International of Keppel Land International Limited, responsible for the Group's overseas businesses. He was also Chairman of Keppel Philippines Properties Inc and Keppel Thai Properties Public Company Limited, which are listed on the Philippine Stock Exchange and The Stock Exchange of Thailand respectively. Mr Ang previously held various positions in business and project development for Singapore and overseas markets, and corporate planning in the Group's hospitality management arm. He was also the Group's Country Head for Vietnam as well as Head of Keppel Land Hospitality Management Pte Ltd.

Prior to joining Keppel Land Group, Mr Ang acquired diverse experience in the hotel, real estate and management consulting industries in the USA, Hong Kong and Singapore.

**Past principal directorships in the last five years**

Various subsidiaries and associated companies of Keppel Land Limited.



## Key Executives

**Tan Swee Yiow, 55**

Bachelor of Science (First Class Honours) in Estate Management, National University of Singapore; Master of Business Administration in Accountancy, Nanyang Technological University.

Mr Tan joined the Keppel Land Group in 1990 and is currently President (Singapore), overseeing the Group's investment and development operations in Singapore. He is concurrently Head of its hospitality management arm, Keppel Land Hospitality Management Pte Ltd.

Mr Tan is a Director of a number of subsidiaries and associated companies of the Group including Keppel Bay Pte Ltd, Keppel Land Hospitality Management Pte Ltd and Raffles Quay Asset Management Pte Ltd.

In addition, he is the 1st Vice President of Singapore Green Building Council and a Member of World Green Building Council's Corporate Advisory Board. He also serves as Honorary Secretary on the Management Council of Real Estate Developers' Association of Singapore and the Workplace Safety Health Council (Construction and Landscape Committee).

**Past principal directorships in the last five years**

Asia No. 1 Property Fund Ltd, Keppel Thai Properties Public Company Ltd, Keppel REIT Management Ltd, EM Services Pte Ltd and other subsidiaries and associated companies of Keppel Land Limited.

**Ben Lee Siew Keong, 43**

Bachelor of Science (Building), (Second Class Upper Honours), National University of Singapore; Master of Applied Finance from the University of Western Sydney

Mr Ben Lee is the President of Keppel Land China, a wholly-owned subsidiary of Keppel Land Limited which owns and operates Keppel Land Group's businesses in China. He was previously General Manager, Operations (and before that, General Manager, Business Development) of Keppel Land China. Based in Shanghai since 2007, Mr. Lee currently oversees the business operations of all the projects in various cities in China (including Shanghai, Beijing, Tianjin, Chengdu, Wuxi, Nantong, Jiangyin, Shenyang, Kunming and Zhongshan).

Prior to joining Keppel Land Group, Mr. Lee was Senior Investment Manager in one of China's largest state-owned property company, Poly Property Group, doing business development and investment in China. He also worked as a Marketing Manager with Citibank N.A. in Singapore. He started his career as a project manager in the construction industry.

Mr Lee is a Director of a number of subsidiary companies and associated companies in the Keppel Land Group.

**Past principal directorships in the last five years**

Nil

**Ms Ng Hsueh Ling, 49**

Bachelor of Science in Real Estate, National University of Singapore.

Ms Ng has been the Chief Executive Officer and Executive Director of Keppel REIT Management Limited, the Manager of Keppel REIT since 17 August 2009. Ms Ng works with the Board to set the strategy for Keppel REIT and make recommendations to the Trustee of Keppel REIT. Ms Ng leads the management team of the Manager to deliver stable and sustainable returns to unitholders by proactively optimising and enhancing the property portfolio.

With over 26 years of experience in the real estate industry, Ms Ng has been involved in the strategic sourcing, investment, asset and portfolio management as well as the development of assets in key Asian cities. She has also extensive fund management experience in the areas of real estate fund product creation, deal origination, distribution and structuring of real estate-based financial products.

Ms Ng previously served as the Senior Vice President (Funds Business) and the Chief Executive Officer (Korea and Japan) of Ascendas Pte Ltd. She has also held senior positions at CapitaLand Commercial Ltd and CapitaLand Financial Ltd.

Ms Ng is a Licensed Appraiser for land and buildings and is a Fellow of the Singapore Institute of Surveyors and Valuers. She is also a director of various subsidiaries and associated companies of Keppel REIT.

**Past principal directorships in the last five years**

The National Art Gallery, Singapore.

## Key Executives

**Christina Tan Hua Mui, 50**

Bachelor of Accountancy (Honours), National University of Singapore; Chartered Financial Analyst.

Ms Tan is CEO-Designate of Keppel Capital Holdings Pte Ltd and is also the Managing Director of Alpha Investment Partners (AIP). She sits on the Investment Committee for all Funds and is also a Board Member of AIP. Ms Tan has more than 20 years of real estate and investment management experience. As a founding member, she has been actively involved in all phases of AIP's development since 2003. She is also instrumental in developing and implementing the portfolio strategy for all Alpha-managed funds. AIP is currently one of the largest pan-Asian managers with over S\$12 billion in assets under management.

Ms Tan previously served as Chief Financial Officer of GRA (Singapore) Private Limited, the Asian real estate fund management arm of the Prudential Insurance Company of America, managing more than US\$1 billion in real estate funds. Prior to that, Ms Tan was the Treasury Manager of Chartered Industries of Singapore. Ms Tan started her career with Ernst & Young LLP prior to joining the Government of Singapore Investment Corporation.

**Past principal directorships in the last five years**

Asia Real Estate Fund Management Limited, Hillsborough Limited, Growth Partners IV Holdings Ltd, Sino-Sing Alpha Partners HK Limited, AAJ Investment Pte Ltd, Myrick Investment Private Limited and Chiba Investment Private Limited.

## Major Properties

## Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
<b>Completed properties</b>					
Keppel REIT	46%	Bugis Junction Towers Victoria Street, Singapore	15-storey office tower	99 years leasehold	Commercial office building with rentable area of 22,760 sqm
		Ocean Financial Centre Collyer Quay, Singapore	Land area: 6,109 sqm 43-storey office tower	999 years leasehold	Commercial office building with rentable area of 82,131 sqm
		One Raffles Quay Singapore	Land area: 11,367 sqm Two office towers of 50-storey and 29-storey	99 years leasehold	Commercial office building with rentable area of 123,678 sqm
		Marina Bay Financial Centre (Phase 1) Marina Boulevard, Singapore	Land area: 34,155 sqm Two office towers of 33-storey and 50-storey with ancillary retail space	99 years leasehold	Commercial office building with rentable area of 161,805 sqm
		Marina Bay Financial Centre (Phase 2) Marina Boulevard, Singapore	Land area: 9,710 sqm 46-storey office tower with retail podium	99 years leasehold	Commercial office building with rentable area of 124,581 sqm
		275 George Street Brisbane, Australia	Land area: 7,074 sqm 30-storey office tower	Freehold	Commercial office building with rentable area of 41,748 sqm
		8 Exhibition Street Melbourne, Australia	Land area: 4,329 sqm 35-storey office tower with ancillary retail space	Freehold	Commercial office building with rentable area of 45,900 sqm
		8 Chifley Square Sydney, Australia	Land area: 1,581 sqm 34-storey office tower	99 years leasehold	Commercial office building with rentable area of 19,350 sqm
		Office Tower on the Old Treasury Building Site Perth, Australia	Land area: 2,945 sqm 33-storey office tower	99 years leasehold	Commercial office building with rentable area of 31,176 sqm
Keppel DC REIT	29%	S25 Serangoon, Singapore	Land area: 7,333 sqm 6-storey data centre	30 years lease with option for another 30 years	Data centre with rentable area of 10,180 sqm
		T25 Tampines, Singapore	Land area: 5,000 sqm 5-storey data centre	30 years lease with option for another 30 years	Data centre with rentable area of 3,427 sqm

## Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
		Gore Hill Data Centre Sydney, Australia	Land area: 6,692 sqm 4-storey data centre	Freehold	Data centre with rentable area of 8,450 sqm
		Almere Data Centre Amsterdam, Netherlands	Land area: 7,930 sqm	Freehold	Data centre with rentable area of 11,000 sqm
		Citadel 100 Data Centre Dublin, Ireland	Land area: 20,275 sqm	40 years leasehold	Data centre with rentable area of 6,328 sqm
Keppel Datahub 2 Pte Ltd	86%	T27 Tampines, Singapore	Land area: 5,000 sqm	30 years lease with option for another 30 years	Data centre with rentable area of 5,000 sqm
Parksville Development Pte Ltd	99%	Nassim Woods Tanglin Road, Singapore	Land area: 5,785 sqm	99 years leasehold	A 35-unit luxurious condominium development
Mansfield Development Pte Ltd	99%	Keppel Towers and Keppel Towers 2 Hoe Chiang Rd, Singapore	Land area: 9,127 sqm 27-storey and 13-storey office towers	Freehold	Commercial office building with rentable area of 39,958 sqm
HarbourFront One Pte Ltd	100%	Keppel Bay Tower HarbourFront Avenue, Singapore	Land area: 17,267 sqm 18-storey office tower	99 years leasehold	Commercial office building with rentable area of 36,015 sqm
Keppel Bay Pte Ltd	100%	Reflections at Keppel Bay Singapore	Land area: 83,538 sqm	99 years leasehold	A 1,129-unit waterfront condominium development
Spring City Golf & Lake Resort Co (owned by Kingsdale Development Pte Ltd) & Lake Resort	68%	Spring City Golf Lake Resort Kunming, China	Land area: 2,884,749 sqm Two 18-hole golf courses, a club house	70 years lease (residential) 50 years lease (golf course)	Integrated resort comprising golf courses, resort homes and resort facilities
Tianjin Fushi Property Development Co Ltd	99%	Serenity Villa Tianjin, China	Land area: 128,685 sqm	70 years leasehold	A 340-unit residential development in Tianjin Eco-City
Equity Rainbow II Pte Ltd	43%	Life Hub@Jinqiao Shanghai, China	Land area: 59,956 sqm	50 years leasehold	A retail and office development with rentable area of 79,214 sqm
Shanghai Hongda Property Development Co Ltd	99%	The Springdale Shanghai, China	Land area: 264,090 sqm	70 years lease (residential) 40 years lease (commercial)	A 2,596-unit residential development with commercial facilities in Pudong District

## Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Shanghai Pasir Panjang Land Co Ltd	98%	Eight Park Avenue Shanghai, China	Land area: 33,432 sqm	70 years leasehold	A 918-unit residential development
PT Straits-CM Village	39%	Club Med Ria Bintan Bintan, Indonesia	Land area: 200,000 sqm	30 years lease with option for another 50 years	A 302-room beachfront hotel
PT Kepland Investama	99%	International Financial Centre (Tower 1) Jakarta, Indonesia	Land area: 10,428 sqm	20 years lease with option for another 20 years	A prime office development with rentable area of 27,933 sqm
Keppel Land Watco I Co Ltd	68%	Saigon Centre (Phase 1) Ho Chi Minh City, Vietnam	Land area: 2,730 sqm 25-storey office, retail cum serviced apartments development	50 years leasehold	Commercial building with rentable area of 10,430 sqm office, 3,809 sqm retail, 305 sqm post office and 89 units of serviced apartments
First King Properties Ltd	99%	75 King William Street London, United Kingdom	Land area: 1,947 sqm 9-storey office tower	Freehold	Commercial office building with rentable area of 11,731 sqm
<b>Properties under development</b>					
Sherwood Development Pte Ltd	69%	The Glades Tanah Merah, Singapore	Land area: 31,882 sqm	99 years leasehold	A 726-unit condominium development *(2017)
Keppel Bay Pte Ltd	100%	Corals at Keppel Bay Singapore	Land area: 38,830 sqm	99 years leasehold	A 366-unit waterfront condominium development *(2018)
	100%	Keppel Bay Plot 6 Singapore	Land area: 43,701 sqm	99 years leasehold	A proposed 86-unit waterfront condominium development
Harvestland Development Pte Ltd	99%	Highline Residences Tiong Bahru, Singapore	Land area: 10,991 sqm	99 years leasehold	A 500-unit condominium development *(2018)
Beijing Aether Property Development Ltd	51%	Commercial Development Beijing, China	Land area: 26,081 sqm	40/50 years leasehold	An office and retail development in Chaoyang District *(2017)
Shanghai Ji Xiang Land Co Ltd	99%	Seasons Residence Shanghai, China	Land area: 71,621 sqm	70 years leasehold	A 1,102-unit residential development in Nanxiang, Jiading District *(2016 Phase 4)



## Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Shanghai Floraville Land Co Ltd	98%	Park Avenue Central Shanghai, China	Land area: 28,488 sqm	70 years leasehold	An office and retail development *(2019)
Shanghai Jinju Real Estate Development Co Ltd	99%	Hill Crest Villa Shanghai, China	Land area: 175,191 sqm	70 years leasehold	A 217-unit landed development in Sheshan *(2016 Phase 1)
Spring City Golf & Lake Resort	68%	Spring City Golf & Lake Resort Kunming, China	Land area: 2,157,361 sqm	70 years leasehold	Integrated resort comprising golf courses, resort homes and resort facilities (Hill Crest Residence Phase 2B) *(2018)
Keppel Heights (Wuxi) Property Development Pte Ltd	99%	Park Avenue Heights Wuxi, China	Land area: 66,010 sqm	70 years lease (residential) 40 years lease (commercial)	A 1,048-unit residential development with commercial facilities in Beitang District *(2018)
Keppel Lakefront (Wuxi) Property Development Co Ltd	99%	Waterfront Residence Wuxi, China	Land area: 215,230 sqm	70 years lease (residential) 40 years lease (commercial)	A 2,360-unit residential development with commercial and SOHO facilities in Binhu District *(2016)
CityOne Development (Wuxi) Co Ltd	50%	Central Park City Wuxi, China	Land area: 352,534 sqm	70 years lease (residential) 40 years lease (commercial)	A 5,339-unit residential township development with commercial and SOHO facilities in Binhu District *(2016)
Keppel Township Development (Shenyang) Co Ltd	99%	The Seasons Shenyang, China	Land area: 348,312 sqm	50 years lease (residential) 40 years lease (commercial)	A 2,794-unit residential township with integrated facilities in Shenbei New District
Keppel Hong Da (Tianjin Eco-City) Property Development Co Ltd	100%	Development in Sino-Singapore Tianjin Eco-City Tianjin, China	Land area: 365,722 sqm	70 years lease (residential) 40 years lease (commercial)	A 4,354-unit residential development with office and retail space *(2016)
Tianjin Fulong Property Development Co Ltd	99%	Waterfront Residence Tianjin, China	Land area: 103,683 sqm	70 years leasehold	A 341-unit landed development in Tianjin Eco-City *(2016 Phase 1 & 2)
Chengdu Hillstreet Development Co Ltd	99%	Park Avenue Heights Chengdu, China	Land area: 50,782 sqm	70 years lease (residential) 40 years lease (commercial)	A 1,535-unit residential development with commercial facilities in Jinjiang District *(2017)
Chengdu Hilltop Development Co Ltd	99%	Hill Crest Villa Chengdu, China	Land area: 249,330 sqm	70 years leasehold	A 274-unit landed development in Xinjin County *(2017 Phase 2)

## Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Chengdu Shengshi Jingwei Real Estate Co Ltd	99%	Serenity Villa Chengdu, China	Land area: 286,667 sqm	70 years leasehold	A 573-unit landed development in Xinjin County *(2016 Phase 1)
Sunsea Yacht Club (Zhongshan) Co Ltd	79%	Keppel Cove Zhongshan, China	Land area: 891,752 sqm	70 years lease (residential) 40 years lease (commercial)	A 1,647-unit residential development with a mix of villas and apartments, and integrated marina lifestyle facilities *(2016 Phase 1)
Jiangyin Evergro Properties Co Ltd	98%	Stamford City Jiangyin, China	Land area: 82,987 sqm	70 years lease (residential) 40 years lease (commercial)	A 1,478-unit residential development with commercial and SOHO facilities *(2018 Phase 3)
Keppel Lakefront (Nantong) Property Development Co Ltd	99%	Waterfront Residence Nantong, China	Land area: 172,215 sqm	70 years leasehold	A 1,199-unit residential development
MIP 59th and Third Development LLC	82%	Residential Development New York, United States	Land area: 13,750 sqm	Freehold	A residential-cum-retail development at Upper East Side in Manhattan
PT Harapan Global Niaga	99%	West Vista Jakarta, Indonesia	Land area: 28,851 sqm	30 years lease with option for another 20 years	A 2,855-unit residential development with ancillary shop houses *(2018)
PT Kepland Investama	99%	International Financial Centre (Tower 2) Jakarta, Indonesia	Land area: 10,428 sqm	20 years lease with option for another 20 years	A prime office development with rentable area of 50,200 sqm *(2016)
South Rach Chiec LLC	42%	South Rach Chiec Ho Chi Minh City, Vietnam	Land area: 302,093 sqm	50 years leasehold	A 4,700-unit residential township and commercial space *(2018 Phase 1)
Estella JV Co Ltd	97%	Estella Heights Ho Chi Minh City, Vietnam	Land area: 25,393 sqm	50 years leasehold	A 872-unit residential development with commercial space in An Phu Ward, District 2 *(2018)
Dong Nai Waterfront City LLC (owned by Portsville Pte Ltd)	50%	Dong Nai Waterfront City Dong Nai Province, Vietnam	Land area: 3,667,127 sqm	50 years leasehold	A 11,500-unit residential township with commercial space in Long Thanh District *(2019 Phase 1)

## Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
<b>Industrial properties</b>					
Keppel FELS Limited	100%	Jurong, Pioneer, Crescent and Tuas South Yard, Singapore	Land area: 743,021 sqm buildings, workshops, building berths, drydocks and wharves	16 - 30 years leasehold	Oil rigs, offshore and marine construction, repair, fabrication, assembly and storage
Estaleiro BrasFELS Ltda	100%	Angra dos Reis, Rio de Janeiro, Brazil	Land area: 409,020 sqm buildings, workshops, drydock, berths and wharf	30 years leasehold	Offshore oil rig construction and repair
Keppel Shipyard Limited	100%	Benoi and Pioneer Yard, Singapore	Land area: 799,111 sqm buildings, workshops, drydocks and wharves	30 years leasehold	Shiprepairing, shipbuilding and marine construction

\* Expected year of completion

# Group Five-Year Performance

	2011	2012	2013	2014	2015
<b>Selected Profit &amp; Loss Account Data</b>					
<b>(\$ million)</b>					
Revenue	10,082	13,965	12,380	13,283	<b>10,296</b>
Operating profit	2,824	2,621	2,134	2,373	<b>1,514</b>
Profit before tax	3,313	3,256	2,794	2,889	<b>1,997</b>
Net profit attributable to shareholders of the Company	1,946	2,237	1,846	1,885	<b>1,525</b>
<b>Selected Balance Sheet Data</b>					
<b>(\$ million)</b>					
Fixed assets & properties	7,326	8,760	5,986	4,661	<b>6,118</b>
Investments	5,350	5,909	6,192	5,718	<b>6,097</b>
Stocks, debtors, cash & long term assets	12,325	14,428	17,792	19,851	<b>16,606</b>
Intangibles	99	110	86	102	<b>100</b>
Assets classified as held for sale	-	-	-	1,259	<b>-</b>
Total assets	25,100	29,207	30,056	31,591	<b>28,921</b>
Less:					
Creditors	8,195	8,059	8,700	8,579	<b>8,220</b>
Borrowings	4,877	7,208	7,100	7,383	<b>8,259</b>
Other liabilities	267	362	567	451	<b>516</b>
Liabilities directly associated with assets classified as held for sale	-	-	-	450	<b>-</b>
Net assets	11,761	13,578	13,689	14,728	<b>11,926</b>
Share capital & reserves	7,699	9,246	9,701	10,381	<b>11,096</b>
Non-controlling interests	4,062	4,332	3,988	4,347	<b>830</b>
Capital employed	11,761	13,578	13,689	14,728	<b>11,926</b>
<b>Per Share</b>					
Earnings (cents) (Note 1):					
Before tax	130.9	148.5	120.5	123.9	<b>104.6</b>
After tax	109.4	124.8	102.3	103.8	<b>84.0</b>
Total distribution (cents)	43.0	73.6	49.5	48.0	<b>34.0</b>
Net assets (\$)	4.32	5.14	5.37	5.73	<b>6.13</b>
Net tangible assets (\$)	4.26	5.08	5.32	5.67	<b>6.07</b>
<b>Financial Ratios</b>					
Return on shareholders' funds (%) (Note 2):					
Profit before tax	32.5	31.4	23.0	22.4	<b>17.7</b>
Net profit	27.2	26.4	19.5	18.8	<b>14.2</b>
Dividend cover (times)	2.5	1.7	2.1	2.2	<b>2.5</b>
Net cash / (gearing) (times)	(0.16)	(0.23)	(0.11)	(0.11)	<b>(0.53)</b>
<b>Employees</b>					
Number	33,747	38,390	39,364	38,732	<b>33,574</b>
Wages & salaries (\$ million)	1,433	1,579	1,668	1,733	<b>1,600</b>

## Notes:

- Earnings per share are calculated based on the Group profit by reference to the weighted average number of shares in issue during the year.
- In calculating return on shareholders' funds, average shareholders' funds has been used.

## Group Five-Year Performance

### 2015

Group revenue of \$10,296 million for 2015 was \$2,987 million or 22% lower than that for the full year of 2014. Offshore & Marine Division's revenue of \$6,241 million was 27% below the \$8,556 million for 2014 due to lower volume of work, deferment of some projects and the suspension of the Sete Brasil contracts. Major jobs completed in 2015 include seven jack-up rigs, an accommodation semi, one FPSO conversion, one depletion compression platform, one floating crane and an FPSO integration. The Property Division saw its revenue increase by 11% to \$1,926 million due mainly to higher revenue from China partly offset by lower revenue from Singapore and the absence of the sale of a residential development in Jeddah, Saudi Arabia which was sold in 2014. Revenue from the Infrastructure Division contracted by \$876 million to \$2,058 million as a result of a drop in revenue recorded by the power and gas business due to lower prices and volume, lower revenue from EPC projects, lower contribution from the data centre business, as well as absence of revenue from Keppel FMO Pte Ltd which was disposed in December 2014.

The Group's pre-tax profit for the current year was \$1,997 million, \$892 million or 31% below the previous year. The Offshore & Marine Division reported a \$666 million drop in pre-tax profit to \$699 million. Lower operating results arising from lower revenue, provision for losses for Sete Brasil rig building contracts of about \$230 million and lower net interest income were partially offset by an increase in share of associated companies' profits. The Property Division's profit of \$896 million for 2015 was \$121 million or 12% below that of 2014. This was due mainly to lower operating results, reduction in share of associated companies' profits, higher net interest expense and absence of gains from the disposal of investment properties (Equity Plaza, Prudential Tower and MBFC T3 were disposed in 2014), partly offset by higher fair value gains on investment properties and cost write-back upon finalisation of project cost for the Reflections at Keppel Bay. Profit from the Infrastructure Division decreased by \$196 million to \$256 million. The gain from disposal of 51% interest in Keppel Merlimau Cogen Pte Ltd and dilution re-measurement gain from the combination of Crystal Trust and CitySpring Infrastructure Trust to form the enlarged Keppel Infrastructure Trust were partially offset by the losses following finalisation of the cost to complete the Doha North Sewage Treatment Works and the reduced contribution from the power and gas business. There were also gains from divestment of data centre assets and Keppel FMO in 2014.

Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was \$1,525 million, \$360 million or 19% lower than last year. The Property Division was the largest contributor to Group net profit at 46%, followed by the Offshore & Marine Division's 32%, the Infrastructure Division's 14% and the Investments Division's at 8%.

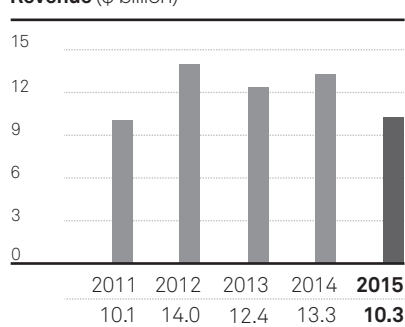
### 2014

Group revenue of \$13,283 million for 2014 was \$903 million or 7% higher than that for the full year of 2013. Offshore & Marine Division's revenue of \$8,556 million was 20% above the \$7,126 million for 2013, driven mainly by progress from on-going jobs. Major jobs completed in 2014 include 7 jack-up rigs, 3 FPSO upgrades, 2 FPSO conversions, one FPSO integration and one semi upgrade. Revenue from the Infrastructure Division decreased by \$525 million to \$2,934 million mainly due to lower revenue contributed by Keppel Infrastructure's power generation plant, partially offset by stronger contribution from Keppel Telecommunications & Transportation's logistics and data centre businesses. The Property Division saw its revenue weakened by 2% to \$1,729 million mainly from weaker sales in Singapore. In addition, Keppel REIT did not contribute any revenue in 2014 as it was deconsolidated from 31 August 2013. This was partly offset by sale of a residential development in Jeddah, Saudi Arabia.

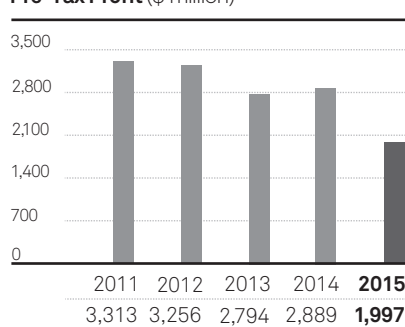
The Group's pre-tax profit for the current year was \$2,889 million, \$95 million or 3% above the previous year. The Offshore & Marine Division posted a higher pre-tax profit of \$1,365 million mainly from better operating results and higher interest income partially offset by lower share of associated companies' profits. Profit from the Infrastructure Division increased by \$379 million to \$452 million due mainly to better operating results from both Keppel Infrastructure and Keppel Telecommunications & Transportation as well as gains from divestments of data centre assets and Keppel FMO. The Property Division's profit of \$1,017 million for 2014 was \$422 million or 29% below that of 2013. Lower operating results, lower fair value gains on investment properties and absence of gains from deconsolidation of Keppel REIT recognised in 2013 was partially offset by gains from the disposals of Equity Plaza, Prudential Tower and MBFC T3 in 2014.

Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was \$1,885 million, \$39 million or 2% higher than last year. The Offshore & Marine Division was the largest contributor to Group net profit at 55%, followed by the Property Division's 26%, the Infrastructure Division's 17% and the Investments Division's at 2%.

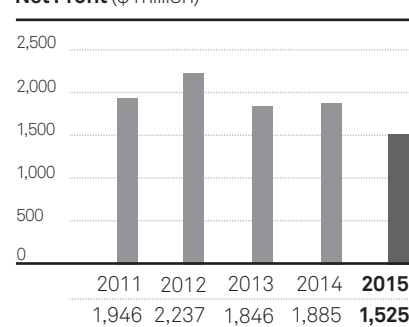
Revenue (\$ billion)



Pre-Tax Profit (\$ million)



Net Profit (\$ million)





## Group Five-Year Performance

**2013**

Group revenue was \$12,380 million as compared to \$13,965 million for 2012. Many jobs started during the year have not reached the stage of revenue recognition resulting in the revenue of Offshore & Marine Division falling by 11% to \$7,126 million. In 2013, 22 major new builds, comprising 20 jack-ups, an accommodation semi and a semi-submersible, were completed. Other significant jobs completed include a drillship upgrade, a semi upgrade, several FPSO projects and a diving support vessel. Revenue from Infrastructure Division increased by \$627 million to \$3,459 million due to higher revenue contributed by the co-generation power plant in Singapore. Property Division saw its revenue weakened by 41% to \$1,768 million mainly from decline in sales recognition of Reflections at Keppel Bay units arising from the deliveries of residential units sold under the deferred payment scheme in 2012 which was not repeated in 2013.

At the pre-tax level, Group profit went down by \$462 million from \$3,256 million in 2012 to \$2,794 million for the current year. Offshore & Marine Division posted a higher pre-tax profit of \$1,202 million mainly from an increase in share of associated companies' profits partly offset by a decrease in operating results. Profit from Infrastructure Division picked up by 24% to \$73 million due mainly to improved performance by its power and gas business. There was also a reversal of provision following the finalisation of the sale of the power barge. This was partly offset by losses arising from cost overruns pertaining to the EPC contracts. Property Division profit of \$1,439 million was 20% lower than profit of \$1,809 million for 2012. Reflections at Keppel Bay recorded higher profits in the previous year as it benefited from revenue recognition from the deliveries of residential units sold under the deferred payment scheme. There were also lower gains from on investment properties in 2013. This reduction was partially offset by higher contribution of profit from China, profit from the sale of Jakarta Garden City project and gain from deconsolidation of Keppel REIT during the current year. Fewer disposals of equity investments in 2013 resulted in the decline of Investments Division's profit to \$80 million.

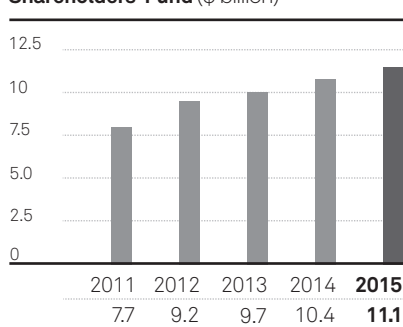
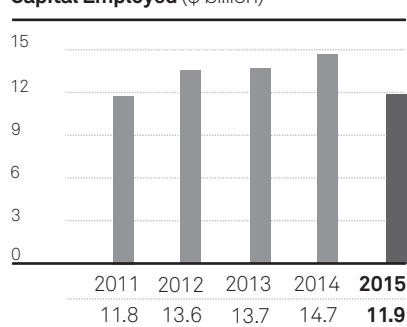
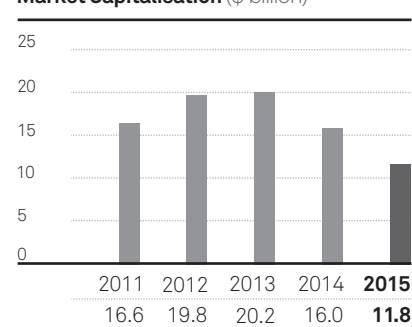
Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was \$1,846 million, \$391 million or 17% lower than last year. The Offshore & Marine Division was the largest contributor to Group net profit at 51%, followed by the Property Division's 45%.

**2012**

Group revenue of \$13,965 million was 39% higher than 2011. Revenue from Offshore & Marine Division of \$7,963 million was 40% above that of the previous year due to higher volume of work. The Division completed and delivered two semisubmersible rigs, one semisubmersible rig upgrade, four jack-up rigs, one multi-purpose self-elevating platform, one drillship outfitting, four FPSO conversions/upgrades, one FPSO module fabrication and integration, one FSU upgrade, one pipelay vessel completion, two specialised vessels and several upgrade/repair projects. Revenue from Infrastructure Division decreased slightly by \$31 million or 1% to \$2,832 million. Lower revenue from Engineering, Procurement and Construction contracts was partly offset by higher revenue generated from the co-generation power plant in Singapore. Revenue from Property Division of \$3,018 million was 106% above 2011. The lumpy revenue was due mainly to higher contributions from Reflections at Keppel Bay following the delivery of residential units sold under the deferred payment scheme to the purchasers. This high level of revenue is not expected in 2013 as revenue recognition from sale of Reflections at Keppel Bay is expected to be lower.

At the pre-tax level, Group profit of \$3,256 million was 2% lower than 2011. Pre-tax earnings from Offshore & Marine Division decreased by 13% to \$1,193 million, principally because of lower margins for rig building contracts. Profit from Infrastructure Division increased by 66% to \$59 million as a result of better performance from Keppel Energy, partly offset by losses from Keppel Integrated Engineering. Profit from Property Division decreased from \$1,875 million to \$1,809 million due to lower net fair value gain on investment properties, partly offset by higher contribution from associated companies and higher contribution from Reflections at Keppel Bay.

Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was \$2,237 million, \$291 million or 15% higher than last year. The Property Division was the largest contributor to Group net profit at 48%, followed by the Offshore & Marine Division's 42%.

**Shareholders' Fund (\$ billion)****Capital Employed (\$ billion)****Market Capitalisation (\$ billion)**

## Group Five-Year Performance

### 2011

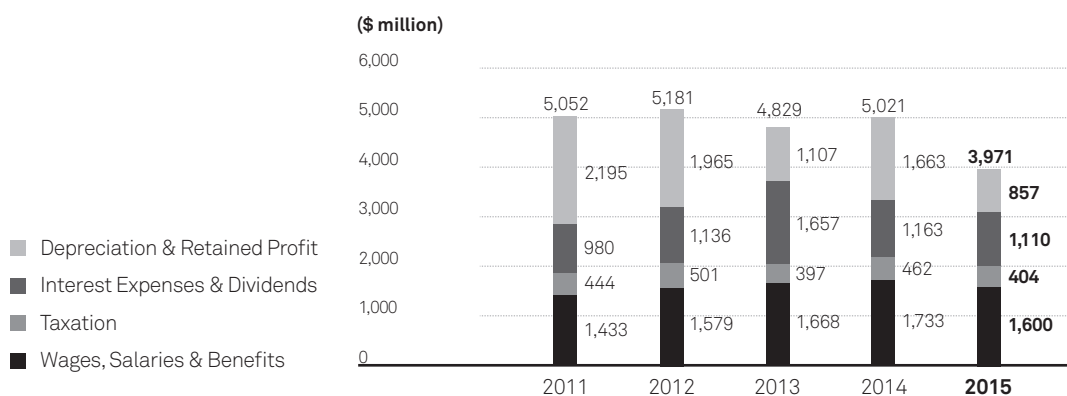
Group revenue exceeded \$10 billion, which was 10% higher than 2010. Revenue from Offshore & Marine Division of \$5,706 million was slightly above that of the previous year. During the year, the Division completed and delivered eight rigs, seven major FPSO/FSO conversion projects and eleven specialised vessels, among other repair, upgrade and completion projects. Revenue from Infrastructure Division increased by \$353 million or 14% to \$2,863 million. Higher revenue generated from the cogen power plant in Singapore was partly offset by lower revenue from Keppel Integrated Engineering. Revenue from Property Division of \$1,467 million was \$425 million or 41% above the previous year. Overseas operations reported higher revenue, due largely to the completion of several projects/phases in India, China and Vietnam in 2011. Higher revenue was also reported by Singapore trading projects, such as Reflections at Keppel Bay, The Lakefront Residences, The Luxurie and Madison Residences due to higher sales and percentage of physical completion achieved.

At the pre-tax level, Group profit of \$3,313 million was 30% higher than 2010. Pre-tax earnings from Offshore & Marine Division increased by 13% to \$1,371 million. This was due to cost savings and higher margins on jobs. Profit from Infrastructure Division was \$35 million in 2011 as compared to a loss of \$44 million in 2010. This was mainly attributable to better performance from Keppel Energy and lower provisions for cost overruns and completion delays for the EPC contract in Qatar. Property Division recorded profit of \$1,875 million, an increase of 41% over the preceding year. This was mainly attributable to higher contribution from several residential projects in Singapore, China and Vietnam as well as higher net fair value gain on investment properties. Profit from Investments Division was lower due to higher costs and impairment of non-performing assets in 2011.

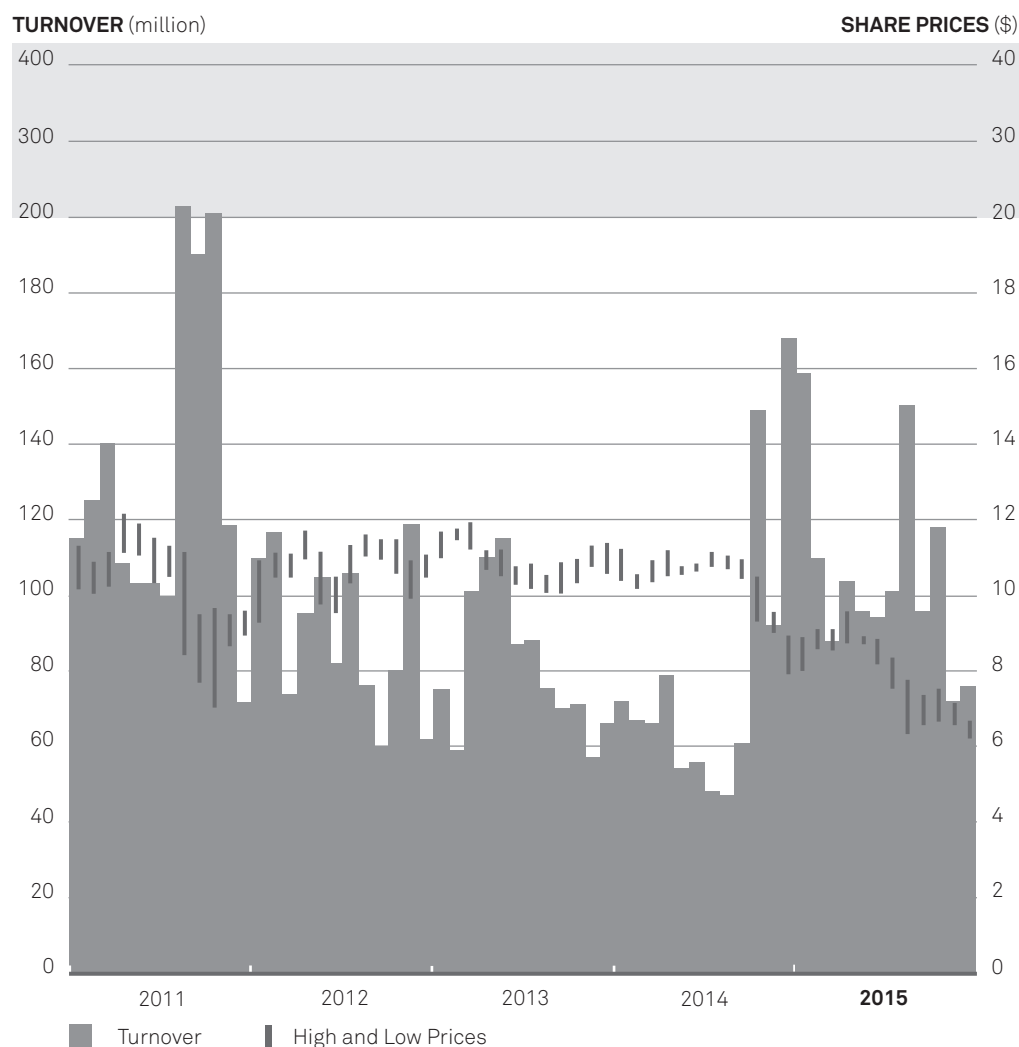
Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was \$1,946 million, \$355 million or 22% higher than last year. The Offshore & Marine Division was the largest contributor to Group net profit at 52%, followed by the Property Division's 47%.

# Group Value-Added Statements

	2011	2012	2013	2014	2015
(\$ million)					
<b>Value added from:</b>					
Revenue earned	10,082	13,965	12,380	13,283	<b>10,296</b>
Less: purchases of materials and services	(6,544)	(9,779)	(8,696)	(9,474)	<b>(7,365)</b>
<b>Gross value added from operation</b>	<b>3,538</b>	<b>4,186</b>	<b>3,684</b>	<b>3,809</b>	<b>2,931</b>
<b>In addition:</b>					
Interest and investment income	139	167	158	145	<b>134</b>
Share of associated companies' profits	448	603	626	504	<b>504</b>
Other operating (expenses) / income	927	225	361	563	<b>402</b>
	<b>5,052</b>	<b>5,181</b>	<b>4,829</b>	<b>5,021</b>	<b>3,971</b>
<b>Distribution of Group's value added:</b>					
To employees in wages, salaries and benefits	1,433	1,579	1,668	1,733	<b>1,600</b>
To government in taxation	444	501	397	462	<b>404</b>
To providers of capital on:					
Interest on borrowings	98	135	125	134	<b>155</b>
Dividends to our partners in subsidiaries	158	212	175	266	<b>83</b>
Dividends to our shareholders	724	789	1,357	763	<b>872</b>
	<b>980</b>	<b>1,136</b>	<b>1,657</b>	<b>1,163</b>	<b>1,110</b>
<b>Total Distribution</b>	<b>2,857</b>	<b>3,216</b>	<b>3,722</b>	<b>3,358</b>	<b>3,114</b>
<b>Balance retained in the business:</b>					
Depreciation & amortisation	208	211	242	265	<b>220</b>
Non-controlling interests' share of profits in subsidiaries	765	306	376	276	<b>(15)</b>
Retained profit for the year	1,222	1,448	489	1,122	<b>652</b>
	<b>2,195</b>	<b>1,965</b>	<b>1,107</b>	<b>1,663</b>	<b>857</b>
	<b>5,052</b>	<b>5,181</b>	<b>4,829</b>	<b>5,021</b>	<b>3,971</b>
Number of employees	33,747	38,390	39,364	38,732	<b>33,574</b>
<b>Productivity data:</b>					
Gross value added per employee (\$'000)	105	109	94	98	<b>87</b>
Gross value added per dollar employment cost (\$)	2.47	2.65	2.21	2.20	<b>1.83</b>
Gross value added per dollar sales (\$)	0.35	0.30	0.30	0.29	<b>0.28</b>



# Share Performance



	2011	2012	2013	2014	2015
<b>Share Price (\$) *</b>					
Last transacted (Note 3)	9.30	11.00	11.19	8.85	<b>6.51</b>
High	12.18	11.67	11.93	11.24	<b>9.54</b>
Low	7.02	9.32	10.01	7.91	<b>6.20</b>
Volume weighted average (Note 2)	9.88	10.75	10.87	10.01	<b>7.92</b>
<b>Per Share</b>					
Earnings (cents) (Note 1)	109.4	124.8	102.3	103.8	<b>84.0</b>
Total distribution (cents)	43.0	73.6	49.5	48.0	<b>34.0</b>
Distribution yield (%) (Note 2)	4.4	6.9	4.6	4.8	<b>4.3</b>
Net price earnings ratio (Note 2)	9.0	8.6	10.6	9.6	<b>9.4</b>
Net assets backing (\$)	4.26	5.08	5.32	5.70	<b>6.07</b>
<b>At Year End</b>					
Share price (\$)	9.30	11.00	11.19	8.85	<b>6.51</b>
Distribution yield (%) (Note 3)	4.6	6.7	4.4	5.4	<b>5.2</b>
Net price earnings ratio (Note 3)	8.5	8.8	10.9	8.5	<b>7.8</b>
Net price to book ratio (Note 3)	2.2	2.2	2.1	1.6	<b>1.1</b>

**Notes:**

- Earnings per share are calculated based on the Group net profit by reference to the weighted average number of shares in issue during the year.
- Volume weighted average share price is used in calculating distribution yield and net price earnings ratio.
- Last transacted share price is used in calculating distribution yield, net price earnings ratio and net price to book ratio.

\* Historical share prices are not adjusted for special dividends, capital distribution and dividend *in specie*.

## Shareholding Statistics

# Shareholding Statistics

As at 2 March 2016

Issued and Fully paid-up capital (including Treasury Shares) : \$1,288,393,382.98  
 Issued and Fully paid-up capital (excluding Treasury Shares) : \$1,269,792,617.55  
 Number of Issued shares (including Treasury Shares) : 1,817,910,180  
 Number of Issued shares (excluding Treasury Shares) : 1,815,230,963  
 Number/Percentage of Treasury Shares : 2,679,217 (0.15%)  
 Class of Shares : Ordinary Shares  
 Voting Rights : One Vote Per Share. The Company cannot exercise any voting right in respect of treasury shares.

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	97	0.13	3,325	0.00
100 - 1,000	17,485	23.19	14,485,878	0.80
1,001 - 10,000	48,030	63.69	187,552,211	10.33
10,001 - 1,000,000	9,759	12.94	297,034,777	16.36
1,000,001 & Above	40	0.05	1,316,154,772	72.51
Total	75,411	100.00	1,815,230,963	100.00

Twenty Largest Shareholders as at 2 March 2016	Number of Shares	%
Temasek Holdings (Private) Limited	371,408,292	20.46
Citibank Nominees Singapore Pte Ltd	239,284,652	13.18
DBS Nominees Pte Ltd	218,909,656	12.06
HSBC (Singapore) Nominees Pte Ltd	104,122,085	5.74
United Overseas Bank Nominees Pte Ltd	70,324,695	3.87
Raffles Nominees (Pte) Ltd	61,869,309	3.41
DBSN Services Pte Ltd	59,402,289	3.27
BNP Paribas Securities Services	46,035,954	2.54
Bank of Singapore Nominees Pte Ltd	25,883,769	1.43
Morgan Stanley Asia (S) Securities Pte Ltd	11,914,917	0.66
OCBC Nominees Singapore Pte Ltd	11,885,045	0.65
DB Nominees (S) Pte Ltd	9,401,820	0.52
UOB Kay Hian Pte Ltd	9,269,317	0.51
OCBC Securities Private Ltd	8,738,182	0.48
Shanwood Development Pte Ltd	7,040,000	0.39
Choo Chiau Beng	5,305,474	0.29
Phillip Securities Pte Ltd	4,659,088	0.26
DBS Vickers Securities (S) Pte Ltd	4,372,070	0.24
Merrill Lynch (S'pore) Pte Ltd	4,062,109	0.22
BNP Paribas Nominees Singapore Pte Ltd	3,969,349	0.22
Total	1,277,858,072	70.40

## Substantial Shareholders

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Temasek Holdings (Private) Limited	371,408,292	20.46	4,077,675	0.23	375,485,967	20.69
Aberdeen Asset Management PLC	-	-	97,263,536	5.36	97,263,536	5.36
BlackRock, Inc	-	-	106,560,363	5.87	106,560,363	5.87
The PNC Financial Services Group, Inc	-	-	106,560,473	5.87	106,560,473	5.87

## Notes:

- (i) Temasek Holdings (Private) Limited is deemed interested in 4,077,675 shares in which its subsidiaries and associated companies have direct or deemed interests.
- (ii) Aberdeen Asset Management PLC (AAMPLC) is deemed interested in an aggregate of 97,263,536 shares held by various accounts managed or advised by AAMPLC over which AAMPLC has disposal and voting rights.
- (iii) BlackRock, Inc is deemed interested in an aggregate of 106,560,363 shares held through its various subsidiaries.
- (iv) The PNC Financial Services Group, Inc is deemed interested in the 106,560,363 shares held through BlackRock, Inc through its over 20% ownership of BlackRock, Inc. as well as 110 shares represented by 55 American Depository Receipts through other entities.

## Public Shareholders

Based on the information available to the Company as at 2 March 2016, approximately 67% of the issued shares of the Company is held by the public and therefore, pursuant to Rules 723 and 1207 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the ordinary shares of the Company is at all times held by the public.



# Notice of Annual General Meeting & Closure of Books

## **Keppel Corporation**

### **Keppel Corporation Limited**

Company Registration No. 196800351N  
(Incorporated in the Republic of Singapore)

**NOTICE IS HEREBY GIVEN** that the 48<sup>th</sup> Annual General Meeting of the Company will be held at Raffles City Convention Centre, Canning & Padang Ballrooms (Level 4), 80 Bras Basah Road, Singapore 189560 on Tuesday, 19 April 2016 at 10.30 a.m. to transact the following business:

#### **Ordinary Business**

- |  |                     |
|--|---------------------|
| 1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 31 December 2015.   | <b>Resolution 1</b> |
| 2. To declare a final tax-exempt (one-tier) dividend of 22.0 cents per share for the year ended 31 December 2015 (2014: final tax-exempt (one-tier) dividend of 36.0 cents per share).   | <b>Resolution 2</b> |
| 3. To re-elect the following directors of the Company ("Directors"), each of whom will be retiring by rotation pursuant to Article 81B of the Articles of Association comprising part of the Constitution of the Company ("Constitution") and who, being eligible, offers himself for re-election pursuant to Article 81C of the Articles of Association comprising part of the Constitution (see Note 3): |                     |
| (1) Mr Alvin Yeo   | <b>Resolution 3</b> |
| (2) Mr Tan Ek Kia  | <b>Resolution 4</b> |
| (3) Mr Loh Chin Hua  | <b>Resolution 5</b> |
| 4. To re-elect Ms Veronica Eng, whom being appointed by the board of Directors after the last annual general meeting of the Company, will retire in accordance with Article 81A(1) of the Articles of Association comprising part of the Constitution and who, being eligible, offers herself for re-election (see Note 3).  | <b>Resolution 6</b> |
| 5. To approve the sum of S\$2,314,310 as Directors' fees for the year ended 31 December 2015 (2014: S\$2,154,915) (see Note 4).  | <b>Resolution 7</b> |
| 6. To appoint PricewaterhouseCoopers LLP as the auditors of the Company, in place of the retiring auditors, Deloitte & Touche LLP, to hold office until the conclusion of the next annual general meeting of the Company and authorise the Directors to fix their remuneration (see Note 5).   | <b>Resolution 8</b> |

#### **Special Business**

To consider and, if thought fit, to pass with or without any modifications, the following resolutions, of which Resolutions 9, 10 and 11 will be proposed as ordinary resolutions and Resolution 12 will be proposed as a special resolution:

- |  |                     |
|--|---------------------|
| 7. That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), authority be and is hereby given to the Directors to:   | <b>Resolution 9</b> |
| (1) (a) issue shares in the capital of the Company ("Shares"), whether by way of rights, bonus or otherwise, and including any capitalisation of any sum for the time being standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution; and/or |                     |
| (b) make or grant offers, agreements or options that might or would require Shares to be issued (including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares) (collectively "Instruments"),   |                     |

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (2) (notwithstanding that the authority so conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while the authority was in force;

provided that:

- (i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed fifty (50) per cent. of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed five (5) per cent. of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (ii) below);
- (ii) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury shares) at the time this Resolution is passed, after adjusting for:
  - (a) new Shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards which are outstanding or subsisting as at the time this Resolution is passed; and
  - (b) any subsequent bonus issue, consolidation or sub-division of Shares;
- (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Companies Act, the listing manual of the SGX-ST ("Listing Manual") (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being in force; and
- (iv) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is the earlier (see Note 6).

8. That:

#### Resolution 10

- (1) for the purposes of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
  - (a) market purchase(s) (each a "Market Purchase") on the SGX-ST; and/or
  - (b) off-market purchase(s) (each an "Off-Market Purchase") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

## Notice of Annual General Meeting & Closure of Books

- (2) (unless varied or revoked by the members of the Company in a general meeting) the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
- (a) the date on which the next annual general meeting of the Company is held or is required by law to be held; or
  - (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;
- (3) in this Resolution:

“Maximum Limit” means that number of issued Shares representing five (5) per cent. of the total number of issued Shares as at the date of the passing of this Resolution, unless the Company has at any time during the Relevant Period (as hereinafter defined) reduced its share capital by a special resolution under Section 78C of the Companies Act, or the court has, at any time during the Relevant Period, made an order under Section 78I of the Companies Act confirming the reduction of share capital of the Company, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered by the special resolution of the Company or the order of the court, as the case may be. Any Shares which are held as treasury shares will be disregarded for purposes of computing the five (5) per cent. limit;

“Relevant Period” means the period commencing from the date of the passing of this Resolution and expiring on the date the next annual general meeting is held or is required by law to be held, whichever is the earlier; and

“Maximum Price”, in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which is:

- (a) in the case of a Market Purchase, 105 per cent. of the Average Closing Price (as hereafter defined); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120 per cent. of the Average Closing Price,

where:

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) Market Days (a “Market Day” being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, in the case of Market Purchases, before the day on which the purchase or acquisition of Shares was made and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days, or in the case of Off-Market Purchases, before the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (4) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution (see Note 7).

9. That:

**Resolution 11**

- (1) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual, for the Company, its subsidiaries and target associated companies (as defined in Appendix 3 to this Notice of Annual General Meeting ("Appendix 3")), or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in Appendix 3, with any person who falls within the classes of Interested Persons described in Appendix 3, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for Interested Person Transactions as set out in Appendix 3 (the "IPT Mandate");
- (2) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next annual general meeting is held or is required by law to be held, whichever is the earlier;
- (3) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of such procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by the SGX-ST from time to time; and
- (4) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution (see Note 8).

10. That the regulations contained in the new Constitution submitted to this annual general meeting and, for the purpose of identification, as set out in Annexure 4A to Appendix 4 to this Notice of Annual General Meeting, be approved and adopted as the Constitution in substitution for, and to the exclusion of, the existing Constitution (see Note 9).

**Resolution 12**

To transact such other business which can be transacted at the annual general meeting of the Company.

**NOTICE IS ALSO HEREBY GIVEN THAT:**

- (a) the Share Transfer Books and the Register of Members of the Company will be closed on 26 April 2016 at 5.00 p.m., for the preparation of dividend warrants. Duly completed transfers of Shares received by the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on 26 April 2016 will be registered to determine shareholders' entitlement to the proposed final dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on 26 April 2016 will be entitled to the proposed final dividend. The proposed final dividend if approved at this annual general meeting will be paid on 6 May 2016; and
- (b) the electronic copy of the Company's Annual Report 2015 will be published on the Company's website on 28 March 2016. The Company's website address is <http://www.kepcorp.com>, and the electronic copy of the Annual Report 2015 can be viewed or downloaded from the "Financial Reports" section, which can be accessed from the main menu item "Investor Centre". To view the electronic copy of the Annual Report 2015, you will need the Adobe Reader installed on your computer, which can be downloaded free of charge at <http://get.adobe.com/reader>.

BY ORDER OF THE BOARD



**Caroline Chang/Kelvin Chua**  
Company Secretaries

Singapore, 28 March 2016

# Notice of Annual General Meeting & Closure of Books

## Notes:

1. A member of the Company entitled to attend and vote at a meeting of the Company, and who is not a Relevant Intermediary (as hereinafter defined) is entitled to appoint one proxy or two proxies to attend and vote in his place. A member of the Company who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote in his place, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. A proxy need not be a member of the Company.  
"Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.
2. The instrument appointing a proxy must be deposited at the registered office of the Company at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, not less than 48 hours before the time appointed for holding the annual general meeting. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the annual general meeting as certified by The Central Depository (Pte) Limited to the Company.
3. Detailed information on these Directors can be found in the "Board of Directors" section of the Company's Annual Report.  
Mr Alvin Yeo will, upon his re-election, continue to serve as a member of the Audit Committee and Nominating Committee. Mr Alvin Yeo is the Chairman and Senior Partner of WongPartnership LLP, a member of the Monetary Authority of Singapore's advisory panel to advise the Minister of Finance on appeals under various financial services legislation, the Singapore International Arbitration Centre's Council of Advisors and the Loudon Court of International Arbitration, as well as a Fellow of the Singapore Institute of Arbitrators. He is also a director and chairman of the remuneration committee of United Industrial Corporation Limited.  
Mr Tan Ek Kia will, upon his re-election, continue to serve as the Chairman of the Board Safety Committee and member of the Nominating Committee and Board Risk Committee. Mr Tan is a seasoned executive in the oil and gas and petrochemicals business. Prior to his retirement as the Vice President (Ventures and Developments) of Shell Chemicals, Asia Pacific and Middle East region (based in Singapore) in September 2006, Mr Tan held senior positions in Shell including Managing Director (Exploration and Production) of Shell Malaysia, Chairman of Shell North East Asia and Managing Director of Shell Nanhai Ltd (both based in Beijing, China). His other directorships include SMRT Corporation Ltd, Transocean Ltd, KrisEnergy Ltd and PT Chandra Asli Petrochemical Tbk.  
Mr Loh Chin Hua will, upon his re-election, continue to serve as a member of Board Safety Committee. Mr Loh is currently the Chief Executive Officer of the Company, after having served as its Chief Financial Officer from 1 January 2012 to 1 January 2014, playing a pivotal role in all its major investment initiatives and financial decisions as well as shaping the Group's business strategy. Mr Loh has over 25 years of experience in real estate investing and fund management spanning the United States of America, Europe and Asia. He joined the Keppel Group in 2002 as the Managing Director of Alpha Investment Partners Ltd. Prior to this, he was the Managing Director at Prudential Investment Inc leading its Asian real estate fund management business and overseeing all investment and asset management for the real estate funds managed out of Asia. Mr Loh began his career with the Government of Singapore Investment Corporation, where he held key appointments in its San Francisco and London office.  
Ms Veronica Eng will, upon her re-election, continue to serve as a member of the Audit Committee and Board Risk Committee. Ms Eng was a Founding Partner of Permira. Over her 30-year career with Permira, Ms Eng held a number of key positions in the firm and had extensive experience in a wide range of roles in relation to its funds' investments across sectors and geographies. She served on the board of Permira and its Executive Committee, chaired the Investment Committee and was the Fund Minder to various Permira funds. In addition, she also had oversight of Permira's firm-wide risk management as well as its operations in Asia. Ms Eng sits on the Board of the Centre for Asset Management Research & Investments at National University of Singapore's Business School, and the Advisory Board of Asia Private Equity Institute at Singapore Management University. She is also a Professor (Practice) at the National University of Singapore's Business School.  
Mr Alvin Yeo, Mr Tan Ek Kia and Ms Veronica Eng are considered by the board of Directors to be independent Directors. Please see pages 29 and 31 of the Company's Annual Report.
4. Resolution 7 is to approve the payment of an aggregate sum of S\$2,314,310 as Directors' fees for the non-executive Directors of the Company for FY2015. If approved, each of the non-executive Directors (including the Chairman) will receive 70% of his total Directors' fees in cash and 30% in the form of Shares ("Remuneration Shares") (both amounts subject to adjustment as described below). The actual number of Remuneration Shares, to be purchased from the market on the first trading day immediately after the date of the annual general meeting ("Trading Day") for delivery to the respective non-executive Directors, will be based on the market price of the Company's Shares on the SGX-ST on the Trading Day. The actual number of Remuneration Shares will be rounded down to the nearest thousand and any residual balance will be paid in cash.  
The Remuneration Shares will rank *pari passu* with the then existing issued Shares. Details of the Directors' remuneration can be found on page 98 of the Company's Annual Report. The non-executive Directors will abstain from voting, and will procure that their respective associates abstain from voting, in respect of this Resolution.
5. Resolution 8 relates to the appointment of PricewaterhouseCoopers LLP ("PwC") as the auditors of the Company, in place of the retiring auditors, Deloitte & Touche LLP ("Deloitte"). Please refer to Appendix 1 to this Notice of Annual General Meeting for details. In accordance with the requirements of Rule 1203(5) of the Listing Manual:
  - (a) the outgoing auditors, Deloitte, have confirmed in writing that they are not aware of any professional reasons why the new auditors, PwC, should not accept appointment as auditors of the Company;
  - (b) the Company confirms that there were no disagreements with the retiring auditors, Deloitte, on accounting treatments within the last 12 months of the date of this Notice of Annual General Meeting;
  - (c) the Company confirms that, other than as set out in Appendix 1 to this Notice of Annual General Meeting, it is not aware of any circumstances connected with the proposed change of auditors that should be brought to the attention of shareholders;
  - (d) the specific reasons for the proposed change of auditors are disclosed in Appendix 1 to this Notice of Annual General Meeting; and
  - (e) the Company confirms that it is in compliance with Rule 712 and Rule 715 read with Rule 716 of the Listing Manual in relation to the appointment of PwC as the auditors of the Company.
6. Resolution 9 is to empower the Directors from the date of this annual general meeting until the date of the next annual general meeting to issue Shares and Instruments in the Company, up to a number not exceeding 50 per cent. of the total number of Shares (excluding treasury shares) (with a sub-limit of 5 per cent. of the total number of Shares (excluding treasury shares) in respect of Shares to be issued other than on a *pro rata* basis to shareholders). The 5 per cent. sub-limit for non-*pro rata* issues is lower than the 20 per cent. sub-limit allowed under the Listing Manual. Of the 5 per cent. sub-limit, in relation to the Company's Restricted Share Plan and Performance Share Plan (collectively, the "Share Plans"), the Company shall not award Shares ("Awards") under the Share Plans exceeding in aggregate 2 per cent. of the total number of issued Shares ("Yearly Limit"). However, if the Yearly Limit is not fully utilised in any given year, the balance of the unutilised Yearly Limit may be used by the Company to make grants of Awards in subsequent years. For the purpose of determining the total number of Shares (excluding treasury shares) that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time that this Resolution is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 9 is passed, and any subsequent bonus issue, consolidation or sub-division of Shares.
7. Resolution 10 relates to the renewal of the Share Purchase Mandate which was originally approved by shareholders on 18 February 2000 and was last renewed at the annual general meeting of the Company on 17 April 2015. At this annual general meeting, the Company is seeking a "Maximum Limit" of 5 per cent. of the total number of issued Shares, which is lower than the 10 per cent. limit allowed under the Listing Manual. Please refer to Appendix 2 to this Notice of Annual General Meeting for further details.
8. Resolution 11 relates to the renewal of a mandate given by shareholders on 22 May 2003 allowing the Company, its subsidiaries and target associated companies to enter into transactions with interested persons as defined in Chapter 9 of the Listing Manual. Please refer to Appendix 3 to this Notice of Annual General Meeting for details.
9. Resolution 12 is to adopt a new Constitution. The proposed new Constitution largely comprises the existing provisions of the memorandum and articles of association of the Company and incorporates various changes, primarily to give effect to the amendments made to the Companies Act and ensure consistency with the prevailing listing rules as set out in the Listing Manual. Please refer to Appendix 4 to this Notice of Annual General Meeting for details.
10. **Personal Data Privacy:**  
By submitting an instrument appointing proxy or proxies and/or representative(s) to attend, speak and vote at the annual general meeting and/or any adjournment thereof, a member (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the annual general meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure of such individual's personal data for the Purposes.



# Corporate Information

**Board of Directors**

Lee Boon Yang (Chairman)  
Loh Chin Hua (Chief Executive Officer)  
Oon Kum Loon (Mrs)  
Tow Heng Tan  
Alvin Yeo  
Tan Ek Kia  
Danny Teoh  
Tan Puay Chiang  
Till Vestring  
Veronica Eng

**Audit Committee**

Danny Teoh (Chairman)  
Oon Kum Loon (Mrs)  
Alvin Yeo  
Veronica Eng

**Remuneration Committee**

Danny Teoh (Chairman)  
Lee Boon Yang  
Oon Kum Loon (Mrs)  
Tow Heng Tan  
Till Vestring

**Nominating Committee**

Tan Puay Chiang (Chairman)  
Lee Boon Yang  
Tow Heng Tan  
Tan Ek Kia  
Alvin Yeo  
Till Vestring

**Board Risk Committee**

Oon Kum Loon (Mrs) (Chairman)  
Tow Heng Tan  
Danny Teoh  
Tan Puay Chiang  
Tan Ek Kia  
Veronica Eng

**Board Safety Committee**

Tan Ek Kia (Chairman)  
Lee Boon Yang  
Loh Chin Hua  
Tan Puay Chiang

**Company Secretaries**

Caroline Chang  
Kelvin Chua

**Registered Office**

1 HarbourFront Avenue  
#18-01 Keppel Bay Tower  
Singapore 098632  
Telephone: (65) 6270 6666  
Facsimile No.: (65) 6413 6391  
Email: keppelgroup@kepcorp.com  
Website: www.kepcorp.com

**Share Registrar**

B.A.C.S. Private Limited  
8 Robinson Road  
#03-00 ASO Building  
Singapore 048544

**Auditors**

Deloitte & Touche LLP  
Public Accountants and Chartered  
Accountants  
6 Shenton Way  
QUE Downtown 2  
#33-00  
Singapore 068809  
Audit Partner: Cheung Pui Yuen  
Year appointed: 2011

# Financial Calendar

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## FY 2015

Financial year-end	31 December 2015
Announcement of 2015 1Q results	16 April 2015
Announcement of 2015 2Q results	23 July 2015
Announcement of 2015 3Q results	22 October 2015
Announcement of 2015 full year results	21 January 2016
Despatch of Annual Report to Shareholders	28 March 2016
Annual General Meeting	19 April 2016
2015 Proposed final dividend	
Books closure date	5.00 p.m., 26 April 2016
Payment date	6 May 2016

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## FY 2016

Financial year-end	31 December 2016
Announcement of 2016 1Q results	April 2016
Announcement of 2016 2Q results	July 2016
Announcement of 2016 3Q results	October 2016
Announcement of 2016 full year results	January 2017

**ANNUAL GENERAL MEETING****Proxy Form****IMPORTANT**

1. Relevant Intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore), may appoint more than two proxies to attend and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy ordinary shares in the capital of Keppel Corporation Limited ("Shares"), this report is forwarded to them at the request of their CPF Agent Banks and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. A CPF/SRS investor who wishes to attend the Annual General Meeting as proxy has to submit his request to his CPF Agent Bank so that his CPF Agent Bank may appoint him as its proxy within the specified timeframe. (CPF Agent Bank: Please refer to Notes 2(b) and 4 on the reverse side of this form on the required details.)

**Personal Data Privacy**

By submitting an instrument appointing proxy or proxies and/or representative(s), a member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 28 March 2016.

I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport/UEN Number)

of \_\_\_\_\_ (Address)

being a member or members of KEPPEL CORPORATION LIMITED (the "Company") hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (Ordinary Shares)	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (Ordinary Shares)	
			No. of Shares	%

as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company ("AGM") to be held on 19 April 2016 at Raffles City Convention Centre, Canning & Padang Ballrooms (Level 4), 80 Bras Basah Road, Singapore 189560 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the meeting and at any adjournment thereof.

Resolutions	Number of Votes For *	Number of Votes Against *
<b>Ordinary Business</b>		
1. Adoption of Directors' Statement and Audited Financial Statements		
2. Declaration of dividend		
3. Re-election of Mr Alvin Yeo as Director		
4. Re-election of Mr Tan Ek Kia as Director		
5. Re-election of Mr Loh Chin Hua as Director		
6. Re-election of Ms Veronica Eng as Director		
7. Approval of fees to non-executive Directors		
8. Appointment of Pricewaterhouse Coopers LLP as auditors of the Company		
<b>Special Business</b>		
9. Issue of additional Shares and convertible instruments		
10. Renewal of Share Purchase Mandate		
11. Renewal of Shareholders' Mandate for Interested Person Transactions		
12. Adoption of the new Constitution		

\* If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick ("✓") within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant Resolution, please indicate the number of Shares in the boxes provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2016

Total Number of Shares held	
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 \_\_\_\_\_  
 Signature(s) or Common Seal of Member(s)

**IMPORTANT: Please read the notes overleaf before completing this Proxy Form.**


**Notes:**

1. Please insert the total number of Shares held by you. If you only have Shares entered against your name in the Depository Register (as defined in Part IIIAA of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you only have Shares registered in your name in the Register of Members, you should insert that number of Shares. However, if you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the proxy form shall be deemed to relate to all the Shares held by you (in both the Register of Members and the Depository Register).
2.
  - (a) A member of the Company entitled to attend and vote at a meeting of the Company, and who is not a Relevant Intermediary, is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. Where a member of the Company appoints two proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding and the second named proxy shall be deemed to be an alternate to the first named proxy.
  - (b) A member of the Company who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote at a meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where more than one proxy is appointed, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the proxy form. In relation to a Relevant Intermediary who wishes to appoint more than two proxies, it should annex to the proxy form the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of shareholding (number of Shares, class of Shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank who intends to appoint CPF/SRS investors as its proxies shall comply with this Note.
  - (c) "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

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Fold along this line (1)  
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Affix  
Postage  
Stamp

The Company Secretary  
Keppel Corporation Limited  
1 HarbourFront Avenue  
#18-01 Keppel Bay Tower  
Singapore 098632

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Fold along this line (2)  
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3. Completion and return of the proxy form shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies will be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the proxy form, to the meeting.
4. The proxy form must be deposited at the registered office of the Company at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 not less than 48 hours before the time appointed for the Annual General Meeting.
5. The proxy form appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where a proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the proxy form, failing which the proxy form may be treated as invalid.
6. A corporation which is a member of the Company may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
7. The Company shall be entitled to reject the proxy form appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any proxy form lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

**Edited and Compiled by**

Group Corporate Communications, Keppel Corporation

**Designed by**

Sedgwick Richardson



**Keppel Corporation Limited**

(Incorporated in the Republic of Singapore)

1 HarbourFront Avenue

#18-01 Keppel Bay Tower

Singapore 098632

Tel: (65) 6270 6666

Fax: (65) 6413 6391

Email: [keppelgroup@kepcorp.com](mailto:keppelgroup@kepcorp.com)

[www.kepcorp.com](http://www.kepcorp.com)

Co Reg No: 196800351N