Driving
Value Creation

Report to Shareholders 2016

Contents

Driving
Value Creation

Keppel is a multi-business company committed to providing robust solutions for sustainable urbanisation. We are driving value creation by enhancing collaboration and harnessing synergies within the Group. Focused on being at the forefront of our chosen industries, we are sharpening our competitive edge and developing new platforms for growth.

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.

View our report online:
www.kepcorp.com

Group Financial Highlights

Revenue	$6.8b	Decreased by 34% from $10.3 billion in FY 2015. Revenue decreased mainly due to lower revenue from the Offshore & Marine and Infrastructure divisions, partially offset by higher revenue from the Property Division.
Net Profit	$784m	Decreased by 49% from $1.5 billion in FY 2015. Net profit was lower mainly due to lower contribution from the Offshore & Marine Division.
Return on Equity	6.9%	Decreased by 7.3 percentage points from 14.2% in FY 2015. Return on Equity decreased mainly due to lower net profit and higher equity.
Economic Value Added	($140m)	Decreased by $788 million from $648 million in FY 2015. Economic Value Added was lower mainly due to lower net operating profit after tax.
Earnings Per Share	$0.43	Decreased by 49% from $0.84 per share in FY 2015. There was no significant dilution in Earnings Per Share as no major capital call has been made since 1997.
Cash Dividend Per Share	20.0¢	Down from FY 2015 cash dividend of 34.0 cents per share. Total distribution for FY 2016 comprises a proposed final cash dividend of 12.0 cents per share and the interim cash dividend of 8.0 cents per share paid out in 3Q 2016.
Net Asset Value Per Share	$6.42	Increased by 5% from $6.13 per share in FY 2015.
Net Gearing Ratio	0.56x	Increased slightly from 0.53x in FY 2015.
Free Cash Flow*	$576m	Improved from cash outflow of $694 million in FY 2015.

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

Group Quarterly Results ($m)

	1Q	2Q	3Q	4Q	2016 Total	1Q	2Q	3Q	4Q	2015 Total
Revenue	**1,743**	**1,625**	**1,459**	**1,940**	**6,767**	2,814	2,563	2,440	2,479	10,296
EBITDA	**334**	**292**	**238**	**168**	**1,032**	464	479	425	366	1,734
Operating profit	**278**	**234**	**185**	**98**	**795**	398	414	371	331	1,514
Profit before tax	**278**	**285**	**286**	**206**	**1,055**	455	498	470	574	1,997
Attributable profit	**211**	**205**	**225**	**143**	**784**	360	397	363	405	1,525
Earnings per share (cents)	**11.6**	**11.3**	**12.4**	**7.9**	**43.2**	19.8	21.9	20.0	22.3	84.0

	2016	2015	% Change
For the year ($m)			
Revenue	**6,767**	10,296	-34%
Profit			
EBITDA	**1,032**	1,734	-40%
Operating	**795**	1,514	-47%
Before tax	**1,055**	1,997	-47%
Net profit	**784**	1,525	-49%
Operating cash flow	**330**	(785)	n.m.
Free cash flow*	**576**	(694)	n.m.
Economic value added	**(140)**	648	n.m.
Per share			
Earnings ($)	**0.43**	0.84	-49%
Net assets ($)	**6.42**	6.13	+5%
Net tangible assets ($)	**6.34**	6.07	+4%
At year-end ($m)			
Shareholders' funds	**11,659**	11,096	+5%
Non-controlling interests	**675**	830	-19%
Total equity	**12,334**	11,926	+3%
Net debt	**6,966**	6,366	+9%
Net gearing ratio (times)	**0.56**	0.53	+6%
Return on shareholders' funds (%)			
Profit before tax	**8.8**	17.7	-50%
Net profit	**6.9**	14.2	-51%
Shareholders' value			
Distribution (cents per share)			
Interim dividend	**8.0**	12.0	-33%
Final dividend	**12.0**	22.0	-45%
Total distribution	**20.0**	34.0	-41%
Share price ($)	**5.79**	6.51	-11%
Total shareholder return (%)	**(6.3)**	(22.3)	n.m.

n.m. = not meaningful
* Free cash flow excludes expansionary acquisitions and capex, and major divestments.

Group at a Glance

Creating value through our multi-business strategy.

Keppel Corporation

How We Performed in 2016

Delivered 21 Offshore & Marine (O&M) projects, and secured about $500 million worth of non-drilling contracts.

Formed a joint venture with Shell through Keppel O&M to supply LNG bunker to vessels in Singapore.

Attained full ownership of the property business with the completion of Keppel Land's Selective Capital Reduction exercise.

Sold 5,720 homes, up 25% from 2015.

Proactive capital recycling strategy: announced investments of $460 million and divestments of $680 million in the Property Division.

Named preferred bidder for Singapore's fourth desalination plant.

Expanded data centre portfolio by over 45% in net lettable area to over 1.4 million square feet.

Completed the restructuring of the Group's asset management businesses under Keppel Capital, and launched two new data centre and property funds.

Our Strategic Focus for 2017/18

Drive collaboration across business verticals, unleashing synergies from Keppel's multi-business model to achieve our financial, people, stakeholder and process goals.

Invest in R&D and innovation to develop new capabilities and markets.

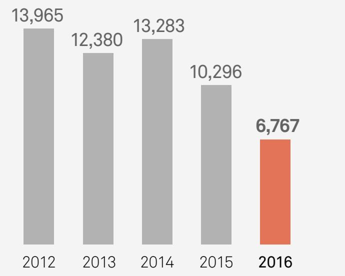
Sharpen project execution through continuous improvements in safety, productivity and efficiency.

Enhance people development and bolster bench strength through talent management and succession planning.

Maintain strong financial discipline, seize opportunities to recycle assets, and deploy capital astutely for the best risk-adjusted returns.

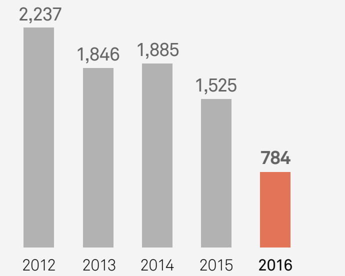
Group Revenue ($m)

$6,767m

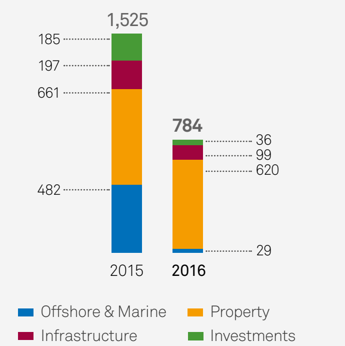


Group Net Profit ($m)

$784m



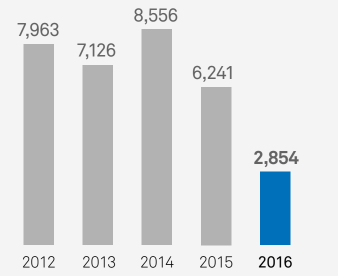
Group Net Profit by Division ($m)



Offshore & Marine

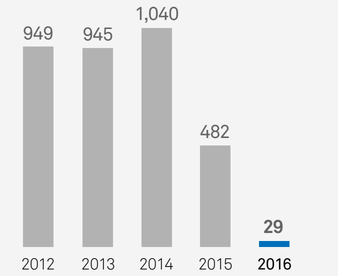
Revenue ($m)

$2,854m

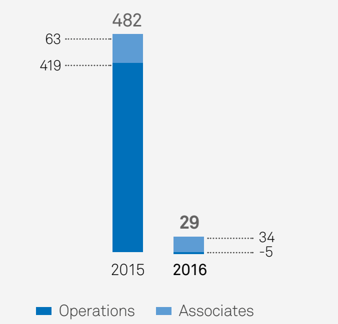


Net Profit ($m)

$29m



Net Profit by Segment ($m)

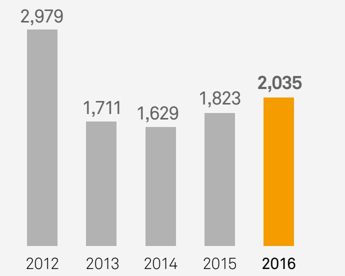


For more details on Offshore & Marine, see pages 36–40

Property

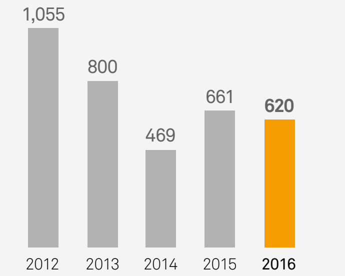
Revenue ($m)

$2,035m

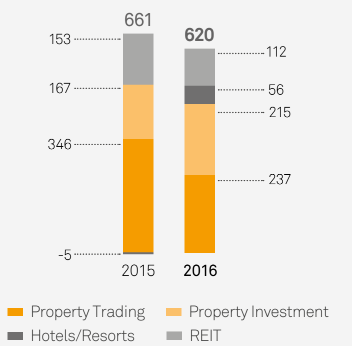


Net Profit ($m)

$620m



Net Profit by Segment ($m)

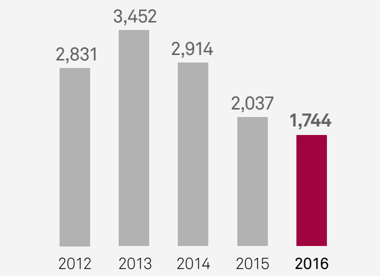


For more details on Property, see pages 41–43

Infrastructure

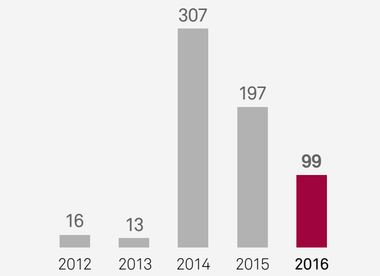
Revenue ($m)

$1,744m

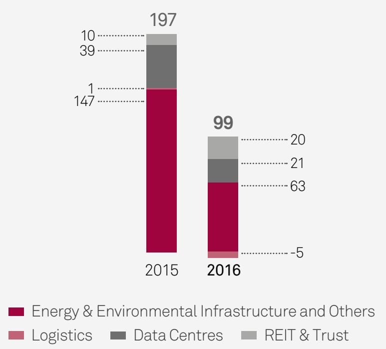


Net Profit ($m)

$99m



Net Profit by Segment ($m)

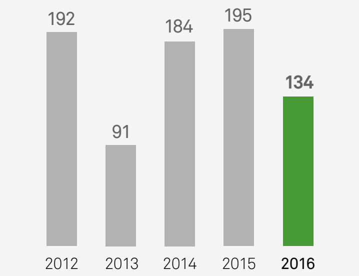


For more details on Infrastructure, see pages 44–48

Investments

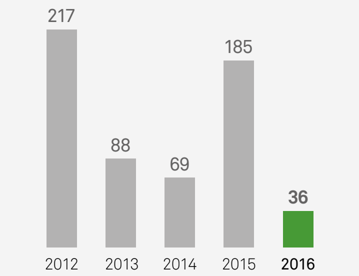
Revenue ($m)

$134m

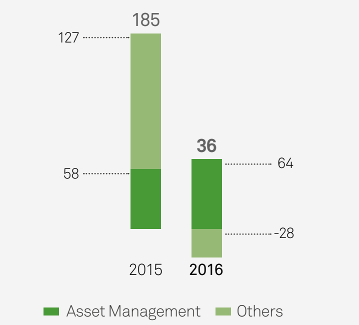


Net Profit ($m)

$36m



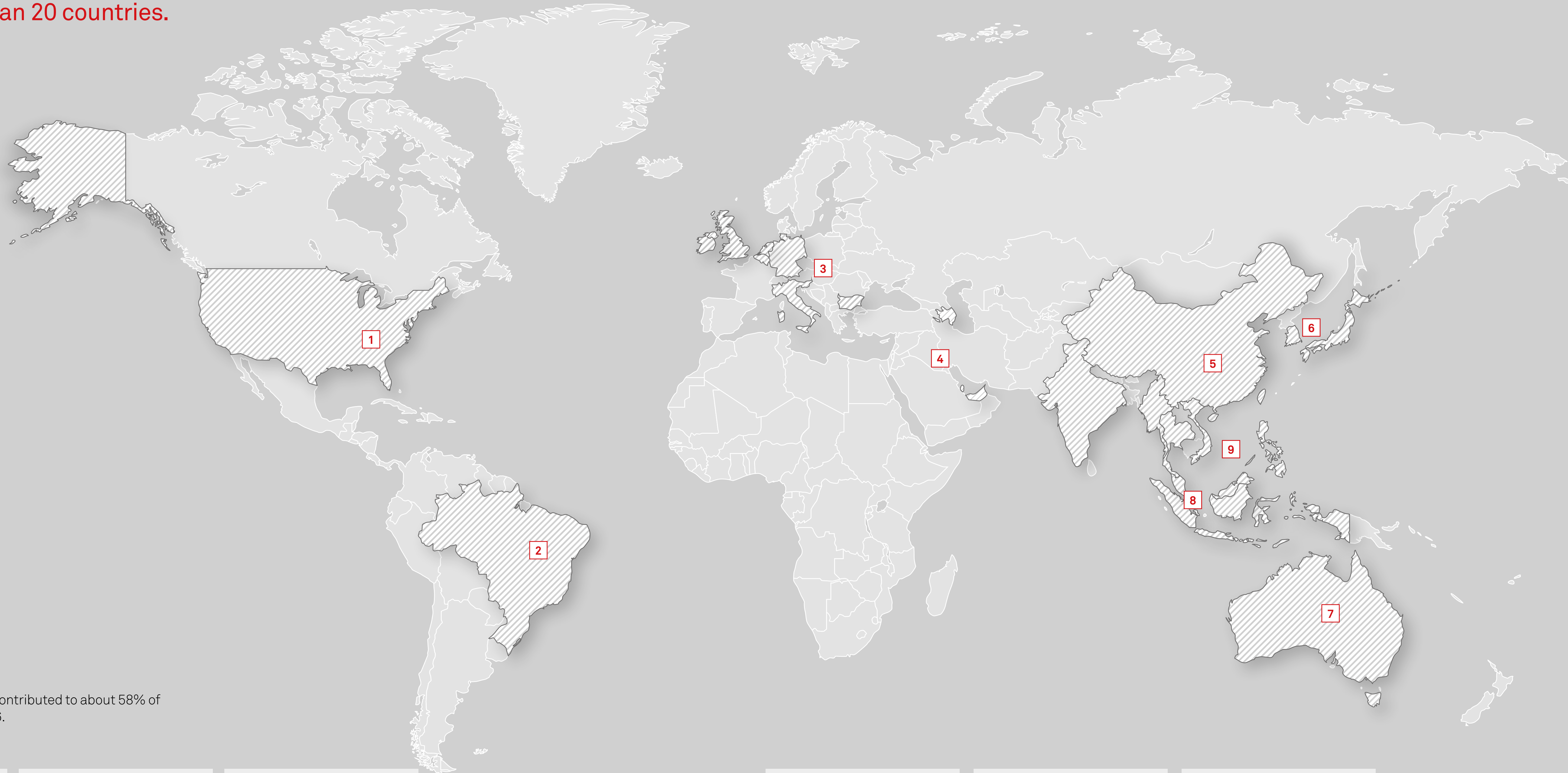
Net Profit by Segment ($m)



For more details on Investments, see pages 49–52

Our Global Presence

Serving international customers spanning more than 20 countries.



Total FY 2016 Revenue

$6,767m

Markets outside of Singapore contributed to about 58% of the Group's revenue for FY 2016.

1. North America
$361m

United States

2. South America
$399m

Brazil

3. Europe
$813m

Belgium
Bulgaria
Italy
Ireland
Netherlands
Germany
United Kingdom

4. Middle East
$186m

Azerbaijan
Qatar
United Arab Emirates

5. China & Hong Kong
$1,364m

6. Japan & South Korea
$258m

7. Australia
$81m

8. Singapore
$2,844m

9. Rest of Asia
$461m

India
Indonesia
Malaysia
Myanmar
Philippines
Vietnam

Business Divisions:
- Offshore & Marine
- Property
- Infrastructure
- Investments

Chairman's Statement

Executing our multi-business strategy with agility and discipline to capture growth opportunities in sustainable urbanisation.

Lee Boon Yang
Chairman

Dear Shareholders,

Business was not as usual in 2016. Keppel was hit by the proverbial perfect storm, characterised by slower global growth in both advanced and emerging economies, growing insularism and anti-globalisation sentiments in developed economies, and volatility in oil prices. Oil prices plunged to below US$30 per barrel at the start of 2016, before rising to about US$55 per barrel in December, in the wake of the decision by OPEC and other oil-producing countries to cut production.

Keppel conducts diversified businesses in more than 20 countries. We are always ready to respond to challenges, just as now, when we face severe headwinds in the offshore and marine business. Despite the rebound in oil price, we do not envisage a quick turnaround in the offshore business, which continues to languish under the weak utilisation and oversupply of rigs. We are anticipating and preparing for a long and difficult winter in the offshore sector.

Resilient Performance

Keppel's multi-business strategy has kept us resilient amid trying conditions.

For the whole of 2016, we achieved a net profit of about $784 million, down 49% from about $1.5 billion for 2015. This was largely due to lower contributions from the Offshore & Marine (O&M) Division as well as additional provisions for impairment during the year of $336 million, mainly arising from our rightsizing of Keppel Offshore & Marine (Keppel O&M) and impairments of investments and stocks & work-in-progress.

The Group's Economic Value Added was a negative $140 million for 2016 and our Return on Equity (ROE) was 6.9%.

The Board of Directors is proposing a final dividend of 12.0 cents per share. Together with the interim cash dividend of 8.0 cents per share distributed last August, we will be paying out a total cash dividend of 20.0 cents per share to shareholders for the whole of 2016.

Synergy and Collaboration

Keppel has a distinct blend of competencies to provide solutions for sustainable urbanisation. The Group is actively seeking opportunities for growth in this area, through meeting the growing demand for energy, high quality homes and offices, clean urban environments, good infrastructure and digital connectivity.

We continue to progress in our goal of transforming Keppel into a global best-in-class company at the forefront of our chosen industries.

We continue to progress in our goal of transforming Keppel into a global best-in-class company at the forefront of our chosen industries. Over the year, we made several strategic moves to grow Keppel sustainably. We have sharpened our business model and simplified our corporate structure. We are working our capital harder to seek the best possible returns, fostering innovation and collaboration, as well as harnessing synergies across the Group's businesses.

The full ownership of Keppel Land, following the completion of its Selective Capital Reduction exercise, has strengthened our ability to capture opportunities, recycle capital and allocate resources across the Group for optimal returns.

Another major corporate development in 2016 was the completion of the restructuring of the Group's four asset management businesses, namely Keppel REIT Management, Alpha Investment Partners (Alpha) and Keppel Infrastructure Fund Management, as well as a 50% interest in Keppel DC REIT Management, under Keppel Capital.

The creation of Keppel Capital is a significant component in our business model. With total assets under management (AUM) of $25 billion, Keppel Capital will strengthen our capital recycling platform and provide a steady pillar of recurring income for the Group. It will also work closely with the Group's other business units to expand our capital base with co-investors, thus allowing us to seize opportunities for growth without putting a strain on our balance sheet.

We are heartened to see increasing examples of successful collaboration within the Group. For instance, Keppel Land China and Alpha divested their 80% stake in the company which owns the mixed-use development, Life Hub @ Jinqiao in Shanghai, for US$517 million. The divestment was based on the property's sale value of RMB 5.5 billion, a significant premium over the original purchase price of RMB 3.3 billion in 2013. Through innovative asset management and enhancement efforts, Keppel Land China and Alpha together contributed to growing a profitable mall with high occupancy and good international retailers.

Another product of collaboration, the newly-launched Alpha Data Centre Fund, demonstrates how we can harness strengths among different business units. Alpha manages the fund and works with Keppel Telecommunications & Transportation (Keppel T&T) to create or acquire assets. Meanwhile, Keppel Data Centres Holding, a 70-30 joint venture between Keppel T&T and Keppel Land, will develop and project manage the data centres in the fund, as well as serve as the facility manager.

Opportunities may also arise in the process to involve our other businesses such as Keppel Infrastructure, for example, to provide cooling and power solutions. When the assets are matured, they can be injected into Keppel DC REIT as part of the deal flow pipeline or sold to other interested buyers. There would also be fees we can earn, which would contribute to the Group's recurring income. Whether in data centres or other areas of Keppel's expertise, we will proactively seek more opportunities for Keppel's diverse units to hunt as a pack along critical value chains.

Strengthening Governance

As we grow our businesses in an increasingly complex international operating environment, we continue to strengthen our compliance and control processes to ensure that our people, Keppelites as we fondly call ourselves, are well equipped to navigate the challenges of myriad laws and regulations in different jurisdictions.

We have put in place a new framework to operationalise regulatory compliance and foster an effective compliance culture. The framework deals comprehensively with the structure, people, policies and activities required to identify, assess, monitor and manage compliance risks.

Offshore & Marine

We have taken decisive measures to hunker down in the face of strong headwinds facing Keppel O&M, not just to survive a long winter, but also ensure that we are competitive in the long run and entrench our leadership position in the global offshore and marine industry.

For the whole of 2016, Keppel O&M reduced its direct workforce by about 10,600 or 35%, with about 3,800 in Singapore and 6,800 overseas. Subcontract headcount in Singapore was also lowered significantly. In tandem, we are cutting our yard capacity and have mothballed two overseas yards. In Singapore, we are in the process of closing three yards. The collective measures taken by Keppel O&M have reduced overheads significantly, achieving savings of some $150 million year-on-year. The painful but necessary rightsizing efforts at Keppel O&M will have to continue.

Despite the challenging environment, the O&M Division remained profitable for the full year, and clinched new contracts worth about $500 million. Our yards continued to focus on executing projects well, delivering more than 20 projects, including four jackup rigs, an accommodation semisubmersible, a land rig, several Floating Production Storage and Offloading conversion and fabrication jobs, as well as several specialised vessels during the year. In 2017, some 20 newbuild and conversion projects are slated for delivery including the world's first-of-its-type floating liquefaction vessel conversion, Golar Hilli.

Beyond dealing with immediate challenges, Keppel O&M is exploring new markets and opportunities, investing prudently in R&D and building new capabilities in preparation for the upturn. We are also exploring ways to re-purpose the technology that we have developed for the offshore industry for other uses.

Following the completion of the acquisition of Cameron's offshore product division, we have commenced the operations of Keppel LeTourneau since May 2016, with offices in the United States, United Arab Emirates and Singapore. The acquisition complements Keppel O&M's existing competencies, and enables us to expand our business in the provision of aftersales and aftermarket services.

Keppel O&M's extensive and proprietary suite of offshore and marine solutions is able to serve a wide spectrum of customers in both drilling and non-drilling markets, who continue

Chairman's Statement

Our asset management businesses are contributing to the Group's capital recycling strategy and providing stable income streams over the longer term.

to require various solutions, be it for oil production, offshore liquefaction, or other purposes.

Keppel is well positioned to capture opportunities across the value chain in the growing gas market. Keppel O&M has established a 50-50 joint venture with Shell to supply LNG bunkering services in Singapore's port. More recently, we have secured orders for our first two dual-fuel diesel LNG tugs, which will be built to Keppel's award-winning proprietary design.

As for the ongoing investigations in Brazil, following further internal investigations, Keppel recognised that some transactions involving a former agent of certain Keppel entities in Brazil may be suspicious. Keppel has notified the authorities in the relevant jurisdictions of its intention to cooperate and work towards the resolution of the underlying issues arising from or in connection with the transactions. I want to assure all stakeholders that Keppel has a zero-tolerance stance against any form of illegal activity, including bribery and corruption, involving its employees or associates.

Property

Rapid urbanisation across key Asian cities augurs well for our Property Division as it achieved stronger residential sales in 2016. About 5,720 homes were sold in 2016, with a total sales value of about $2.3 billion. This is about 25% higher than the 4,570 homes sold in 2015.

In China, despite the property market cooling measures in selected cities, we sold about 3,800 units, approximately 16% more than in 2015. Market conditions in Vietnam, especially Ho Chi Minh City, have also been favourable, where we sold 1,520 units, a more than 60% increase year-on-year. Despite the tepid property market in Singapore, we sold 380 homes, double the 190 units in 2015.

We are very focused on achieving a high ROE for Keppel Land and to remain a developer with one of the highest ROEs in Asia. Throughout 2016, the Division proactively recycled assets to achieve higher returns, announcing 11 divestments totalling about $680 million. At the same time, Keppel Land also seized opportunities proactively, investing about $460 million across China, Vietnam and Indonesia.

On the commercial front, Keppel Land has over a million square metres of gross floor area under development. In line with the strategy to strengthen our commercial portfolio, we purchased a stake in I12 Katong retail centre in Singapore, as well as a newly-completed retail development in the Jiading District of Shanghai. We also opened the Saigon Centre retail mall, anchored by Takashimaya Department Store, in Ho Chi Minh City. Our suite of Grade A office buildings in key cities was augmented with the completion of International Financial Centre Jakarta Tower Two and the topping off of Junction City Tower in Yangon. We are also

Golar Hilli, the world's first-of-its-type floating liquefaction vessel conversion, will be completed in 2017 for work in Cameroon.

expanding our collaboration with the Shwe Taung Group, a reputable conglomerate in Myanmar, in Junction City Phase 2.

Infrastructure

Keppel Infrastructure continues to pursue growth opportunities in energy and environmental infrastructure, both in Singapore and overseas.

We concluded 2016 with the good news that Keppel Infrastructure will Design, Build, Own and Operate Singapore's fourth desalination plant with a concession period of 25 years. To be operational in 2020, it will be the first in Singapore with the capability to treat sea water, and also fresh water from the Marina Reservoir, by using reverse osmosis and other advanced membrane technology.

In China, Keppel Seghers, a wholly-owned subsidiary of Keppel Infrastructure, continued to reinforce its position as the leader among imported waste-to-energy (WTE) technology solutions providers in the country. Keppel Seghers secured six contracts to provide WTE technology and services, including that from repeat customer Shenzhen Energy Environment Engineering Co for the Baoan WTE plant, which is slated to become the world's largest WTE facility in terms of incineration capacity.

Over in Qatar, we have completed the handover and commenced the operations and maintenance phase for the solids stream and sludge treatment facilities in the Doha North Sewage Treatment Works. The 10-year operations and maintenance phase of the contract will contribute to stable income streams for the Group.

Meanwhile, Keppel Infrastructure is preparing competitive products and services to be ready for the full liberalisation of Singapore's electricity market expected in 2018.

Our data centre business is tapping the mega trends of data traffic, cloud computing and big data to grow rapidly. Seizing opportunities over the year, our Group's data centre business increased its footprint by more than 45%, in terms of net lettable area, in markets such as Hong Kong, Italy, the UK and Germany.

During the year, we broke ground for Keppel DC Singapore 4, the fourth data centre in Singapore under Keppel Data Centres. Keppel Data Centres has also divested 90% of its stake in Keppel DC Singapore 3 to Keppel DC REIT, allowing the company to recycle its capital.

In line with the evolving urban logistics landscape, Keppel Logistics is developing capabilities in omni-channel distribution. The acquisition by Keppel Logistics of e-commerce fulfilment company, Courex, strengthens our ability to tap opportunities in the growing e-commerce sector.

Meanwhile, our distribution centre in the Sino-Singapore Tianjin Eco-City has begun operations and will cater to the growing market in Northern China.

Investments

Our asset management businesses are contributing to the Group's capital recycling strategy and providing stable income streams over the longer term.

Alpha, now under Keppel Capital, launched the Alpha Data Centre Fund and Alpha Asia Macro Trends Fund III which have a combined target size of US$1.5 billion. The two new funds have since made their first acquisitions, and when fully invested, can add as much as US$3.5 billion to Keppel's total AUM.

Keppel DC REIT's AUM increased to approximately $1.4 billion with 13 data centres, three of which were added to its portfolio in 2016.

KrisEnergy's preferential offering of the zero coupon secured notes with free in-the-money detachable warrants was fully subscribed by its shareholders. The long-term fundamentals of the oil and gas industry remain sound and we are hopeful that we can extract good returns from our investment in KrisEnergy when the market improves. The successful Consent Solicitation Exercise to term out two existing notes, and issuance of the zero coupon secured notes would allow KrisEnergy to ride out the volatility in the oil price.

Keppel Land continues to see strong interest in its projects in focus cities in China, such as V City in Chengdu.

Chairman's Statement

Keppel upholds sustainability as a key pillar of our corporate strategy and operations, so as to create enduring value for all our stakeholders.

Keppel leads the Singapore Consortium in the Sino-Singapore Tianjin Eco-City, which has now completed its eighth year of development. As the Eco-City matures, we are drawing keen interest from developers and home buyers. In 2016, more than 6,300 homes were sold in the Sino-Singapore Tianjin Eco-City. Reflecting the market's growing confidence in the sustainable township, the price of land sold in the Eco-City has also been rising steadily.

Sustainability Matters

Keppel upholds sustainability as a key pillar of our corporate strategy and operations, so as to create enduring value for all our stakeholders.

We are heartened that our sustainability efforts have been recognised both in Singapore and abroad. Keppel Corporation was bestowed a Singapore Apex Corporate Sustainability Award 2016 in the Sustainable Business category (Large Organisation). Keppel has been included in the Dow Jones Sustainability Index for four consecutive years, and is also listed on a number of other sustainability indices, including the MSCI Global Sustainability Index, Euronext Vigeo Eiris Index – World 120 and all four sustainability indices launched by the Singapore Exchange in 2016. We also participated in the CDP (formerly Carbon Disclosure Project).

Even as we hunker down, we continue to invest in the development and training of our people. To allow Keppelites to explore, develop and fulfil their professional aspirations within the Group, we are working towards harmonising our human resources policies to facilitate greater mobility of staff across different businesses and geographies.

We also recognise the valuable contributions made by earlier generations. In November 2016, Keppel Fellows, an alumni comprising former board members of Keppel entities and selected members of senior management, was established to better engage distinguished former Keppelites and tap their valuable ideas and experience.

Safety remains our top priority. With 35 awards under its belt, Keppel was the single largest winner at the 2016 Workplace Safety and Health Awards, organised by the Workplace Safety and Health Council and Ministry of Manpower, Singapore. In spite of our best efforts, however, we suffered seven fatalities across the Group in 2016. We are deeply saddened by the loss of our colleagues. We have investigated these incidents and will further strengthen our efforts in our safety journey to ensure that every Keppelite can go home safe, every day.

Our commitment to sustainability extends to the communities where we operate, and the environment.

We are happy to contribute to enhance Singapore's biodiversity with the commitment of more than $2 million to establish the Keppel Discovery Wetlands. This is a partnership with the Singapore National Parks Board to restore the freshwater forest wetland ecosystem historically found in the vicinity of the Singapore Botanic Gardens, a UNESCO World Heritage site. The 1.8-hectare forest wetlands will enhance the biodiversity found in the region and provide valuable educational opportunities for the public.

Keppel supports Qatar's vision for sustainable development with the Doha North Sewage Treatment Works.

Since its opening in October 2015, the Keppel Centre for Art Education at the National Gallery Singapore has drawn more than 300,000 visitors to discover art through imaginative play. Guided school tours and workshops introduce visual literacy, analytical and interpretive skills to students and supported Singapore's national curriculum. The first of its kind in the region, the Centre was established with a $12 million commitment from Keppel.

Keppelites are also committed to make a difference in the community through volunteerism. In 2016, Keppel Volunteers engaged with and cared for beneficiaries, supported by Keppel Care Foundation, with more than 8,000 hours in service. Overseas chapters of Keppel Volunteers were also established in the Philippines, China, Vietnam and Brazil.

To communicate our sustainability strategy, practices and performance, Keppel Corporation produces an annual sustainability report which draws on internationally-recognised standards of reporting, including the Global Reporting Initiative. We will be publishing Keppel Corporation's seventh sustainability report, which discusses the economic, environmental and social aspects of our activities and initiatives, later this year. The report will be in line with the new requirements on sustainability reporting introduced by the Singapore Exchange and will be externally assured in adherence to the AccountAbility AA1000 Assurance Standard (2008). Brief highlights of our sustainability efforts are also outlined in this Annual Report.

Acknowledgements
On behalf of the Board, I would like to express my deepest appreciation to Mrs Oon Kum Loon, who retired from the Board in end-April 2016 after 12 years of dedicated and outstanding service. Prior to her retirement, she was Chairman of the Board Risk Committee, as well as a member of the Audit Committee and Remuneration Committee.

Reflecting solidarity in these troubled times, senior management across the Keppel Group took a voluntary reduction in their monthly salary in 2016. The Directors of Keppel Corporation are also proposing to lower Directors' fees for 2016. While Keppel remains profitable, the voluntary cuts by Directors and senior management demonstrate our collective resolve to deal with the challenges that the Company faces.

I would like to thank my fellow directors for their valuable guidance and commitment to steer Keppel through these difficult times. I am grateful to our many partners and stakeholders for their unflagging belief in and support for Keppel. I also want to express my deep appreciation to Keppelites around the world for their dedication and hard work in the face of daunting challenges. With the support and confidence of all our stakeholders, I am convinced that the Keppel Group will emerge even stronger after the downturn, as we have done before.

Yours sincerely,

Lee Boon Yang
Chairman
9 March 2017

Mr Lawrence Wong (second from right), Minister for National Development and Second Minister for Finance; Dr Lee Boon Yang (far right), Chairman of Keppel Corporation; Mr Loh Chin Hua (third from right), CEO of Keppel Corporation; and Mrs Christina Ong (left), Chairman of NParks, planted a Keppel Tree at the Keppel Discovery Wetlands in Singapore Botanic Gardens.

Interview with the CEO

Harnessing the Group's synergies, we are poised to create and capture value sustainably.

Loh Chin Hua
CEO

Q Despite the OPEC-led production cuts and an increase in oil prices, the market has yet to see a resurgence in rig orders. What are your thoughts on where the industry is headed?

A Oil price is only one of several factors determining when rig orders will return. While the rebound is positive for the offshore sector, it is not sufficient on its own to trigger an immediate improvement in the operating environment.

Exploration and production expenditures need to increase in order for the market to improve. And it may take a while before we see a significant increase in capex as oil companies and fleet operators continue focusing on capital discipline and improving their balance sheets. Meanwhile, the utilisation of existing rigs remains weak, and the offshore market will take time to absorb an oversupply of newbuilds.

Although the winter in the offshore business is expected to persist for some time, we remain confident of the longer term fundamentals of the sector. Projects that are well designed and executed in a smart and cost-effective way will be in demand. There will also be other markets to explore such as for gas and production solutions, as well as opportunities to re-purpose and maximise our offshore technologies for other non-drilling applications.

We have been through four cycles in the past few decades, and have emerged stronger each time. The key is to stay focused and nimble to tide through the difficult period, bring down our overheads to make Keppel Offshore & Marine (Keppel O&M) leaner and more competitive, and also strengthen the Division with new capabilities and innovations to take it into the future.

A good crisis is not to be wasted. We will be working hard to ensure that Keppel O&M emerges stronger and further entrench our leadership position in the offshore and marine (O&M) sector.

Q **Keppel has made steep impairments of $336 million for 2016, most of which were due to the O&M Division. Do you expect to make more impairments in 2017, what would trigger the decision to do so?**

A Much of the impairments we made in 2016 was related to the rightsizing at Keppel O&M, such as the mothballing and anticipated closing of yards, in addition to impairments of investments and stocks & work-in-progress. While it is painful, we believe that given the current environment, the impairments are prudent and necessary.

The provisions for impairments have been through a robust review process. They were deliberated at length by the boards and audit committees of both Keppel O&M and Keppel Corporation, as well as with external auditors.

As it stands now, the provisions that have been made are appropriate and adequate. We will continue to monitor market conditions, work closely with our customers and review our assumptions on a quarterly basis, as we have been doing.

I want to emphasise that notwithstanding the difficult conditions, Keppel O&M remained profitable for 2016. This was possible due to our prudent cost-cutting and rightsizing measures. Keppel O&M's operating profit was $412 million and operating margin was 14.4%, before impairments of $277 million for fixed assets, stocks & work-in-progress and investments. This is commendable, given the challenges facing the industry.

Q **Given the long and harsh winter in the offshore sector, what other opportunities are you exploring? How is Keppel positioning itself to capture these?**

A We are riding out the offshore downturn on a firm footing, anchored by our multi-business strategy. While many other industry players struggle to keep afloat, Keppel is still in a good position to prudently invest for the future.

Our balance sheet remains strong and will allow us to invest and take advantage of opportunities that the crisis may throw up.

Gas is expected to be the fastest-growing fossil fuel for the next few decades, with demand rising at 1.5% per annum from now to 2040, to make up a quarter of global energy demand. Keppel is well positioned to be an industry forerunner through an extensive gas strategy that spans the value chain from liquefaction to transportation to power generation.

Together with Shell, we have the ambition of building a global bunkering network to serve shipowners across their travel routes. Being the forerunner in Liquefied Natural Gas (LNG) bunkering allows us to push the envelope for the use of LNG as a marine fuel, creating pull-through opportunities for our yards. Meanwhile, Golar Hilli, when delivered later in 2017, will be the first-of-its-kind floating liquefaction vessel conversion in the market, putting us ahead of the curve.

Last year, we completed the acquisition of Cameron's LETOURNEAU™ suite of jackup rig designs, as well as rig kit, aftersales and aftermarket businesses. We now have a market share of about 40% of the world's jackup rigs in operation, giving us better access to the aftersales and aftermarket services sector.

Keppel LeTourneau is not only able to provide aftersales field services to ensure smooth and efficient rig operations, but also cost effective, integrated and practical inspection engineering solutions that can reduce rig downtime. It is also looking to provide sensing technology, rig analytics, drone inspection services and enhanced 24/7 monitoring solutions as part of the offerings to fleet owners.

We will continue to leverage our considerable capabilities to seize opportunities such as Jones Act Vessels for the US market, as well as non-drilling solutions including dredgers and specialised ships.

As we steel ourselves against the storm, we believe that these efforts, among others, will stand us in good stead to entrench our leadership position in the upturn.

Keppel O&M will continue to pursue opportunities in the non-drilling sector such as for floating production solutions.

Interview with the CEO

Q The Property Division has performed commendably, contributing 79% of the Group's net profit for FY 2016. Moving forward, will there be less emphasis on the O&M business?

A We are proud of Keppel O&M but we are more than just an O&M or even a property company. We are a multi-business group, with different verticals in the same line of providing solutions for sustainable urbanisation such as energy, infrastructure, clean environments, high quality homes and offices, and connectivity. When we go through turbulence and one of our engines slows down, the other engines would have to pick up the pace. And I am glad that they have. Amidst the challenging market environment in 2016, we delivered a creditable net profit of $784 million after impairments, supported by our multi-business strategy.

For our O&M business, we have to recognise that we were at a historically high level of activity just before the crisis hit with oil prices plunging in mid-2014. We had enjoyed a good run in the O&M sector with Keppel O&M contributing $7.4 billion in profits to the Group over the past 10 years. The future for Keppel O&M remains bright but the industry may take a few years before it can return to the high points seen in the last decade. The Group has operated in cyclical industries for many years and we have utilised our multi-business approach well to navigate downturns.

Whilst the industries we operate in will have cycles, sustainable urbanisation, and the solutions that we provide, will enjoy many decades of secular growth.

Looking ahead, our focus is to continue delivering on our multi-business strategy to show that our model is sustainable, scalable and able to generate attractive returns for the Group.

Q How has the landscape changed for Keppel Land in the light of slower economic growth and cooling measures in its core markets? Will it be able to maintain its performance in the next few years?

A Cooling measures in recent years have moderated the demand in some of the markets where Keppel Land operates, chiefly in China and Singapore. Whilst the impact is not positive for developers in the short term, as a long-term player in these markets, it is also in our interest not to have asset bubbles forming as any hard landing will be quite disastrous.

Our sales of homes for the past two years have registered remarkable growth despite the challenging headwinds in our core markets of China and Singapore. This is partly due to our focus on selected Tier-1 and -2 cities in China, and our early mover's advantage going into regional growth markets more than 20 years ago. Vietnam has been an important contributor to home sales and we have, today, one of the best landbanks amongst foreign developers in Ho Chi Minh City.

The property development business has evolved in Asia over the years. As economies developed and experienced high growth, land prices have also risen in tandem. There is also healthy competition for land as new local developers emerged, many with strong balance sheets. Fueled by strong ambitions, they have contested aggressively for land.

From time to time, land prices may get too high and thus do not provide good risk-adjusted returns for developers. In the face of this new reality, Keppel Land has grown to become a multi-dimensional property player. We will continue to buy land selectively. With prices higher now and growth more constrained compared to the past, a landbanking strategy may not work in some markets. Keppel Land has also taken to selling land when prices were high and where development profits did not justify the risks.

We have also successfully bought completed assets, which we have enhanced through active asset management, before selling them. We are also not averse to taking positions in operating platforms, especially in markets and segments that may not be entirely open to a foreign developer like Keppel Land. Teaming up with strategic partners like China Vanke has also yielded good results for us.

Keppel Land will ride on positive sentiments in growth markets to launch more projects, such as Linden Residences in Ho Chi Minh City, Vietnam.

Whilst the general outlook for property markets in Asia remains positive in the long term, Keppel Land can no longer rest on what worked well for us in the past. We have built new muscles and capabilities and will wield them to ensure that we continue to build good homes, offices and commercial buildings that are well sought-after by buyers and tenants, whilst generating the highest Return on Equity (ROE).

To succeed in this environment, we need to be agile and seize opportunities. We have to evolve our business approach, work our assets harder, and better leverage technology and innovation as we address the changing environment, from the wave of millennials to the silver tsunami.

Q How are you adjusting to this changing environment? What are some of the opportunities that you see in the property sector?

A Our goal for Keppel Land is to remain a leading Asian property company with one of the highest returns. We do not necessarily have to be the biggest industry player. Over the last 10 years, Keppel Land had turned in a respectable average ROE of about 18.4% annually. It was able to do so while building up a substantial landbank across its key and growth markets.

Looking ahead, the level of returns from the property market throughout Asia is not likely to be as high as it was a decade ago. For us to maintain a similar level of ROE, in line with the Group's objectives, we will need to rightsize the property book and turn the assets more actively.

In the immediate future, we will continue to capitalise on positive sentiments to launch projects for sale in promising markets. Vietnam is one such market where we are seeing good demand growth, especially in Ho Chi Minh City. We sold 1,520 homes there for the whole of 2016, 63% higher than the year before.

On the commercial front, we opened our latest retail mall in Phase Two of Saigon Centre in August, with Takashimaya Department Store as its anchor tenant. We expect to complete this new phase, which includes 44,000 square metres of premium Grade A office space and 195 luxury serviced apartments, by end-2017.

In tandem with property development, Keppel Land has also been actively recycling its assets. In 2016, it announced 11 divestments amounting to about $680 million, as well as investments of about $460 million in opportunities across China, Vietnam and Indonesia. Some of these new investments included completed assets, such as the retail mall in Shanghai's up-and-coming Jiading New City Core Area, which we will manage and later monetise.

The strategy of selectively acquiring newly-completed projects can also give us access to prime real estate within land scarce, gateway cities. Life Hub @ Jinqiao, a mixed-use development in Shanghai has proven to be an excellent investment for Keppel, and also Alpha's investors.

We divested our 80% stake in the development for US$517 million. This was based on the property's sale value of RMB 5.5 billion, which was close to a 70% premium over the original purchase price of RMB 3.3 billion three years ago. Through innovative asset management and enhancement efforts, we contributed to growing a profitable mall, and achieved over 20% Internal Rate of Return per annum without taking any development risks.

Q Turning to the Infrastructure Division, how do you plan on building it into a bigger contributor to the Group?

A We have been focused on streamlining our Infrastructure Division. Today, the Division's core businesses are in energy and environmental infrastructure under Keppel Infrastructure, as well as data centres and logistics under Keppel Telecommunications & Transportation (Keppel T&T).

We are looking out for opportunities to establish leadership positions in these areas by investing prudently in projects where we can expect good returns. In the past few years, we had focused on trying to resolve the

The divestment of Life Hub @ Jinqiao, a collaboration between Keppel Land China and Alpha, yielded good returns without development risks.

Interview with the CEO

challenges with our overseas Engineering, Procurement and Construction (EPC) projects, which are now behind us. I am pleased that the Doha North Sewage Treatment Works in Qatar is turning in good recurring income to the Group, having commenced its 10-year operations and maintenance contract.

More recently, we are proud to have been awarded a contract by PUB, Singapore's national water agency, to Design, Build, Own and Operate the country's fourth desalination plant. Upon completion in 2020, the plant will be the first in Singapore with the ability to treat sea water, and fresh water from the Marina Reservoir. This project can provide the Group with 25 years of recurring income through the operations and maintenance contract and water purchase agreement with PUB.

Looking ahead, Keppel Infrastructure is re-doubling its focus to build up its energy and environmental businesses in partnership with Keppel Capital. It is also preparing for the full liberalisation of Singapore's electricity market in 2018, which will open up new opportunities.

Over in the data centre space, the proliferation of digitalisation, cloud computing and big data analytics will create even more demand for Keppel T&T's data centre services. Through the Alpha Data Centre Fund (Alpha DC Fund), Keppel T&T will continue to grow its presence and track record in key data centre hubs.

Keppel T&T will also continue to build on its foundation in third-party logistics, to develop new muscles for solutions in omni-channel distribution and urban logistics. The acquisition of Courex, an e-commerce fulfilment company, will further strengthen Keppel T&T's ability to tap the growing e-commerce sector in Singapore and Southeast Asia.

Q **Now that the integration of Keppel's asset managers is complete, what are the potential sectors or growth opportunities that Keppel Capital is pursuing?**

A Leveraging the Group's core competencies, Keppel Capital is well positioned to create innovative investment solutions and connect investors with high-grade real assets in fast-growing sectors fuelled by sustainable urbanisation trends. Data centres, power and desalination plants, LNG vessels and FPSOs are examples of such real assets with long-term cash flows that many institutional investors are looking to invest in.

We have had good traction with large pension and sovereign wealth funds; what they are looking for is an organisation with the ability not only to build these real assets, but also operate and manage them well. The Alpha DC Fund and Alpha Asia Macro Trends Fund III, which Keppel Capital launched in 2016, have received initial commitments amounting to US$410 million, as well as made their first asset acquisitions. In addition to creating and managing these real assets, we are also able offer avenues for asset recycling through the real estate and business trusts that Keppel Capital manages.

The asset management platform, enhanced through the establishment of Keppel Capital, is thus a very important component of our business model; it is an engine to help unleash our synergies as a multi-business group. Co-investments into real estate and infrastructure projects undertaken by the Group will allow us to grow faster without putting a strain on our balance sheet.

Q **Will we see asset management becoming a more substantial contributor to Keppel's earnings in the near future?**

A Yes, we are gradually moving in that direction. Asset management is not a new business, it has been a source of fee income to the Group for some 14 years, beginning with Alpha Investment Partners (Alpha) in 2003 and then Keppel REIT Management in 2006.

Today, the Group has four asset managers, which are now part of Keppel Capital. They collectively manage some $25 billion of property and infrastructure assets, and contributed about $64 million to the Group's net profit for FY 2016, which is an increase from the $58 million in 2015.

With the ability to centralise both regulated and non-regulated support functions in Keppel Capital, we are creating a larger platform with greater focus, economies of scale and synergy to drive performance and grow recurring fee income. In the process, we have also acquired new muscles and the capacity to scale up more quickly by getting our business units to hunt in a pack.

Alpha, which used to focus primarily on real estate private funds, has grown its repertoire of expertise by collaborating with Keppel T&T on the Alpha DC Fund in the data centre space. It is further leveraging Keppel Infrastructure's know-how to pursue energy infrastructure investments, and is also working closely with Keppel O&M to explore other opportunities.

Not only will we expand our capital base and improve asset recycling through Keppel Capital, but we can also create potential pull-through work for the Group's business verticals.

Q **How are you prioritising the allocation of resources across the diverse business verticals?**

A We are always trying to make our assets work harder for us. I frequently remind my colleagues in the business units that we are *OneKeppel* with one balance sheet. It helps that we have almost full control over all our key business verticals. That gives us flexibility to allocate resources across the Group to earn the best risk-adjusted returns and achieve our strategic goals.

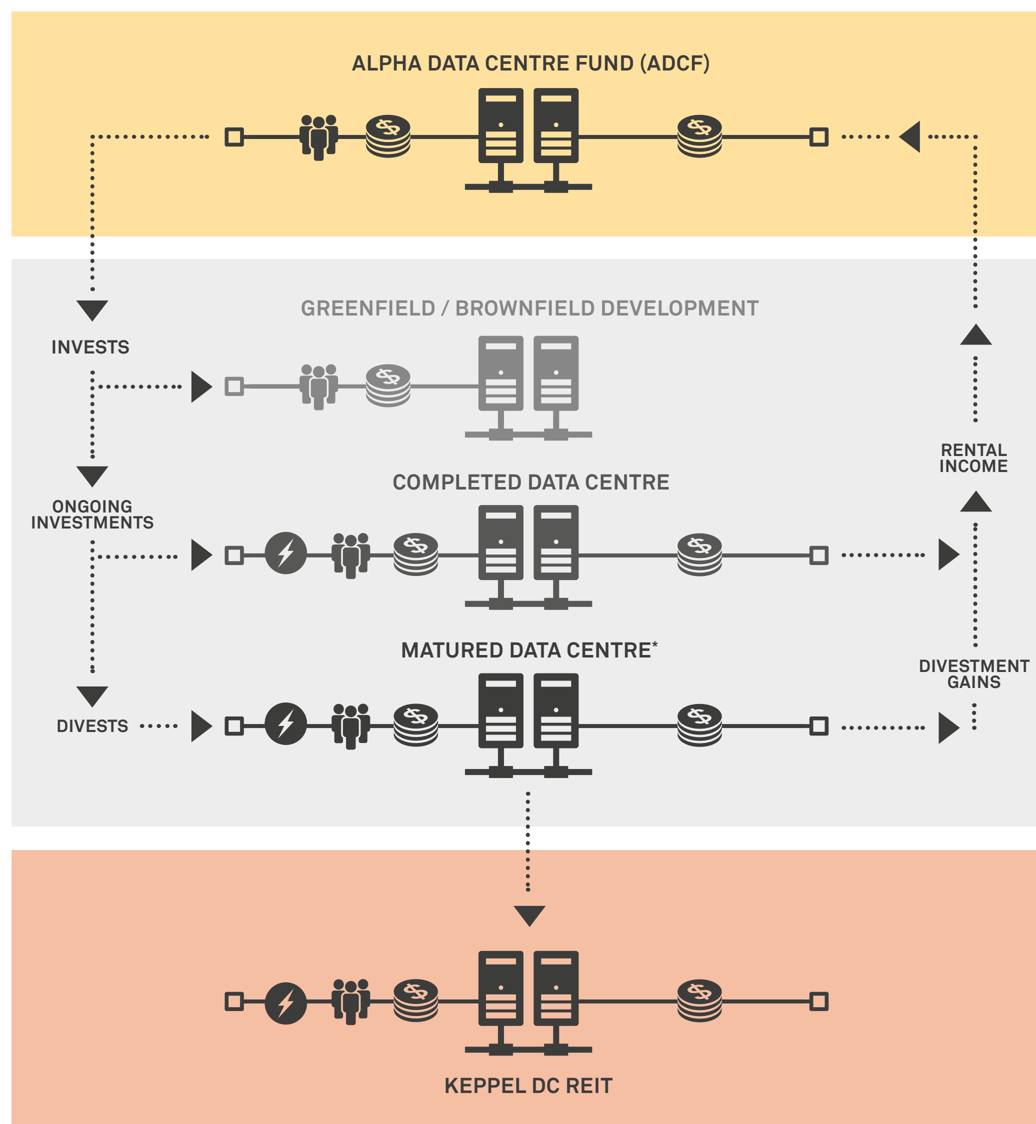
While the Group's strategy is driven from the centre, in assessing potential projects, we take a bottom-up approach. Our focus is on how we can further enhance the Group's value proposition as a leading solutions provider for sustainable urbanisation. Maintaining good financial discipline and an institutional-quality balance sheet will stand us in good stead to seize opportunities when they arise. And we can potentially do a lot more by bringing in like-minded co-investors to expand our capital base.

Synergy *in motion*

Driving collaboration across our business verticals, we empower the Group with greater agility and financial strength to seize opportunities in sustainable urbanisation and create value for all stakeholders.

Keppel Group: Stakeholders	Keppel Group: Collective Strengths	Keppel Group: Returns	Keppel Group: Stakeholders
Financial Co-investors	Provides capital to ADCF	Provides return on investment from ADCF	Financial Co-investors
Keppel Capital	Manages ADCF	Generates recurring asset management fees	Keppel Capital
Keppel T&T Keppel Land	Seed capital into ADCF and advise on data centre development Manage data centre facilities	Provides return on investment from ADCF Generates development and advisory fees Produces recurring facility management fees	Keppel T&T Keppel Land
Keppel Infrastructure	Provides power & cooling services to data centres	Generates recurring power & cooling services income	Keppel Infrastructure
Keppel Capital	Manages Keppel DC REIT	Generates recurring asset management fees	Keppel Capital Keppel T&T
Unitholders Keppel T&T	Invest in Keppel DC REIT	Provides REIT distributions Provides share of REIT's profits	Unitholders Keppel T&T

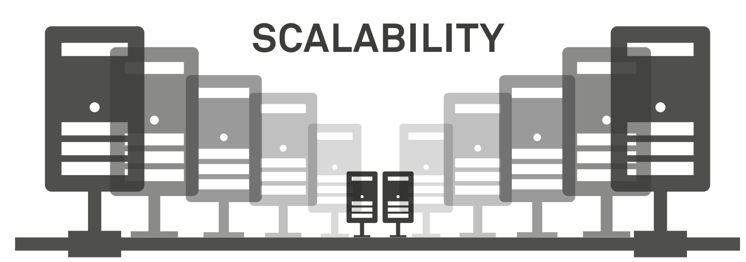
Ecosystem for Value Creation & Capture



COLLABORATION

Bundling core competencies to offer winning value propositions to customers and investors.

SCALABILITY



More assets in less time, spanning diverse classes and sectors.

GROWTH

Quality earnings growth, bolstered by recurring income and the best risk-adjusted returns.

* Matured assets could be monetised through the Keppel-managed real estate and business trusts, or other third parties.

Designed and produced by Black Sun Pte Ltd

As a multi-business group with access to capital, and the ability to invest when times are tough, we will use this period to prudently sow into strategic areas, building new muscles to ensure that Keppel is future-ready.

Q **What level of returns do you have in mind for the Group? How confident are you of achieving this with Keppel's business model?**

A Our business model has been generating good returns for Keppel over the years. On average, we have achieved an ROE of 21.3% annually in the last decade, including revaluations, impairments and divestments. We will continue to seek the best risk-adjusted returns amidst a difficult operating environment.

With an integrated asset management arm, we will be able to tap on co-investors to seize more opportunities, without straining our balance sheet. Most real assets are costly to develop and have relatively long gestation periods. So instead of developing, for example, one new infrastructure asset from our own resources, we can now aim to create more assets together with co-investors.

During the asset creation phase, either from greenfield or brownfield, our business units in the various verticals can earn project management fees or even a developer's or an EPC margin. Once an asset is developed, we can earn various fees for asset management, operations and maintenance, as well as facilities and property management, giving us multiple bites of the cherry. And when the asset has matured and been de-risked, we can look forward to monetising it through our real estate or infrastructure trusts.

We are not required to invest heavily in most of the private funds that we run. We may eventually hold stakes of about 5-10%, and still be entrusted with operating and managing the assets. The returns can still be quite attractive, once we add up all the potential fees from our ecosystem. Of course, to be successful, we must also look after the interests of all our stakeholders, including investors who entrust Keppel Capital with their funds. Protocols for managing any potential conflicts have to be clearly followed. Ultimately, our goal is to create good solutions for customers and stakeholders that will also make good investment vehicles for both private and public investors.

Q **There are proponents for Keppel to institute a minimum level of absolute dividends, what are your views on this?**

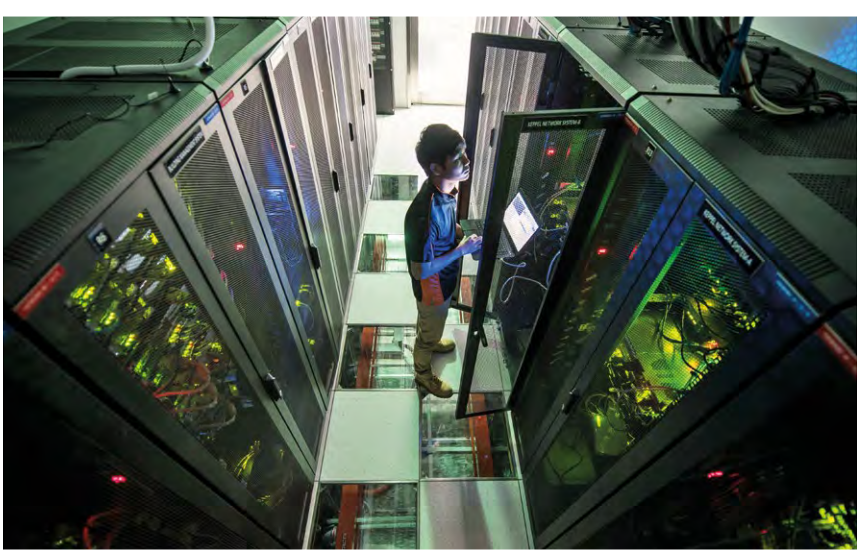
A There are many considerations in setting a dividend policy, which have longer term implications for a listed company. Our Board and management have debated this.

The supporters of a minimum dividend feel that it signals a commitment to shareholders, and would also support Keppel's share price in a down market. For such a policy to be effective however, the minimum dividend must be a meaningful sum to shareholders, and yet not too onerous for the Company to maintain over the long run.

We believe in rewarding shareholders fairly and sustainably. While we do not have an explicit dividend policy, investors who have been following Keppel Corporation know that we have had a consistent track record in distributing 40-50% of our annual net profit as dividends.

For FY 2016, we declared a total cash dividend of $0.20 per share, which is equivalent to a 46% payout ratio. This is higher than the 40% paid out for FY 2015, and is within a comfortable range.

It is very important that we are able to pay stable dividends as well as balance the Company's capital requirements, especially in the challenging and uncertain period before us. As we improve the overall quality of earnings through our business model, we will also grow recurring income to better fund our capital spending and dividends.



The proliferation of digitalisation, cloud computing and big data analytics will create even more demand for Keppel's data centres.

Board of Directors

Lee Boon Yang age 69
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 2016):
7 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 2017):
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 2012 to 31 December 2016):
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 55
Executive Director and Chief Executive Officer

Date of first appointment as a director:
1 January 2014
Date of last re-election as a director:
19 April 2016
Length of service as a director (as at 31 December 2016):
3 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; CFA® charterholder

Present Directorships (as at 1 January 2017):
Listed companies
Keppel Telecommunication & Transportation Ltd (Chairman)

Other principal directorships
Keppel Offshore & Marine Ltd (Chairman); Keppel Land Limited (Chairman); Keppel Infrastructure Holdings Pte. Ltd. (Chairman); Keppel Capital Holdings Pte. Ltd. (Chairman); Keppel Care Foundation Limited

Major Appointments (other than directorships):
Singapore Business Federation (Council Member); National University of Singapore (Member of Board of Trustees); Singapore Economic Development Board (Board Member)

Past Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016):
KrisEnergy Ltd; 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

Tow Heng Tan age 61
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 2016):
12 years 4 months

Board Committee(s) served on:
Nominating Committee (Member);
Remuneration Committee (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 2017):
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;
Alexandra Health System Pte Ltd

Major Appointments (other than directorships):
Pavilion Capital International Pte. Ltd. (CEO); Center for Asset Management Research & Investment, NUS (Member); National Council of Social Services (Member of Investment Committee)

Past Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016):
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

Alvin Yeo Khirn Hai age 55
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 2016
Length of service as a director (as at 31 December 2016):
7 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, Singapore

Present Directorships (as at 1 January 2017):
Listed companies
United Industrial Corporation 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 Singapore Medical Council's Panel of Disciplinary Tribunal Chairmen (Member); Panel of Disciplinary Tribunal Chairmen, Supreme Court of Singapore (Member); Fellow of the Singapore Institute of Arbitrators

Past Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016):
Neptune Orient Lines Limited; 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)

Board of Directors

Tan Ek Kia age 68
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 2016
Length of service as a director (as at 31 December 2016):
6 years 3 months

Board Committee(s) served on:
Board Safety Committee (Chairman);
Board Risk Committee (Member);
Audit 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 2017):
Listed companies
KrisEnergy Ltd; PT Chandra Asri Petrochemical Tbk; Transocean Ltd

Other principal directorships
SMRT Corporation Ltd; Keppel Offshore & 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 2012 to 31 December 2016):
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

Danny Teoh age 61
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 2016):
6 years 3 months

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

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

Present Directorships (as at 1 January 2017):
Listed companies
DBS Group Holdings Ltd

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 2012 to 31 December 2016):
Singapore Olympic Foundation; CapitaLand Mall Trust Management Limited (Manager of CapitaMall Trust)

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 69
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 2016):
4 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 2017):
Listed companies
Nil

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

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016):
Neptune Orient Lines Limited

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

Till Vestring age 53
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 2016):
1 year 11 months

Board Committee(s) served on:
Remuneration Committee (Chairman);
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 2017):
Listed companies
Inchcape plc

Other principal directorships
Singapore Chinese Orchestra Company Limited;
Leap Philanthrophy Ltd

Major Appointments (other than directorships):
Partner, Bain & Company Southeast Asia

Past Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016):
Nil

Others:
Nil

Veronica Eng age 63
Non-Executive and Independent Director

Date of first appointment as a director:
1 July 2015
Date of last re-election as a director:
19 April 2016
Length of service as a director
(as at 31 December 2016):
1 year 6 months

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

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

Present Directorships (as at 1 January 2017):
Listed companies
Nil

Other principal directorships
Keppel Capital Holdings Pte Ltd

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); Member of Singapore's Diversity Action Committee

Past Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016):
Permira Holdings 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, 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

Chan Hon Chew
Chief Financial Officer,
Keppel Corporation

Kevin Kwok Khien
Independent Director, Singapore Exchange Ltd

Keppel Land

Loh Chin Hua
Chairman
Chief Executive Officer,
Keppel Corporation

Ang Wee Gee
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,
Center on Asia and Globalisation,
LKY School of Public Policy,
National University of Singapore

Oon Kum Loon (Mrs)
Non-Executive,
Non-Independent Director

Willy Shee Ping Yah
Senior Advisor and
Former Chairman, CBRE

Chan Hon Chew
Chief Financial Officer,
Keppel Corporation

Keppel Infrastructure

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

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

Koh Ban Heng
Chairman
Independent Director

Mark Andrew Yeo Kah Chong
Independent Director

Dr Ong Tiong Guan
Chief Executive Officer,
Keppel Infrastructure

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

Christina Tan Hua Mui
Chief Executive Officer,
Keppel Capital

Keppel Telecommunications & Transportation

Loh Chin Hua
Chairman
Chief Executive Officer,
Keppel Corporation

Thomas Pang Thieng Hwi
Executive Director and
Chief Executive Officer

Prof Neo Boon Siong
Dean and Canon Professor of Business at
the 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
Independent Director

Lee Ai Ming (Mrs)
Justice of Peace, Sr. Consultant,
Rodyk & Davidson LLP,
Advocate & Solicitor of the Supreme Court
of Singapore

Keppel Capital

Loh Chin Hua
Chairman
Chief Executive Officer,
Keppel Corporation

Christina Tan Hua Mui
Chief Executive Officer

Chan Hon Chew
Chief Financial Officer,
Keppel Corporation

Chow Yew Yuen
Chief Executive Officer,
Keppel Offshore & Marine

Ang Wee Gee
Chief Executive Officer,
Keppel Land

Dr Ong Tiong Guan
Chief Executive Officer,
Keppel Infrastructure

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

Tow Heng Tan
Chief Executive Officer,
Pavilion Capital International Pte. Ltd

Veronica Eng
Independent Director,
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

Tan Chin Hwee
Chief Executive Officer, Asia-Pacific,
Trafigura 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

Christina Tan Hua Mui
Chief Executive Officer,
Keppel Capital

Penny Goh (Mrs)
Co-Chairman and Senior Partner,
Allen & Gledhill LLP

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
Independent Director

Teo Cheng Hiang Richard
Independent Director

Dr Tan Tin Wee
Director, National Supercomputing Centre (NSCC), Singapore and Chairman, A*STAR Computational Resource Centre (ACRC), (on secondment from Associate Professor, Department of Biochemistry,
National University of Singapore)

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

Christina Tan Hua Mui
Chief Executive Officer,
Keppel Capital

k1 Ventures

Prof Neo Boon Siong
Chairman
Dean and Canon Professor of Business at the Nanyang Business School,
Nanyang Technological University

Jeffrey Alan Safchik
Chief Executive Officer and
Chief Financial Officer

Dr Lee Suan Yew
Medical Practitioner and Past President of the Singapore Medical Council

Alexandar Vahabzadeh
Co-Founder of Beaumont SA and
Beaumont Partners LLC

Prof Annie Koh
Vice President, Office of Business Development, Singapore Management University; Practice Professor of Finance, Singapore Management University

Tan Poh Lee Paul
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.

KTAP convenes once 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 on topical issues such as nuclear energy and sludge co-incineration.

Over the years, KTAP members have contributed a broad range of ideas and technology foresight to Keppel. The areas covered include drilling, subsea construction, cooling, waste-to-energy, as well as potentially disruptive technologies. KTAP has also been exploring advancing our technologies and capabilities in new areas.

Sven Bang Ullring
KTAP 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 to 2000 and President and CEO of NORCONSULT, Oslo from 1981-1985. He worked for SKANSKA, Malmo, Sweden from 1962 to 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 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.

Professor Ng Wun Jern
BSc (Civil Engineering), QMC, University of London; 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, and Professor of Environmental Engineering in the School of Civil & Environmental Engineering at Nanyang Technological University. He has some 400 publications on water and wastewater management, has founded spin-off companies based on his IPs, and serves as technical advisor to various environmental companies across ASEAN, China and India.

Dr Brian Clark
Schlumberger Fellow Emeritus; B.S. Ohio State University; PhD, Harvard University.
Dr Clark holds over 100 patents related to the exploration and production 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 a member of the United States' National Academy of Engineering and a member of 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 was formerly Head of the School of Engineering at Cranfield University and is a Founder Director of the science park company BPP Technical Services Ltd and its subsidiary BPP Cables Ltd. He also sits on the Boards of Keppel Offshore & Marine and BMT Group Ltd.

Dr Malcolm Sharples
President, Offshore Risk & Technology Consulting Engineering Inc.; BESc. (Engineering Science), University of Western Ontario; PhD, University of Cambridge; Athlone Fellow; Fellow of the Society of Naval Architects and Marine Engineers and Recipient of the Blakely Smith Medal for work in Offshore Risk Analysis; Registered Professional Engineer.
Dr Sharples was previously Vice President of American Bureau of Shipping focusing on their worldwide offshore business line, and President of Noble Denton & Associates which offered marine warranty engineering and surveying for worldwide offshore operations.

He consults worldwide on offshore structures/vessels for regulatory compliance for USA and Canadian offshore structures, safety audits, process safety, and has been involved in accident investigations as an expert witness for legal proceedings. He is an active member of several industry standards committees, including

Seated, from left: Loh Chin Hua (CEO of Keppel Corporation), Dr Lee Boon Yang (Chairman of Keppel Corporation), Dr Liu Thai-Ker and Professor Jim Swithenbank. Standing, from left: Professor Tom Curtis, Ang Wee Gee (CEO of Keppel Land), Professor Minoo Patel, Dr Malcolm Sharples, Chow Yew Yuen (CEO of Keppel Offshore & Marine), Sven Bang Ullring, Dr Brian Clark, Professor Stefan Thomke, Professor Chan Eng Soon, Professor Ng Wun Jern, Chua Kee Lock, Thomas Pang (CEO of Keppel Telecommunications & Transportation), Dr Ong Tiong Guan (CEO of Keppel Infrastructure) and Professor Foong Sew Bun.

SNAME, Canadian Standards Association, ISO Committees, and has published numerous papers on offshore structures including offshore wind farms and post-mortem storm damages of MODUs. He is a Director of Keppel Offshore & Marine Ltd. and Keppel Amfels USA.

Professor Thomas (Tom) Curtis
BSc (Honours) 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, 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, Professor Curtis worked in construction and public health policy and has worked in the US, Brazil, Bangladesh and Jordan.

Professor Jim Swithenbank
BSc, PhD, DSc, DEng, FREng, FInstE, FIChemE, 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 from 1986 to 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 Swithenbank's current work is largely focused on energy and environmental issues of CHP, fossil fuels, biomass, wastes and hydrogen.

Professor Stefan Thomke
BSc (Electrical Engineering), University of Oklahoma; MSc (Electrical & Computer Engineering), Arizona State University; SM (Operations Research), SM (Mgmt.), PhD (Electrical Engineering & Mgmt.), Massachusetts Institute of Technology; Dr. rer. oec. (Honorary), HHL Leipzig Graduate School of Management, 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 has chaired several of the university's executive education programmes. Prior to joining Harvard, he was with McKinsey & Company in Germany.

Professor Chan Eng Soon
B.Eng (First Class Honours) & M.Eng, National University of Singapore (NUS); PhD, Masachusetts Institute of Technology.
Professor Chan, Provost's Chair Professor in the Faculty of Engineering at the National University of Singapore, is a Fellow of the Singapore Academy of Engineering, Institute of Marine Engineering, Science & Technology, and the Institution of Engineers Singapore. He is the CEO of the Technology Centre for Offshore & Marine, Singapore and Programme Director for Offshore & Marine in the Science & Engineering Research Council of A*STAR.

Professor Chan was Vice Provost (Special Duties) of NUS and Keppel Chair Professor in the Faculty of Engineering. Prior to his Vice Provost position, he was the Dean of the Faculty of Engineering Faculty and Head of the Civil Engineering Department. He was also the Executive Director of the Centre for Offshore Research and Engineering, National University of Singapore, and Director of Tropical Marine Science Institute.

Professor Chan has served on the Management Board and Board of Governors of various institutions and research centres. He now contributes as a member of the Singapore Workplace Safety and Health Council and the Board of Directors of PUB and DSO National Laboratories. Professor Chan's 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 New South Wales; 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. He is also the Founding Chairman of Centre of Liveable Cities since 2008. Dr Liu has served as the Adjunct Professor of School of Design and Environment and the Lee Kuan Yew School of Public Policy, National University of Singapore. He is also the Adjunct Professor in the College of Humanities, Arts & Social Sciences, Nanyang Technological University.

Dr Liu is a member of several governmental bodies in Singapore, and planning advisor to around 30 cities in China. He was 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
BSc. (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, he 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.

Mr Chua also serves as independent board member of Yongmao Holdings Ltd, an SGX listed company.

Professor Foong Sew Bun
Fellow, Singapore Computer Society; Dip (Electronics and Communications Eng.) Singapore Polytechnic; MSc. and BSc. (Computer Science) University of Texas at Austin.
Professor Foong is the Global Head of Digital Transformation (Retail, Private Banking, Wealth) for Standard Chartered Bank, responsible for agile digital transformation of operations and legacy to provide differentiating banking services. Prior to Standard Chartered, Professor Foong was with IBM from 2000 to Sep 2016, where he started as the first Software Architect for IBM India and South Asia, and eventually became the first in IBM Asia Pacific and first Singaporean to be recognised as an IBM Distinguished Engineer in 2007/2008 for his sustained track record of technical leadership and innovations. As a former IBM executive, Professor Foong led top clients of IBM and IBM technical community as the Chief Technology Officer for ASEAN and Singapore, Lead Cloud Advisor in the global IBM Cloud Advisor leadership team, Chairman of the IBM Growth Market Unit Distinguished Engineers Board. He served on top global IBM technical councils including the corporate Technology Team Advisory Council, IBM Academy of Technology Leadership Team and the S&D Technical Leadership Team.

Prior to IBM, Professor Foong spent 10 years in IT industry with healthcare, banks, university, and led design and implementation of top secret fighter craft simulators for defence. He was also an Adjunct Associate Professor with the National University of Singapore from 2008 to 2013 and an Adjunct Professor since 2014.

Professor Foong serves in several major government and industry committees, including the Services and Digital Economy R&D Executive Committee with National Research Foundation; Deputy Chairman of the Institute of Singapore Chartered Accountants IT Services Advisory Committee; member of the Institute of Singapore Chartered Accountants CFO Committee; Singapore Polytechnic Department of Electrical and Electronics Advisory Committee; committees by the Singapore Computer Society; and former Chairman and Senior Advisor of the National Infocomm Competency Framework Steering Committee.

Senior Management

Keppel Corporation

Loh Chin Hua
Chief Executive Officer

Chan Hon Chew
Chief Financial Officer

Corporate Services

Robert Chong
Director
Group Human Resources

Paul Tan
Group Controller

Louis Lim
Director
Group Strategy & Development
(effective 1 Jul 2016)

Tay Lim Heng
Director
Group Risk & Compliance
(appointment till 31 Dec 2016)
(seconded to SSTEC as Chief Executive Officer)

Khor Un-Hun
Director
Group Mergers & Acquisition
(effective 17 Oct 2016)

Cindy Lim Joo Ling
Director
Group Corporate Development
(effective 17 Oct 2016)

Magdeline Wong
General Manager
Group Tax
(retired on 31 Dec 2016)

Lynn Koh
General Manager
Group Treasury

Caroline Chang
General Manager
Group Legal

Ho Tong Yen
General Manager
Group Corporate Communications

Sepalika Kulasekera
General Manager
Group Internal Audit

Kevin Chng
General Manager
Group Risk & Compliance
(effective 1 Jan 2017)

Jacob Tong
General Manager
Group Information Systems

Tay Guan Chew
General Manager
Group Tax
(effective 1 Jan 2017)

Jaggi Ramesh Kumar
General Manager
Group Health,
Safety & Environment

Eric Goh
Chief Representative, China

Linson Lim Soon Kooi
Country Representative, Vietnam
(effective 1 Aug 2016)

Goh York Lin
Country Representative, Myanmar
(effective 1 Aug 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
(retired 4 Jul 2016)

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

Chris Ong Leng Yeow
Managing Director
Keppel FELS
(effective 5 Jul 2016)

Chor How Jat
Managing Director
Keppel Shipyard

Abu Bakar Bin Mohd Nor
Managing Director
Keppel Singmarine

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
(appointment till 19 Mar 2017)

Ng Ooi Hooi
President, Regional Investments
Keppel Land International
(appointment till 19 Mar 2017)
President, Singapore
Keppel Land International
(effective 20 Mar 2017)

Ben Lee Siew Keong
President
Keppel Land China

Linson Lim Soon Kooi
President, Vietnam
Keppel Land International

Sam Moon Thong
President, Indonesia
Keppel Land International
(appointment till 19 Mar 2017)
President, Regional Investments
Keppel Land International
(effective 20 Mar 2017)

Goh York Lin
President, Indonesia
Keppel Land International
(effective 20 Mar 2017)

Infrastructure

Dr Ong Tiong Guan
Chief Executive Officer
Keppel Infrastructure

Lim Siew Hwa
Chief Financial Officer
Keppel Infrastructure

Tan Boon Leng
Executive Director
(Environmental Infrastructure)
Keppel Infrastructure
(effective 1 Jan 2017)

Nicholas Lai Garchun
Executive Director
(Energy Infrastructure)
Keppel Infrastructure
(effective 1 Jan 2017)

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

Thomas Pang Thieng Hwi
Chief Executive Officer
Keppel Telecommunications & Transportation

Tan Eng Hwa
Chief Financial Officer
Keppel Telecommunications & Transportation

Wong Wai Meng
Chief Executive Officer
Keppel Data Centres

Desmond Gay Kah Meng
Chief Executive Officer
Keppel Logistics

Investments

Christina Tan Hua Mui
Chief Executive Officer
Keppel Capital
(effective 1 Jul 2016)
Managing Director
Alpha Investment Partners

Paul Tham
Chief Financial Officer
Keppel Capital
(effective 1 Jul 2016)

Tan Swee Yiow
Chief Executive Officer
Keppel REIT Management
(effective 20 Mar 2017)

Ng Hsueh Ling
Chief Executive Officer
Keppel REIT Management
(stepped down on 31 Jan 2017)

Young Lok Kuan
Executive Director,
Portfolio Management
Alpha Investment Partners

Alvin Mah
Chief Investment Officer
Alpha Investment Partners

Khor Un-Hun
Chief Executive Officer
Keppel Infrastructure Fund Management

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

Atan Enjah
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

Joanne Chua Chor Hiang
President

Philip Lee Soon Fatt
General Secretary

Sylvia Choo Sor Chew
Executive Secretary

Union of Power & Gas Employees

Tay Seng Chye
President

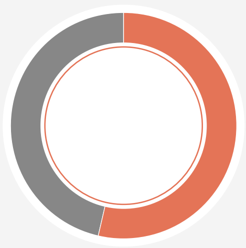
Abdul Samad Bin Abdul Wahab
General Secretary

S. Thiagarajan
Executive Secretary

Investor Relations

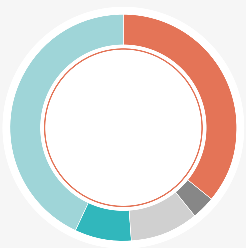
We are committed to clear, timely and consistent communication with the investment community.

Shareholding by Investors



	%
Institutions	54.3
Retail	45.7
Total	**100.0**

Shareholding by Geography



	%
Singapore	36.1
Asia (ex Singapore)	3.2
North America	10.2
Europe	8.1
Others*	42.4
Total	**100.0**

* Others include shareholders beyond the Top 50, who collectively owned approximately 20% of the Company's issued share capital as at 10 February 2017.

Keppel Corporation aspires be a global company at the forefront of its chosen industries, shaping the future for the benefit of all stakeholders. We believe that robust business performance goes hand in hand with the best corporate practices, including effective investor relations (IR) and good corporate governance.

In 2016, we focused on enhancing awareness and understanding of Keppel's multi-business strategy in the global investment community, alongside maintaining a balanced disclosure of our operational and financial performance as well as outlook.

Investor and Analyst Education

During the year, we held 135 meetings and conference calls with institutional investors, which included non-deal roadshows reaching out to investors in Hong Kong, Europe and the United States of America. We also hosted several site visits to our shipyards in Singapore, as well as residential and commercial properties in China and Vietnam.

To engage a wider group of investors, senior management gave presentations at the annual Oil & Offshore Conference organised by Pareto Securities in Oslo, Norway, as well as to the Templeton Emerging Markets Group in Singapore.

In addition to the Company's general meetings, we continued to engage our retail shareholders as well as attend to their questions, feedback and information needs. Our long-term contribution towards the Securities Investors Association Singapore's Investor Education Programme has benefitted some 2,400 of our retail shareholders who had access to a wide range of seminars, workshops and other support services offered.

Presently, about 20 sell-side research houses, with analysts based in Singapore and Malaysia, provide coverage on Keppel Corporation. We continue to develop and maintain close interactions with these research analysts, who play an important role in the investment community.

In 2016, top management including the CEO, CFO and heads of strategic business units gave briefings to help the analysts better understand the strategic intent of Keppel's corporate actions. These included sessions on the restructuring of our asset management businesses and participation in KrisEnergy's preferential offering of senior secured zero coupon notes with detachable warrants.

We also conducted a briefing for analysts on the Property Division, which has become the Group's largest earnings contributor following the privatisation of Keppel Land in 2015.

We engage regularly with the financial community in an effort to continuously improve IR practices.

During the year, we continued to proactively engage the investment community through site visits.

IR Resources

Our mobile-friendly corporate website www.kepcorp.com continues to be the key resource for stock exchange announcements, quarterly results and annual reports, investor events, stock and dividend information and investor presentation slides.

To ensure fair and prompt dissemination of information, we post all new material announcements on our website immediately after they are released to the Singapore Stock Exchange (SGX).

We hold 'live' webcasts of our results briefings, which facilitate real-time interaction with the top management every quarter. A video archive of the quarterly webcast, together with the presentation materials and management speeches, are released on our website on the same day the results are issued to the SGX. A transcript of the questions and answers from the webcast is also posted online the following day.

Shareholder Information

As at 10 February 2017, institutions formed 54.3% of our shareholder base, while retail investors accounted for the remaining 45.7%. Our shareholders are geographically diversified across Asia, North America and Europe. Shareholders in Singapore held approximately 36.1% of our issued capital, while the rest of Asia held 3.2%, North America 10.2% and Europe 8.1%.

IR Calendar 2016

The following key events and initiatives were organised in 2016 to engage our investors and analysts:

1Q

4Q & FY 2015 results conference and live webcast.

Analyst briefing on restructuring of Keppel's asset management businesses.

Group visit to Keppel FELS for clients of JP Morgan.

2Q

1Q 2016 live results webcast.

Analyst briefing on the Property Division.

Annual General Meeting for FY 2015.

Non-deal roadshows to New York with Bank of America Merrill Lynch, and to Zurich and London with UBS.

Investor tour of the Sino-Singapore Tianjin Eco-City.

3Q

2Q & 1H 2016 results conference and live webcast.

Presentation at Pareto Securities' 23rd annual Oil & Offshore Conference in Oslo.

Non-deal roadshow to Hong Kong with UBS.

Group visits to Keppel FELS and Keppel Shipyard for clients of JP Morgan.

4Q

3Q & 9M 2016 live results webcast.

Presentation to the Templeton Emerging Markets Group.

Analyst briefing on preferential offering of senior secured zero coupon notes with detachable warrants by KrisEnergy.

Investor tour of properties in Ho Chi Minh City.

Significant Milestones in 2016

Q1

Corporate

Keppel Corporation was ranked as the top Industrial Conglomerate on Corporate Knights' Global 100 Most Sustainable Corporation in the World 2016.

Keppel Corporation announced the plans to consolidate its interests in its four asset managers – Keppel REIT Management, Alpha Investment Partners (Alpha), Keppel Infrastructure Fund Management and Keppel DC REIT Management – under Keppel Capital, a wholly-owned subsidiary.

Offshore & Marine

Keppel FELS delivered three KFELS B Class jackup rigs; Cantarell I and Cantarell II were delivered to Grupo R and Halul was delivered to Gulf Drilling International.

Keppel Offshore & Marine (Keppel O&M) and Shell jointly won a licence to supply Liquefied Natural Gas (LNG) bunkering services in the Port of Singapore.

Property

Keppel Land added to its quality portfolio of retail and mixed-use properties with the acquisition of a 22.4% stake in I12 Katong lifestyle mall in Singapore.

Keppel Land China was conferred the Top 10 ASEAN Companies in China award by the China-ASEAN Business Council. It is the only company to have received the accolade for four consecutive years.

Keppel Land entered into a joint venture to develop a prime waterfront site in the Thu Thiem New Urban Area in Ho Chi Minh City, Vietnam.

Infrastructure

Keppel Data Centres Holding (KDCH) entered into a long-term collaboration agreement with PCCW Global to co-develop and market an international carrier exchange in Hong Kong, marking the expansion of Keppel Telecommunications & Transportation's (Keppel T&T) footprint into the market.

Q2

Corporate

Keppel Corporation and Keppel REIT were among 24 entities to be listed on the SGX Sustainability Leaders Index.

Offshore & Marine

Keppel O&M completed the acquisition of Cameron's offshore product division, which comprises the LETOURNEAU™ jackup rig designs, as well as rig kit, aftersales and aftermarket businesses.

Keppel O&M entered into a shareholders' agreement with Rosneft Oil Company and MHWirth to set up a Singapore incorporated Joint Venture Company (JVCO). The JVCO will establish a wholly-owned design and engineering centre in the Russian Federation, focusing on the design and engineering of mobile offshore drilling units for shallow waters.

BrasFELS was awarded a Floating Production Storage & Offloading (FPSO) module fabrication and integration project by repeat customer MODEC.

Keppel Singmarine delivered a high-specification deepwater derrick lay vessel, DLV 2000, to Hydro Marine Services, a subsidiary of McDermott International.

Keppel AmFELS delivered one of the world's largest Harsh Environment Enhanced Mobility land rigs.

Property

Keppel Land subscribed for VND 500 billion convertible bonds in Nam Long Investment Corporation.

Keppel Land's successful Selective Capital Reduction exercise was effected, resulting in Keppel Corporation gaining full ownership of the company.

Keppel Land topped off Junction City Tower and opened Sedona Hotel Yangon's Inya Wing in Yangon, Myanmar.

Infrastructure

KDCH secured $84.5 million in contracts to provide colocation and data centre services at Keppel DC Singapore 3.

Investments

Keppel Infrastructure Trust (KIT) handed over 1-Net North Data Centre to 1-Net, which commenced its 20-year lease.

Q3

Corporate

Keppel Corporation completed the restructuring of its four asset managers under Keppel Capital, a wholly-owned subsidiary.

Keppel Corporation ranked fifth in the annual Governance and Transparency Index and was selected as an index component of the Dow Jones Sustainability Asia Pacific Index 2016.

At the 17th Securities Investors Association (Singapore) Investors' Choice Awards, Keppel Corporation was awarded Winner of the Singapore Corporate Governance Award Diversity category, Merit of the Singapore Corporate Governance Award Big Cap category and Winner of the Internal Audit Excellence Award.

Offshore & Marine

Keppel O&M entered into a shareholders' agreement with Shell to establish an LNG bunkering business in Singapore.

Keppel FELS delivered its fifth high-specification accommodation semisubmersible to Floatel International.

Keppel AmFELS delivered Uxpanapa, a KFELS B Class jackup rig, to Central Panuco, a subsidiary of Perforadora Central.

Keppel Shipyard delivered Armada LNG Mediterrana, an LNG Floating Storage Unit, to Bumi Armada.

Keppel Singmarine secured contracts from Jan De Nul Group to build three Trailing Suction Hopper Dredgers.

Keppel O&M won 35 awards at the Workplace Safety & Health Awards 2016.

Property

Keppel Land opened Saigon Centre retail mall in Ho Chi Minh City.

Keppel Land entered into a conditional joint venture agreement with Shwe Taung Group to develop Phase Two of Junction City in Yangon.

Keppel Land China and Alpha divested their stakes in Life Hub @ Jinqiao, Shanghai, realising an internal rate of return of over 20%.

Keppel Land China announced the acquisition of a newly-completed retail development in Shanghai's Jiading District.

Infrastructure

Keppel Seghers handed over the solids stream and sludge treatment facilities in the Doha North Sewage Treatment Works to its client, and commenced the 10-year operations and maintenance phase of the contract.

KDCH secured contracts worth more than $144 million for Keppel DC Singapore 3 and Keppel DC Singapore 4.

Investments

Keppel DC REIT acquired a data centre in Milan, Italy for EUR 37.3 million.

Keppel Capital received regulatory approval to centralise certain regulated activities carried out by its licensed asset managers in addition to the non-regulated activities.

Keppel Capital saw the first closings of two new private equity funds – the Alpha Data Centre Fund and Alpha Asia Macro Trends Fund III, with initial commitments of US$410 million, out of a combined target size of US$1.5 billion.

Q4

Corporate

Keppel Corporation maintained its listing on the Euronext Vigeo Index: World 120.

Offshore & Marine

Keppel O&M secured contracts to build its first two dual-fuel diesel LNG tugs, and signed a Memorandum of Understanding with Shell to jointly explore opportunities in using LNG as a fuel.

Building on its longstanding relationship, Keppel Shipyard delivered three FPSO units to the Bumi Armada Group.

Property

Keppel Land acquired an additional 40% stake in Riviera Cove and divested its 60% stake in Casuarina Cove in Ho Chi Minh City, Vietnam.

Keppel Land announced its partnership with Metland, one of Indonesia's leading property developers, to jointy develop landed homes on a 12-ha site in Tangerang, Greater Jakarta in Indonesia.

Guangdong's first Customs, Immigration, Quarantine and Port-clearance post was opened in Keppel Cove in Zhongshan, China.

Keppel Land and Keppel Infrastructure harnessed strengths to make Bugis Junction Towers the first Green Mark-certified office to use renewable energy to fully power its operations.

Infrastructure

Keppel Infrastructure was named the preferred bidder by PUB, Singapore's national water agency, to Design, Build, Own and Operate the nation's fourth desalination plant for a concession period of 25 years.

Keppel Seghers secured two contracts worth about US$40.4 million to provide technology and services to the Baoan waste-to-energy (WTE) plant and the Nanshan II WTE plant in Shenzhen, China.

KDCH divested a 90% stake in Keppel DC Singapore 3 to Keppel DC REIT.

Keppel Logistics acquired a 59.6% stake in Courex, a Singapore-based e-commerce fulfilment company.

Investments

Keppel DC REIT acquired the shell and core building of a data centre in Cardiff, the UK, for GBP 34 million.

The Alpha Data Centre Fund, in collaboration with KDCH, acquired its first data centre, Keppel DC Frankfurt 1 in Germany.

Operating & Financial Review

Management Discussion & Analysis

Free Cash Inflow

$576m

Improved from cash outflow of $694m in FY 2015.

Earnings Per Share

$0.43

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

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

Group Overview

Group net profit was $784 million for 2016, down 49% from $1,525 million for 2015. This was due largely to lower contributions from the Offshore & Marine (O&M) Division, additional provisions for impairment of $336 million, mainly arising from the rightsizing of Keppel Offshore & Marine and impairments of investments and stocks & work-in-progress.

Earnings Per Share (EPS) was 43.2 cents for 2016, down 49% from 84.0 cents for 2015. Return on Equity (ROE) was 6.9%, compared to 14.2% in the previous year. Economic Value Added (EVA) was negative $140 million for 2016, compared to $648 million for 2015.

In 2016, cash inflow was $576 million, compared to cash outflow of $694 million in the previous year. Meanwhile, net gearing for 2016 was 0.56 times.

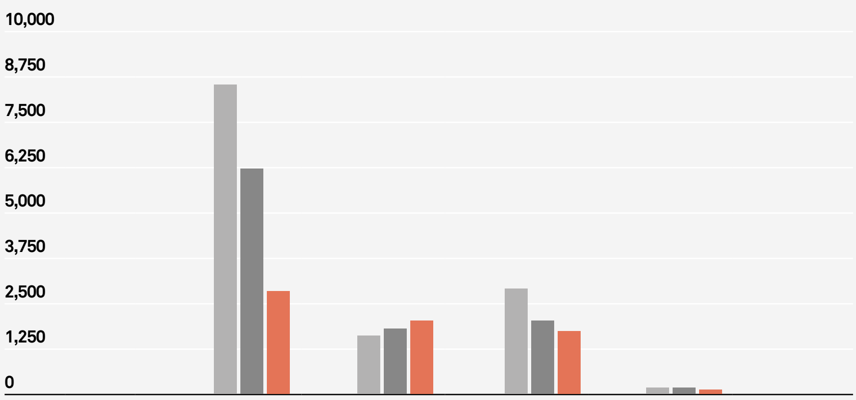
Total cash dividend for 2016 will be 20.0 cents per share. This comprises a proposed final cash dividend of 12.0 cents per share and the interim cash dividend of 8.0 cents per share distributed in the third quarter of 2016.

Segment Operations

Group revenue of $6,767 million was $3,529 million or 34% lower than that of the previous year. Revenue from the O&M Division of $2,854 million was 54% below the $6,241 million for 2015. This was due to lower volume of work, the deferment of some projects and the suspension of contracts with Sete Brasil. Major jobs completed in 2016 include four jackup rigs, a land rig, a derrick lay vessel, an accommodation semisubmersible and two Floating Production Storage Offloading (FPSO) vessel conversions. The Property Division saw its revenue increase by 12% to $2,035 million due mainly to higher revenue from Singapore and China. Revenue from the Infrastructure Division contracted by $293 million to $1,744 million, as a result of a drop in revenue recorded by the power and gas business due to lower prices and volume.

Group net profit of $784 million for 2016 was $741 million or 49% lower than the previous year. Profit from the O&M Division of $29 million was $453 million lower than that of the previous year, due mainly to lower operating results arising from lower revenue and share of associated companies' profits, as well as the impairment of assets. The negative variance was partially offset by the absence the provision

Revenue ($m)



	Offshore & Marine	Property	Infrastructure	Investments	Total
2014	8,556	1,629	2,914	184	13,283
2015	6,241	1,823	2,037	195	10,296
2016	**2,854**	**2,035**	**1,744**	**134**	**6,767**

for losses for the Sete Brasil rigbuilding contracts of about $230 million in 2015.

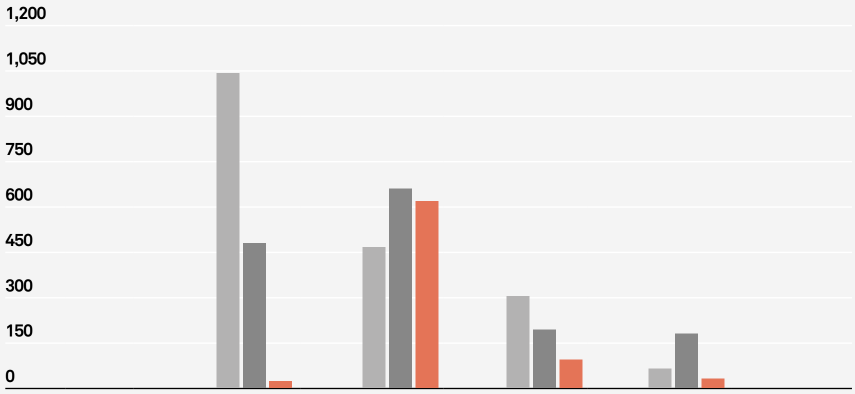
Net profit from the Property Division of $620 million fell by $41 million. This was mainly due to lower fair value gains on investment properties, lower contributions from Singapore property trading, and share of associated companies' profits and the absence of cost write-back upon the finalisation of project cost for Reflections at Keppel Bay in 4Q 2015, partially offset by a reversal of impairment of hospitality assets. The lower share of associated companies' profits was due mainly to lower share of fair value gains on investment properties, partly offset by the share of profits arising from the divestment of stakes in Life Hub @ Jinqiao in China and 77 King Street in Australia.

Meanwhile, net profit from the Infrastructure Division of $99 million was $98 million lower, due largely to the absence of gains recognised in 2015. In 2015, there were gains from the disposal of the 51% interest in Keppel Merlimau Cogen Pte Ltd and the dilution re-measurement of the combination of Crystal Trust and CitySpring Infrastructure Trust to form the enlarged Keppel Infrastructure Trust. These gains were partially offset by the losses following the finalisation of the cost to complete the Doha North Sewage Treatment Works.

Profit from the Investments Division decreased by $149 million due mainly to share of losses and impairment losses of an associated company, and the absence of gains from sale of investments in 2015, partially offset by the share of profits from the Sino-Singapore Tianjin Eco-City.

With a 79% share, the Property Division was the largest contributor to Group net profit in 2016. This was followed by the Infrastructure Division with 13% share, and the Investments Division and the O&M Division at 4% each.

Net Profit ($m)



	Offshore & Marine	Property	Infrastructure	Investments	Total
2014	1,040	469	307	69	1,885
2015	482	661	197	185	1,525
2016	**29**	**620**	**99**	**36**	**784**

Key Performance Indicators

	2016 $ million	16 vs 15 % +/(-)	2015 $ million	15 vs 14 % +/(-)	2014 $ million
Revenue	**6,767**	-34	10,296	-22	13,283
Net profit	**784**	-49	1,525	-19	1,885
Earnings Per Share	**43.2 cts**	-49	84.0 cts	-19	103.8 cts
Return on Equity	**6.9%**	-51	14.2%	-24	18.8%
Economic Value Added	**(140)**	n.m.	648	-64	1,778
Operating cash flow	**330**	n.m.	(785)	n.m.	5
Free cash flow*	**576**	n.m.	(694)	n.m.	729
Total cash dividend per share	**20.0 cts**	-41	34.0 cts	-29	48.0 cts

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

Operating & Financial Review

Offshore & Marine

Revenue

$2.9b

as compared to $6.2b for FY 2015.

Net Profit

$29m

as compared to $482m for FY 2015.

Major Developments in 2016

Delivered 21 major projects safely, on time and on budget.

Completed the acquisition of Cameron's offshore product division, which comprises the LETOURNEAU™ jackup rig designs, as well as rig kit, aftersales and aftermarket businesses.

Jointly won a licence with Shell to supply Liquefied Natural Gas (LNG) bunker to vessels in the Port of Singapore.

Secured an order to build three dredgers worth about $100 million from Jan De Nul Group.

Focus for 2017/18

Continue to focus on execution excellence, resource optimisation, corporate governance and risk management.

Leverage core competencies and synergies across the Keppel Group to build up new strengths and expand solution offerings.

Invest prudently in R&D and new capabilities to strengthen market position for long-term growth.

Explore ways to re-purpose technology from the offshore industry for other uses.

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

Earnings Review

Despite a dearth of offshore rig orders, the Offshore & Marine (O&M) Division secured new contracts of about $500 million for non-drilling solutions in 2016, leveraging its technology expertise and track record for reliable execution. As at year-end, non-drilling solutions made up over half of the Division's $3.7 billion net orderbook.

The Division's revenue for the year was $2.9 billion, a decrease of 54% year-on-year, mainly due to lower work volume, some project deferments and the suspension of contracts with Sete Brasil.

Impairments amounting to $277 million were made for fixed assets, stocks & work-in-progress and investments during the year. Excluding this, the Division turned in a strong operating profit of $412 million, translating into an operating margin of 14.4% for FY 2016.

The Division's FY 2016 pre-tax earnings of $90 million was $609 million or 87% lower year-on-year, due mainly to lower revenue and share of associated companies' profits, as well as the aforementioned impairment of assets. Accordingly, net profit of $29 million for the year was $453 million or 94% lower than for FY 2015.

Market Review

The agreement of the Organisation of Petroleum Exporting Countries (OPEC) and non-OPEC nations to cut supply at the end of 2016 has renewed market optimism and confidence. Since then, oil prices have risen to around US$55 per barrel. The market has seen active steps by oil producing nations to cut crude production by a target of 1.8 million barrels per day (bpd). According to secondary sources, OPEC production had decreased by 890,000 bpd in January 2017, about 70% of its targeted 1.2 million bpd.

Despite oil prices doubling from a year ago, capex by oil companies remained subdued as they work on improving their balance sheets while waiting for oil prices to stabilise and settle at a sustainable level. The market's focus will be on the response of US tight oil production, which could potentially limit oil price increases in 2017. Meanwhile, demand in the offshore rigbuilding market remained tepid as concerns over an oversupply of rigs linger, coupled with an overhang of rigs still under construction.

Operating Review

In response to the challenging external environment, Keppel O&M continued with its rightsizing efforts to streamline operations and reduce overheads. During the year, the company's direct global staff strength was reduced by 35%, while its subcontract workforce in Singapore came down by 13%. It also mothballed two supporting yards, PT Bintan Offshore and Keppel Singmarine Brasil, in Indonesia and Brazil respectively. In 2017, Keppel O&M intends to complete the closure of three supporting yards in Singapore.

The sum of Keppel O&M's rightsizing efforts in 2016 resulted in a year-on-year reduction of $150 million in overheads. The company will continue to streamline its operations, optimise resource deployment and manage costs to ride out the offshore sector downturn and become stronger, leaner and more competitive.

Earnings Highlights ($m)

	2016	2015	2014
Revenue	**2,854**	6,241	8,556
EBITDA	**300**	744	1,366
Operating Profit	**135**	597	1,224
Profit before Tax	**90**	699	1,365
Net Profit	**29**	482	1,040
Average Headcount (Number)	**22,191**	29,004	31,542
Manpower Cost	**821**	1,170	1,284

Meanwhile, the company continued to secure a steady stream of work from the non-drilling sector, leveraging its technology know-how and reliable execution.

In 2016, Keppel O&M delivered 21 major projects safely, on time and on budget. These consisted of, among others, four jackup rigs, a land rig, an accommodation semisubmersible (semi), a semi upgrade, and six Floating Production Storage Offloading (FPSO)/Floating Storage Unit (FSU) modification and conversion projects.

Keppel O&M remains committed to investing prudently in R&D and developing new capabilities to seize other market opportunities. During the year, it completed the acquisition of Cameron's offshore product division, which comprises the LETOURNEAU™ jackup rig designs, as well as the rig kit and aftersales and aftermarket businesses. Renamed Keppel LeTourneau, the unit augments Keppel O&M's existing capabilities to provide a full-suite of end-to-end jackup rig solutions to its customers.

Through its subsidiary, Gas Technology Development, Keppel O&M signed a Memorandum of Understanding (MOU) with Shell Eastern Petroleum (Shell), to jointly explore opportunities to cater to the demand for LNG as a fuel in coastal areas, inland waterways and the international marine sectors.

Keppel O&M further established a 50-50 joint venture (JV), FueLNG, with Shell to supply LNG bunkering services to vessels in the Port of Singapore. FueLNG subsequently secured its first two contracts from Shell to provide bunkering services to two dual-fuel diesel LNG tugs, which are being built by Keppel Singmarine for Maju Maritime and Keppel Smit Towage.

Fostering greater partnership with customers, Keppel O&M entered into a shareholders' agreement with Rosneft Oil Company and MHWirth to set up a Singapore incorporated JV company. The JV company will establish a wholly-owned design and engineering centre in the Russian Federation focused on designing and engineering mobile offshore drilling units for shallow waters.

Looking ahead, the company will also explore the re-purposing of its offshore technology and solutions to capture opportunities in the non-drilling sector.

Singapore

In 2016, Keppel FELS delivered three jackup rigs safely, on time and on budget to Gulf Drilling International (GDI) and Grupo R, as well as its fifth high-specification accommodation semi to Floatel International. During the year, it also completed 18 repair and modification projects worth more than $100 million. These included maintenance and installation work on the semis Ocean Apex and Ocean Great White for long-time customer Diamond Offshore.

As part of the strategy to grow its presence in the non-drilling sector, Keppel FELS is actively pursuing work such as the design and construction of production units, floating gas solutions, power-generation vessels and offshore wind-related projects, among others.

Keppel Shipyard serviced over 400 vessels during the year, including 30 LNG carriers. The yard also completed six FPSO and FSU conversion and upgrading projects, including the conversion of one of the world's largest FPSO vessels, the Armada Olombendo, for Bumi Armada, as well as a harsh environment FPSO for the North Sea and a pipelay vessel upgrading project for Saipem.

Reinforcing its position as a global leader for vessel modification, upgrading and conversion, Keppel Shipyard secured several contracts, including an FPSO topside installation/integration job from BW Offshore, an FPSO modification/upgrade project from Woodside Energy and a Floating Storage & Offloading (FSO) turret fabrication job from SOFEC.

During the year, Keppel Singmarine successfully delivered several projects including a high-specification deepwater derrick lay vessel to Hydro Marine Services, a subsidiary of McDermott International, as well as the yard's

Keppel FELS delivered Floatel Triumph, a high-specification accommodation semi, safely and on time.

Operating & Financial Review
Offshore & Marine

fifth anchor handling tug to Seaways International. It also launched Everest, an ice-class multi-purpose vessel for New Orient Marine safely and on time. Everest is Keppel Singmarine's 11th newbuild ice-class vessel project.

In 2016, Keppel Singmarine clinched several contracts to provide solutions for marine operations, including three Trailing Suction Hopper Dredgers from the Jan De Nul Group. The yard also embarked on constructing its first pair of dual-fuel diesel LNG tugs for Maju Maritime and Keppel Smit Towage, which are being built to Keppel's proprietary design.

The Rest of Asia

In China, Keppel Nantong continued to support Keppel O&M's projects and constructed two 65-tonne bollard pull Azimuth Stern Drive tugs for delivery to an Indonesia-based owner. Meanwhile, its sister yard Keppel Nantong Heavy Industries supported Keppel FELS with the construction of pontoons, columns as well as the upper hull of a semi.

Over in the Philippines, Keppel Batangas repaired over 50 vessels in 2016, a number of which were from repeat customers. The yard also completed the construction of two 50-tonne bollard pull Azimuth Stern Drive tugs. Keppel Batangas will continue to focus on shiprepair, as well as look for newbuilding project opportunities. Meanwhile, Keppel Subic Shipyard repaired over 20 vessels. With its 1,500-tonne gantry crane and drydock facilities, Keppel Subic Shipyard is equipped to fabricate offshore structures and topside modules, complementing Keppel Shipyard in executing FPSO conversions. As part of ongoing efforts to improve cost-efficiency, the commercial departments at both Keppel Batangas and Keppel Subic Shipyard have been centralised.

The Americas

In Brazil, BrasFELS delivered the FPSO Cidade de Caraguatatuba MV27 to MODEC in a collaborative effort with Keppel Shipyard. The FPSO is being deployed to support Petrobras' operations in the Lapa oilfield of the Santos Basin. This vessel was the yard's fourth FPSO project for MODEC since 2012, all of which were delivered safely and ahead of schedule. Building on the longstanding partnership, MODEC awarded an FPSO module fabrication and integration project to BrasFELS in 2016. During the year, BrasFELS continued to diversify its repair client base, securing its first repair jobs from Ocean Rig UDW and Helix Energy Solutions. It is currently working on three FPSO projects. Meanwhile, Keppel Singmarine Brasil completed a Platform Supply Vessel for bareboat charter to Galaxia Maritima.

Over in Texas, USA, Keppel AmFELS delivered one of the world's largest harsh environment enhanced mobility land rigs. Land rig construction is a natural extension of Keppel AmFELS' offshore jackup rig building business and reflects Keppel's continuous drive to expand into new markets. The yard also delivered Uxpanapa, a KFELS B Class jackup rig, to Mexico's Central Panuco, a subsidiary of long-time customer Perforadora Central. Uxpanapa will be chartered by Mexican national oil company PEMEX for work offshore Mexico.

Looking ahead, Keppel AmFELS will pursue opportunities to service offshore companies in the areas of rig repair, conversion and reactivation, as well as newbuild Jones Act Vessels for the US market.

The North Sea

In the Netherlands, Keppel Verolme delivered several repair jobs to the satisfaction of its customers. Consisting mainly of projects from the non-drilling sector, these included the repair of a dredger for Jan De Nul Group. Keppel Verolme is well-positioned to serve the needs of the North Sea market, leveraging its strong track record in executing complex offshore work and its strategic location.

The Middle East

Situated at the crossroads of the Arabian Gulf, Nakilat-Keppel Offshore & Marine (N-KOM) services vessels in the Middle East region as well as gas carriers that call at the nearby Ras Laffan terminal in Qatar. In 2016, the yard repaired over 100 vessels, including tankers and LNG carriers.

Senior management from Keppel O&M and McDermott International celebrated the naming of DLV 2000, a high-specification deepwater derrick lay vessel built to Keppel's proprietary design.

N-KOM also successfully delivered its first liftboat, Al Safliya, to Qatari rig operator GDI, in a safe and timely manner without any lost-time incidents. Built to the ORCA 2500 design developed by Keppel O&M's design arm, Bennett Offshore, Al Safliya is the first liftboat to be wholly constructed in Qatar.

Meanwhile, Arab Heavy Industries continued to build on its established track record for shiprepair, conversion, shipbuilding and steel fabrication. It repaired 131 vessels during the year, adding 13 new clients to its customer base in the process.

The Caspian Sea

Keppel O&M is well-positioned to meet the exploration & production (E&P) needs in the land-locked Caspian Sea through Caspian Shipyard Company (CSC) and Baku Shipyard in Azerbaijan.

CSC handed over several projects during the year, including the Istiglal rig upgrade to Caspian Drilling Company, as well as a purpose-built jacket transportation and launch barge to BP Exploration (Shah Deniz). Meanwhile, the construction of Azerbaijan's first modern semi is progressing well, and is in its final testing and commissioning stage. The rig is being built to Keppel's proprietary DSS™ 38M design and is customised for the harsh environment of the Caspian Sea.

Baku Shipyard, the most modern shipbuilding and shiprepair facility in the Caspian Sea, completed 22 major repairs and delivered three 80-passenger crew boats to Azerbaijan Caspian Shipping Company. Baku Shipyard is also busy with the construction of a Subsea Construction Vessel for deployment in the Shah Deniz field in the Azeri sector of the Caspian Sea.

Business Outlook

The offshore downturn presents opportunities to enhance the O&M Division's long-term sustainable, competitive position, in preparation for the upturn.

Apart from managing the immediate challenges, Keppel O&M will further strengthen its core competencies, as it hones new capabilities to capture other markets and revenue streams, leveraging the Group's multi-disciplinary strengths.

Offshore Rigs

Despite a gradual recovery in oil prices, demand in the offshore rigbuilding market is expected to remain tepid. The oversupply of rigs remains a key concern, worsened by the overhang of rigs still under construction.

Notwithstanding this, and while E&P companies continue to remain prudent in their capex spending, pockets of opportunities are still available.
The last quarter of 2016 witnessed the approval of some capex investments. Mexico's successful deepwater oil block auction saw the award of eight of the 10 blocks on offer to international oil companies. BP approved the US$9 billion Mad Dog 2 project, and Total S.A. and China National Petroleum Corporation signed an agreement to develop Iran's South Pars gas field.

Norwegian oil and gas company Statoil has announced plans to drill around 30 exploration wells in 2017. Representing a 30% increase compared to 2016, more than half of the wells will be drilled on the Norwegian Continental Shelf. Meanwhile in the Middle East and India, offshore E&P activities remain robust as national oil companies cash in on low dayrates in the region.

With an extensive suite of proprietary solutions, execution expertise and a global network of yards, Keppel O&M is poised to capture a fair share of offshore rig opportunities when they return. Moreover, with the formation of Keppel LeTourneau, Keppel O&M now commands a share of about 40% of the current fleet of jackups in operation worldwide, which presents opportunities to offer aftersales and aftermarket services.

Apart from managing the immediate challenges, Keppel O&M will further strengthen its core competencies, as it hones new capabilities to capture other markets and revenue streams, leveraging the Group's multi-disciplinary strengths.

In 2016, Keppel AmFELS delivered one of the world's largest harsh environment enhanced mobility land rigs.

Operating & Financial Review

Offshore & Marine

Shiprepair

The shiprepair market is expected to remain challenging due to persistent overcapacity. On one hand, tanker rates are likely to remain volatile as both OPEC and non-OPEC countries cut production; on the other, fleet owners with tighter capex budgets are limiting the scope of their maintenance work to the bare essentials.

Notwithstanding this, the ratification of the water ballast treatment treaty by the International Maritime Organisation (IMO) has resulted in more enquiries for ballast water management system installation. Keppel O&M will continue to focus on expanding its market share by improving turnaround time and seeking niche opportunities in the shiprepair segment. Keppel O&M will also focus on streamlining its operations to improve margins.

Floating Production Systems

Final Investment Decisions of oil fields and FPSO projects continue to shift to the right. The Energy Maritime Associates estimates that in 2017, the Floating Production System (FPS) orderbook will fall back to levels seen during the last downturn in 2009 and 2010.

To maximise operational efficiency and withstand the challenging industry conditions, contractors and shipyards are moving towards standardising FPS specifications to reduce cost and delivery duration.

Keppel O&M will continue to monitor the pipeline of projects and proactively engage customers early to provide cost-effective solutions.

Gas Solutions

The demand for gas is estimated to grow at an average of 1.6% a year, and would likely overtake coal as the second-largest fuel source by 2035. The use of LNG as an alternative marine fuel is also on the rise as a result of emissions reduction goals set by the IMO and the United Nations Climate Change Conference. With lower charter rates for LNG carriers, owners have become more open to redeploying existing assets such as Floating Storage and Regasification Units.

Keppel O&M's JV with Shell to supply LNG bunkering services in Singapore, coupled with an MOU to jointly explore opportunities to cater to the demand for LNG as a fuel in coastal areas, inland waterways and the international marine sectors, will enable us to capture growth in this sector.

Meanwhile, Keppel Shipyard's execution of the world's first-of-its-type floating liquefaction vessel conversion for Golar LNG is on track for completion in 2017. The deployment of Golar Hilli in 2017 will put Keppel ahead of the curve for floating LNG solutions.

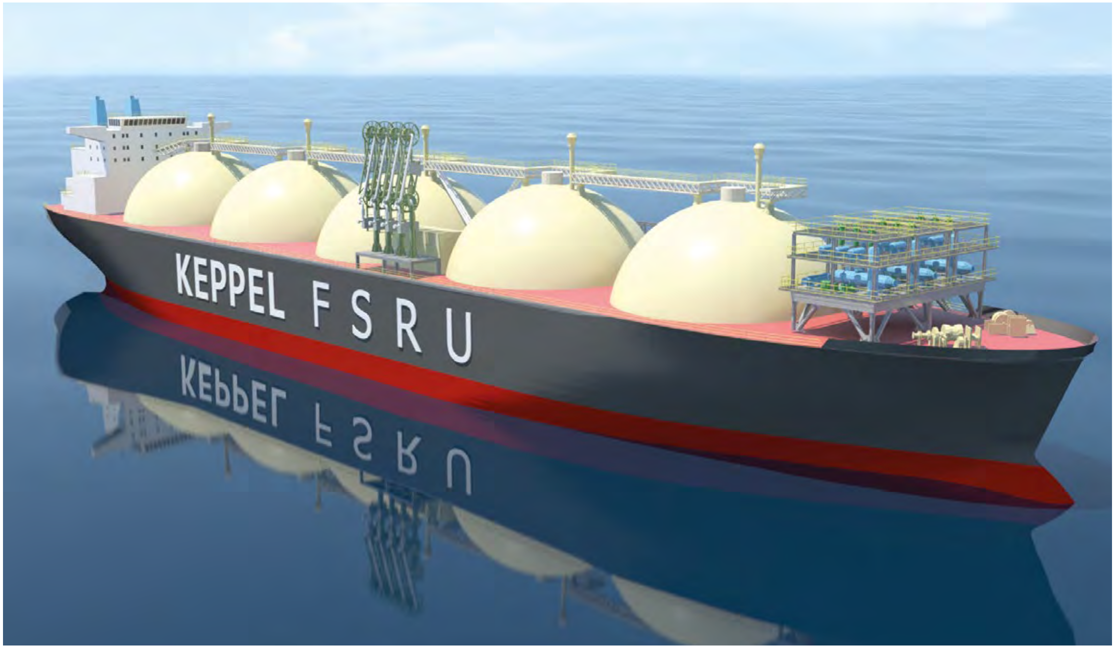
With a wide spectrum of solutions for both onshore and offshore liquefaction, as well as LNG transportation solutions including LNG carriers, tugs designed with dual-fuel diesel LNG engines, and the expertise in retrofitting vessel engines to run on LNG, Keppel O&M is in pole-position to capture opportunities across the gas value chain.

Specialised Shipbuilding

Prospects in the specialised shipbuilding market remain robust, particularly for non-oil related solutions such as dredgers, as well as vessels for subsea construction, cable lay and rock dumping. This augurs well for Keppel O&M, which leverages its technology and construction expertise, as well as its *Near Market, Near Customer* strategy to serve customers in niche markets.

As a consequence of the Jones Act, which requires vessels travelling between US ports to be US built, owned and flagged, the current US-built fleet is about 33-years old on average, compared to 13-years old for the global fleet. Through Keppel AmFELS in Texas, Keppel O&M is well-placed to capture opportunities in the replacement cycle for the aged Jones Act fleet.

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, as well as cushion the impact of weak demand for drilling rigs.



With a suite of robust solutions, Keppel O&M is poised to capture opportunities in a growing gas market.

Property

Revenue

$2.0b

as compared to $1.8b for FY 2015.

Net Profit

$620m

as compared to $661m for FY 2015.

Major Developments in 2016

Sold about 5,720 homes in Asia, mostly in China and Vietnam, 25% more than the total number of units sold in 2015.

Divested about $680 million worth of assets including an office building in Sydney, a retail mall in Shanghai, two townships in Chengdu and Wuxi, and a hotel in Mandalay.

Invested about $460 million to strengthen portfolio across China, Vietnam, Indonesia, and Myanmar.

Focus for 2017/18

Invest strategically and opportunistically in developed and emerging markets, as well as in new and existing platforms, projects and properties.

Tap demand in China and Vietnam with over 13,000 launch-ready homes over the next few years.

Actively scale up commercial presence and leverage retail management capability to strengthen portfolio of retail and integrated developments.

Monetise assets strategically to recycle capital and achieve higher returns.

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

Earnings Review

The Property Division generated $2.0 billion in revenue, an increase of $212 million or 12% from $1.8 billion in FY 2015. This was mainly due to increased revenue from its residential projects, The Glades and Highline Residences in Singapore, as well as 8 Park Avenue in Shanghai, China. Pre-tax profit decreased $89 million or 11% to $759 million in FY 2016, due to lower fair value gains on investment properties.

With the completion of Keppel Land's Selective Capital Reduction exercise in 2016, we now have full ownership of the Group's Property Division. With a net profit of $620 million for FY 2016, the Property Division was the top contributor to Group earnings at 79% of total net profit.

Market Review

Singapore's economy grew by 1.8% in 2016, as slower global economic growth and geopolitical risks impacted manufacturing, trade and financial services. Property cooling measures continued to weigh on the Singapore residential market. Conditions were further exacerbated by global uncertainties and rising interest rates. Despite a 7.2% increase in the total number of new homes sold in 2016 to 7,972 units, private residential prices continued to fall by 3.1% in 2016.

According to CB Richard Ellis (CBRE), Grade A Central Business District (CBD) office rents dropped by 12.5% year-on-year in 4Q 2016. Office rents in the CBD are expected to continue to face downward pressure from new supply coming on stream and the global economic slowdown.

In China, Gross Domestic Product (GDP) growth was the lowest since 1990 at 6.7% in 2016, compared with 6.9% in 2015. Services accounted for 58.2% of the GDP growth, mainly due to an increase in e-commerce and online retail sales. China's property market was active with an increase of 22.4% and 36.1% in residential sales volume and value respectively, in 2016.

In Vietnam, GDP growth was 6.2% in 2016, bolstered by strong Foreign Direct Investments and growth in manufacturing and exports. According to CBRE, approximately 35,000 out of 37,400 launched apartments were sold in Ho Chi Minh City, with average prices increasing by 4.6% in 2016. There was no new Grade A office supply in 2016. Meanwhile, Keppel Land's Saigon Centre Phase 2 retail mall in the CBD and four other projects in the non-CBD areas added more than 192,000 square metres (sm) of retail space in 2016.

Operating Review

Singapore

Keppel Land completed two major developments in 2016. Corals at Keppel Bay is a 366-unit condominium, designed by world-renowned master architect Daniel Libeskind, offering a luxurious waterfront living experience. The other project is The Glades, a 726-unit condominium, located near the Tanah Merah MRT station. The Glades is Keppel Land's first joint venture (JV) project with China Vanke in Singapore.

Earnings Highlights ($m)

	2016	2015	2014
Revenue	**2,035**	1,823	1,629
EBITDA	**533**	614	624
Operating Profit	**505**	581	606
Profit before Tax	**759**	848	970
Net Profit	**620**	661	469
Average Headcount (Number)	**3,733**	4,230	4,273
Manpower Cost	**199**	216	202

Operating & Financial Review

Property

Despite property cooling measures weighing on the market, Keppel Land's Singapore properties performed creditably during the year. We sold a total of 380 residential units in Singapore in 2016, compared with 190 units in 2015, as a result of improved market sentiments. In addition, the completion of The Glades and Corals at Keppel Bay allowed potential buyers to view the finished apartments and move in soon after.

Overseas

During the year, Keppel Land's properties in China continued to draw home buyers, despite the implementation of property cooling measures in various Tier-1 and Tier-2 cities. Amidst increasing urbanisation and rising affluence in the Chinese population, Keppel Land sold a total of 3,800 homes in 2016, 16% higher than the 3,280 units sold in 2015. This was primarily due to the strong take-up of Keppel Land's homes in the Sino-Singapore Tianjin Eco-City, V City and Park Avenue Heights in Chengdu, Seasons Residence in Shanghai, as well as Central Park City township in Wuxi.

In Vietnam, Keppel Land's residential projects continued to deliver stellar performance. We achieved a sales record for the second consecutive year with 1,520 units sold in 2016, over 60% higher than the 930 units sold in 2015. Riding on positive home-buyer sentiments in the country, Keppel Land launched four residential projects namely Palm Residence, Palm Heights, The View (Riviera Point Phase 1B) and Linden Residences (Empire City Phase 1), in Ho Chi Minh City. All four launches achieved high take-up rates, particularly Palm Residences, which saw all 135 launched units selling out over one weekend.

Keppel Land also boosted its commercial presence in Vietnam during the year. The Saigon Centre Phase 2 retail mall opened in August 2016 and has since become the preferred shopping destination for international brands, placing it at the forefront of Ho Chi Minh City's retail sector.

In Myanmar, Keppel Land achieved significant milestones in its projects. We topped off Junction City Tower, which offers a net leasable area of about 33,400 sm of premium Grade A office space, and also opened Sedona Hotel Yangon's Inya Wing. Keppel Land is well-positioned to meet the rising needs of international businesses and tourism in Myanmar.

Capital Recycling for the Best Risk-adjusted Returns

Our Property Division continued to proactively review and seek opportunities to recycle its assets. Keppel Land announced 11 divestments in 2016. Assets amounting to about $680 million were monetised. In China, these included the sale of the stake in Life Hub @ Jinqiao, a retail mall in Shanghai jointly-owned by Keppel Land and Alpha Investment Partners (Alpha), a golf club in Jiangyin, and two townships in Chengdu and Wuxi respectively. Divestments in other parts of the world included the sale of stakes in a listed property vehicle in Thailand, a condominium project in Sri Lanka, a serviced apartment and an office building in Hanoi, Vietnam and a hotel in Mandalay, Myanmar.

As part of the Group's capital recycling strategy, Keppel Land invested about $460 million in 2016, building up its portfolio in China, Vietnam, Indonesia and Myanmar. The company will continue to proactively unlock value from existing assets, while reinvesting its capital to generate the best risk-adjusted returns for the Group.

Deepening Presence in Key Markets

Keppel Land continued to strengthen its presence in its core markets of Singapore and China, and expand in its growth markets of Vietnam and Indonesia. It also seized opportunities in other emerging markets and global gateway cities.

In 2016, Array Real Estate was rebranded as Keppel Land Retail Management. Strengthening its commercial portfolio, Keppel Land acquired a 22.4% stake in I12 Katong, a retail mall in Singapore, and a newly completed retail mall in Jiading, Shanghai. In Myanmar, it further committed to a 40% stake in Junction City Phase 2, a mixed development comprising serviced apartments and offices,

During the year, Keppel Land's Singapore residential properties, such as Corals at Keppel Bay, performed well.

following its initial 40% stake investment in Junction City Office Tower in 2015.

Enlarging its footprint in Vietnam, Keppel Land invested in several joint ventures in Ho Chi Minh City, including one for Empire City in the Thu Thiem New Urban Area, Ho Chi Minh City's new CBD. The first phase of Empire City was launched in December 2016 and received positive response. Keppel Land also increased its investment in Nam Long Group, a leading affordable housing developer in Ho Chi Minh City, through the subscription of VND 500 billion (approximately S$30.4 million) convertible bonds due in 2020.

In Jakarta, Keppel Land entered into a JV with Metland Group, one of Indonesia's leading property developers, to develop 450 landed homes in Tangerang.

Restructuring of the Fund Management Business

Following the completion of the restructuring of our asset managers under Keppel Capital, Keppel Land divested its stakes in both Alpha and the management company of Keppel REIT. Keppel Land continues to maintain its investments in the various funds of Alpha and holds about 45% of Keppel REIT. Through Alpha's funds and Keppel REIT, Keppel Land will continue to enjoy investment opportunities in new markets and recurring income, as well as divestment gains from investment properties in Singapore and overseas.

Business Outlook

Singapore

Singapore's economy is not immune to slowing global growth, as well as the impact of increasing insularism and anti-globalisation sentiments. Its property cooling measures are expected to continue and have a persistent dampening effect on the market. However, selective projects at good locations and with strong value propositions will continue to attract home buyers.

With sizeable new office space expected to come on stream in 2017, Grade A office occupancy and rents will continue to moderate.

Overseas

Rapid urbanisation and a burgeoning middle-class population will continue to drive demand for quality homes and prime commercial space in Asia. Riding on these trends, Keppel Land will tap demand with more than 18,000 overseas launch-ready homes over the next three years.

China is expecting lower GDP growth in 2017 as the government takes steps to avoid an asset bubble and the build-up of non-performance loans in the economy. Continuing property cooling measures will curb run-away prices and keep growth in the property market at a more sustainable level in major cities. Nonetheless, the property market will continue to be supported by rising affluence and demand from the growing urban population.

In Vietnam, the government is expected to continue to liberalise international trade, as well as restructure banks and state-owned enterprises. GDP growth is expected at 6.7% in 2017, underpinned by greater investment spending, wage growth and access to credit which will fuel private consumption. CBRE expects about 44,000 apartments to be launched in 2017, with more focus on the mid-end and affordable segments. With a sizeable landbank in Vietnam, we plan to launch projects for sale in quick succession over the next few years.

In Indonesia, the economy is expected to grow between 5.1% and 5.4% per annum from now to 2020, underpinned by domestic consumption and government infrastructure development. Since August 2015, various economic stimulus packages and tax amnesty have been introduced to strengthen the economy and encourage investments in Indonesia. The residential market remains promising, supported by rising affluence and a growing population of young professionals and families.

With a pipeline of about 66,000 residential units and a commercial footprint of over a million square metres of gross floor area under development, Keppel Land is poised to capture opportunities in its target markets.

Opening Saigon Centre retail mall and Takashimaya Department Store in a symbolic ceremony are Mr Ang Wee Gee (third from left), CEO of Keppel Land, and Mr Shigeru Kimoto (third from right), President of Takashimaya. The ceremony was witnessed by H.E. Mr Tran Vinh Tuyen (second from right), Vice Chairman of the People's Committee of Ho Chi Minh City, and Dr Lee Boon Yang (second from left), Chairman of Keppel Corporation.

Operating & Financial Review

Infrastructure

Revenue

$1.7b

as compared to $2.0b for FY 2015.

Net Profit

$99m

as compared to $197m for FY 2015.

Major Developments in 2016

Commenced the 10-year operations and maintenance contract for Doha North Sewage Treatment Works.

Secured six WTE technology and services contracts.

Named preferred bidder for Singapore's fourth desalination plant.

Divested 90% of Keppel DC Singapore 3 to Keppel DC REIT.

Acquired a stake in e-commerce fulfilment company, Courex.

Focus for 2017/18

Continue seeking out value-enhancing projects, leveraging the Division's project development, engineering, operations and maintenance expertise.

Improve operational efficiencies by harnessing the strengths of an integrated gas and power business platform.

Continue building up a portfolio of quality data centre assets and providing higher value services to customers.

Grow e-commerce and urban logistics capabilities to capture opportunities in Asia Pacific.

We will focus on building the Infrastructure Division into a stable contributor to the Group.

Earnings Review

The Infrastructure Division's revenue of $1.7 billion was $293 million or 14% lower than 2015, mainly due to lower power and gas revenue from Keppel Infrastructure, as well as lower contributions from Keppel Logistics.

The Division's FY 2016 net profit of $99 million was $98 million or 50% lower than that of 2015, mainly due to the absence of gains from the divestment of a 51% stake in Keppel Merlimau Cogen Pte Ltd and the dilution re-measurement of the combination of Crystal Trust and CitySpring Infrastructure Trust in 2015. This represents 13% of the Group's net profit for FY 2016. Excluding revaluations, impairments and divestments, Keppel Infrastructure's core operations remained robust, delivering a net profit of $84 million for FY 2016, $38 million or 83% higher than FY 2015 on the same basis.

Energy Infrastructure
Market Review

In 2016, Singapore's average electricity demand grew at a year-on-year rate of 2.5%, outpacing the forecast Gross Domestic Product (GDP) growth of 1.8% and the 1.0% increase in average electricity demand in 2015. However, intense competition in the electricity market persisted as a result of increase in capacity and the number of independent electricity retailers.

In the electricity market, the Energy Market Authority (EMA) implemented demand-side bidding, which allows consumers to submit bids for the purpose of providing load curtailment. Keppel Infrastructure is preparing competitive products and services to be ready for the full liberalisation of Singapore's electricity market expected in 2018.

During the year, two new Liquefied Natural Gas (LNG) import licences were awarded, allowing licensees to bring in the next tranche of LNG imports. In addition, EMA has made plans to allow third-party spot LNG imports and new piped natural gas imports on a case-by-case basis, and is also promoting the development of a Secondary Gas Trading Market in Singapore. As a gas importer, shipper, retailer and large user in Singapore, Keppel Infrastructure will continue to look for opportunities to improve its competitiveness in the Singapore energy market.

Meanwhile, demand for district cooling services (DCS) has grown at a compounded annual growth rate of nearly 9% since 2010, fuelled by cost efficiency and government legislation on energy efficiency.

Operating Review

In spite of challenging market conditions, Keppel Infrastructure's integrated gas, power and utilities business delivered creditable results in 2016. Keppel Infrastructure now serves more than 7,000 customers in Singapore, underpinned by the active management and optimisation of its gas supplies and electricity sales portfolio.

Keppel Infrastructure is actively collaborating with the other businesses in Group to create synergies, and is also looking into new and innovative ways to provide customers with competitive energy. In 2016, Keppel Infrastructure entered into an agreement with Keppel Land to supply renewable energy for the latter's corporate office at Bugis Junction Towers, using photovoltaic panels installed on the former's premises.

Earnings Highlights ($m)

	2016	2015	2014
Revenue	**1,744**	2,037	2,914
EBITDA	**136**	246	554
Operating Profit	**94**	208	450
Profit before Tax	**123**	243	436
Net Profit	**99**	197	307
Average Headcount (Number)	**2,669**	2,739	3,043
Manpower Cost	**173**	182	238

Keppel DHCS has scaled up its DCS business through existing service corridors' expansion and remains the largest DCS service provider in Singapore. To date, Keppel DHCS operates four plants in Singapore with an aggregate capacity of over 70,000 refrigeration tonnes in major business and industrial parks. During the year, Keppel DHCS commenced supplies for three new contracts.

Business Outlook

Since the commencement of long-term LNG imports into Singapore in 2013, there has been an oversupply of generation capacity in the country. However, without any major planned power capacity coming into the market in the near future, and with the recent growth in electricity demand, the oversupply situation may alleviate in the coming years.

EMA's implementation of Full Retail Contestability, which is expected in the second half of 2018, will see more than 1.3 million households becoming contestable consumers with flexibility to purchase electricity directly from retailers, such as Keppel Electric, a wholly-owned subsidiary of Keppel Infrastructure. This provides an opportunity for Keppel Infrastructure to grow its retail market base.

Singapore's evolving gas market presents fresh opportunities for Keppel Infrastructure, including a diversified selection of LNG and pipeline gas supplies. Keppel Infrastructure will capitalise on these sources of gas to provide customers with reliable and competitive gas supply.

The demand for DCS in Singapore has remained strong. To seed the next phase of growth, Keppel DHCS is actively exploring opportunities with various government agencies and developers to incorporate DCS concepts into the master plans of upcoming major cluster developments in Singapore.

Environmental Infrastructure

Market Review

Rapid global urbanisation and stricter environmental regulations will underpin the growth of the Environmental Infrastructure business.

Tackling environmental issues has been identified as one of the main priorities of the Chinese government. As part of the 12th Five Year Plan, a target to treat up to 35% of the country's municipal solid waste by incineration was established by the Chinese government. From 2011 to 2015, the progress of waste-to-energy (WTE) projects had been lower than the target. Arising from this shortfall of incineration capacity, near-term opportunities are expected, with more than 200 WTE projects to be built in the coming years.

The Chinese Government's 13th Five Year Plan, which emphasises innovation and green development, is expected to spur international cooperation in technology and science. This will provide more opportunities for Keppel Seghers to leverage its WTE technology to build strategic, long-term, local collaborations, and create deeper inroads into the environmental market in China and beyond.

WTE has been gaining recognition in the Southeast Asia region as a competitive solution for municipal solid waste management, while producing renewable power. With a gradual but notable shift in regulations and policies in support of WTE solutions in markets such as Indonesia and Thailand, Keppel Seghers will ride on this development trend to capture opportunities in new markets.

In Indonesia, the country is expected to see the development of over two million tonnes of WTE capacity from projects in Jakarta and surrounding areas. Meanwhile in Thailand, waste market reforms and feed-in-tariffs point to greater government support for the development of WTE projects. About 19 WTE projects have been planned or approved, and are expected to be commissioned between 2017 and 2025.

Over in Europe, demand for WTE solutions remains opportunistic as countries such as Poland, Spain and Portugal continue with efforts to fulfill the European Union's (EU) waste legislation. Keppel Seghers continues to take a selective approach in these target countries to build up its pipeline of projects.

Keppel Infrastructure is poised to capture opportunities as the Singapore energy market continues to evolve.

Operating & Financial Review

Infrastructure

In December 2016, Keppel Infrastructure was named the preferred bidder by PUB, Singapore's national water agency, to Design, Build, Own and Operate Singapore's fourth desalination plant with a concession period of 25 years.

Operating Review

In December 2016, Keppel Infrastructure was named the preferred bidder by PUB, Singapore's national water agency, to Design, Build, Own and Operate Singapore's fourth desalination plant with a concession period of 25 years. The project will further grow Keppel Infrastructure's business in the water sector, and will harnesses the strengths of the company's integrated energy and water business to create value and support Singapore's growth needs. Subsequently, the Water Purchase Agreement (WPA) was signed between PUB and a wholly-owned subsidiary of Keppel Infrastructure in January 2017.

In Qatar, Keppel Seghers handed over the solids stream and sludge treatment facilities in the Doha North Sewage Treatment Works to its client. With this, Keppel Infrastructure Services, a wholly-owned subsidiary of Keppel Infrastructure, commenced its 10-year operations and maintenance phase of the contract for the facilities, generating recurring income for the Group.

In China, Keppel Seghers continues to build on its track record as a leader among imported WTE technology solutions providers in the country. During the year, Keppel Seghers secured six contracts to provide WTE technology and services, including two respectively for the Baoan WTE plant and the Nanshan II WTE plant. It is currently executing seven WTE technology packages for projects with a total incineration capacity of over 14,000 tonnes per day. All projects are progressing within their contractual schedules and budgets. In the water and wastewater sector, the Tianjin Eco-City Reclamation Plant commenced commercial operations in August 2016.

Keppel Seghers also completed the incineration capacity upgrade at the Senoko WTE plant in August 2016, ahead of schedule and within budget. Meanwhile, the capacity upgrade of the Keppel Seghers Ulu Pandan NEWater plant is on track to be completed by mid-2017.

Business Outlook

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

In China, driven by the government's priority in tackling environmental issues, the country has targets set for both pollutant emission reduction and environment quality improvement in its 13th Five Year Plan. The focus on green development and innovation presents opportunities for Keppel Seghers to capture new WTE projects, as well as to deepen its footprint in China through strategic collaborations with local players.

In Europe, the replacement and upgrading of ageing facilities and rapid development in new EU members will provide more prospects in this sector.

The 25-year WPA was signed by Dr Ong Tiong Guan (second from left), CEO of Keppel Infrastructure, and Mr Ng Joo Hee (second from right), Chief Executive of PUB, and witnessed by Mr Loh Chin Hua (extreme left), CEO of Keppel Corporation, and Mr Tan Gee Paw (extreme right), Chairman of PUB.

Keppel Seghers will explore technological development opportunities to expand its WTE product offerings. Meanwhile, Keppel Infrastructure will continue to seek out value-enhancing projects and strengthen its market position, leveraging its project development, engineering, operations and maintenance expertise.

Logistics

Market Review

Global economic conditions remained challenging in 2016. In China, growth moderated to 6.7% in 2016 as the economy continued to rebalance towards domestic-driven consumption and services. This transition predominantly impacted the manufacturing sector, which is shedding excess capacity while moving towards higher value-added activities. Meanwhile, rising protectionistic sentiments in the US could affect emerging markets in Asia, which have historically been geared towards exports.

The logistics industry has witnessed an increasing adoption of new technologies and business models. Demand for omni-channel and urban logistics solutions are on the rise, while new business models such as crowdsourcing allow companies to scale up their operations with little asset investment.

Keppel Logistics is fine-tuning its strategy to adapt to the changing industry landscape with a focus on strengthening its core competencies, streamlining processes and resource allocation.

Operating Review

In 2016, Keppel Logistics integrated its operations in Southeast Asia and China as part of its strategy to boost its offerings. Despite industry headwinds, Keppel T&T maintained good warehousing occupancy across its facilities.

In Singapore, Keppel Logistics acquired a 59.6% stake in Courex, a Singapore e-commerce fulfilment provider, as part of plans to gain a foothold in the e-commerce space. Courex's Business-to-Consumer logistics capabilities complement the company's existing Business-to-Business offerings, allowing Keppel Logistics to provide comprehensive urban logistics and omni-channel logistics solutions.

During the year, Indo-Trans Keppel Logistics completed a 47,800-square feet (sf) expansion of the Hiep Phuoc warehouse in Ho Chi Minh City, Vietnam, which has been fully taken up by a key customer.

Meanwhile in China, the Tianjin Eco-City Distribution Centre commenced operations in September 2016, servicing customers in the food processing and trading businesses. In addition, the Keppel Wanjiang International Coldchain Logistics Park in Anhui Province will add more than 506,000 sf of shopfront space, as well as about 518,000 sf of coldroom and ambient warehouse space to Keppel Logistics' operations in China when completed.

Despite slower growth in China's domestic economy, Keppel T&T's Lanshi Port in Foshan, Guangdong Province, maintained its throughput, while Foshan Sanshui Port's throughput continued to grow, driven by its favourable location and operational efficiency. The Wuhu Sanshan Port, located in Wuhu, Anhui Province, achieved a stable throughput volume of 4.06 million tonnes amidst a slowdown in the area's manufacturing activities.

Business Outlook

The market outlook for trade, consumption and investment in China and Southeast Asia remains cautious. Nevertheless, a shift towards domestic consumption and intra-region trade will continue to drive growth in import-led logistics services in the region.

Keppel Logistics will continue to focus on delivering quality logistics services in these targeted markets and transform its business model to capture new growth in e-commerce, omni-channel and urban logistics. Keppel Logistics will also seek to improve cost efficiencies and explore opportunities to recycle capital.

Data Centres

Market Review

The data centre market experienced strong growth in 2016, underpinned by the rise in cloud computing, big data analytics and digitalisation. The adoption of data centre colocation has also been on the rise, as it offers enterprises the benefit of seamless expansion with minimal upfront costs. Furthermore, in tandem with growing data sovereignty trends

Keppel Logistics will continue to leverage technology to deliver quality urban logistics services to its customers.

Operating & Financial Review

Infrastructure

is the need for businesses to store data locally and for colocation service providers with a presence in the host country.

The operation of data centres requires large amounts of energy. With increasing focus on environmental protection, big cloud service providers have announced plans for carbon-neutral and innovative energy-efficiency features in the design and construction of data centres.

Capitalising on the positive market trends, Keppel Data Centres Holding (KDCH) has expanded its footprint beyond its current geographies. Together with its associated company Keppel DC REIT, KDCH has a total of 17 facilities spanning nine countries and over 1.4 million sf of net lettable area. Its growth plan is supported by strong capabilities in developing and operating data centres, a commitment to high efficiency and environmental consciousness, as well as a dynamic capital-recycling platform through Keppel Capital and Keppel DC REIT.

Operating Review

Having achieved full commitment at Keppel DC Singapore 3 since April 2016, KDCH divested 90% of its shares in the asset to Keppel DC REIT, at an agreed value of approximately $202.5 million. Also during the year, Keppel T&T divested 50% of its shares in Keppel DC REIT Management to Keppel Capital, as part of the Group's restructuring of its asset management businesses.

In early-2016, KDCH commenced construction of Keppel DC Singapore 4, which is expected to achieve its Temporary Occupation Permit and complete first phase fit-out in the first half of 2017. Upon completion, Keppel DC Singapore 4 will have about 183,000 sf of Gross Floor Area (GFA) pre-committed.

In April 2016, KDCH signed a collaboration agreement with PCCW Global to co-develop an international carrier exchange in Hong Kong, offering connectivity-related managed services to facilitate interconnects. Upon completion in 2017, the international carrier exchange will feature high-quality Tier III telecommunications centre space.

During the year, KDCH collaborated with Alpha Investment Partners (Alpha) to launch the US$500 million Alpha Data Centre Fund (Alpha DC Fund). The Alpha DC Fund aims to secure a portfolio of quality assets across key data centre hubs in Asia-Pacific and Europe. When fully-invested, the Alpha DC Fund is expected to fund up to about US$1.0 billion worth of data centre projects.

Through its collaboration with Alpha, KDCH expanded its colocation footprint with the acquisition of Keppel DC Frankfurt 1 in Germany. The data centre, which is currently leased to a leading global financial institution, features over 215,000 sf of GFA and is fitted to Tier III-equivalent specifications.

In 2016, KDCH expanded its capabilities with several strategic partnerships to provide value-added services for its customers. These partnerships included a Memorandum of Understanding with the National Supercomputing Centre Singapore to explore supercomputing and high-performance computing, as well as a partnership with Quann, a Certis CISCO unit specialising in managed security services, to provide end-to-end enterprise cyber security solutions.

Business Outlook

With increasing data centre outsourcing, the global colocation market is expected to grow at a compounded annual growth rate of 12.8% from 2016 to 2022, reaching a size of almost US$67 billion by 2022.

Keppel T&T will continue to expand beyond its existing geographies and capture opportunities to provide extended services, leveraging the Alpha DC Fund and Keppel DC REIT.

Through its collaboration with Alpha, KDCH expanded its colocation footprint with the acquisition of Keppel DC Frankfurt 1 in Germany.

Keppel's senior management broke ground for Keppel DC Singapore 4 (formerly known as Keppel Datahub 3), expanding our data centre footprint in Singapore.

Investments

Revenue

$134m

as compared to $195m for FY 2015.

Net Profit

$36m

as compared to $185m for FY 2015.

Major Developments in 2016

Completed the restructuring of the Group's asset management businesses under Keppel Capital.

Achieved first closings of two new private equity funds, Alpha Data Centre Fund and Alpha Asia Macro Trends Fund III.

Keppel REIT divested 77 King Street in Sydney, Australia.

Keppel DC REIT added three data centres in Italy, the UK and Singapore to its portfolio.

KIT completed the capacity upgrade for Senoko WTE plant on budget and ahead of schedule.

Focus for 2017/18

Keppel Capital will grow the Group's asset management platform by creating real assets in infrastructure and real estate.

k1 Ventures will focus on managing existing investments to drive shareholder value and distribute excess cash when investments are monetised.

M1 will continue building up its capabilities to capitalise on new opportunities.

KrisEnergy will focus on maintaining production and maximising efficiencies.

We aim to create sustainable value for shareholders by investing strategically and growing our asset management business.

Earnings Review

Following the completion of the restructuring of our asset management businesses under Keppel Capital, the Investments Division now mainly comprises Keppel Capital, as well as the Group's investments in k1 Ventures, M1 Limited, KrisEnergy and the Sino-Singapore Tianjin Eco-City (Eco-City).

The Investments Division generated a revenue of $134 million for FY 2016, a decrease of $61 million or 31% from the previous year. The Division's pre-tax profit was $83 million, down $124 million or 60% from the previous year. This was mainly due to share of losses from KrisEnergy and lower share of profit from k1 Ventures, partially offset by the share of profit from the Eco-City.

Accordingly, the Division delivered a net profit of $36 million for FY 2016, which represented 4% of the Group's total net profit for the year. This was down from the net profit of $185 million for FY 2015.

Keppel Capital

Operating Review

In July 2016, we completed a significant restructuring exercise to consolidate our interests in the Group's asset management businesses under Keppel Capital. This includes 100% interests in Keppel REIT Management Limited, Alpha Investment Partners Limited (Alpha) and Keppel Infrastructure Fund Management Pte Ltd, as well as a 50% interest in Keppel DC REIT Management Pte Ltd.

As a larger and integrated fund management platform, Keppel Capital had total assets under management of approximately $25 billion in real estate, infrastructure and data centre assets as at end-2016.

Following the restructuring, Keppel Capital launched two new private equity funds – the Alpha Data Centre Fund (Alpha DC Fund) and Alpha Asia Macro Trends Fund (AAMTF) III – which secured initial commitments of US$410 million out of a combined target size of US$1.5 billion.

Real Estate

Keppel REIT Management and Alpha continued its proactive asset management and value creation initiatives, as well as strategic acquisitions and divestments.

2016 was a difficult year for the office market. Notwithstanding the challenges, Keppel REIT Management continued its rigorous leasing efforts, which saw the REIT maintaining a high tenant retention rate of 95% and portfolio rate of 99.2% as at end-2016. To maximise and capture value for Unitholders, Keppel REIT divested 77 King Street in Sydney, Australia, in January 2016. Looking into 2017, Keppel REIT expects minimal leasing risks with only 3.9% and 1.7% of leases due for renewal and review respectively.

During the year, the third fund in the AAMTF series, the AAMTF III, was launched in response to demand from existing investors, and acquired its first office asset in Tokyo. With a target size of US$1.0 billion, AAMTF III is well-positioned to capture attractive returns by investing in multi-asset classes across key gateway cities in the region.

In 2016, Alpha divested a total of 14 assets across Singapore, China and Japan generating good returns for its investors.

Earnings Highlights ($m)

	2016	2015	2014
Revenue	**134**	195	184
EBITDA	**63**	130	95
Operating Profit	**61**	128	93
Profit before Tax	**83**	207	118
Net Profit	**36**	185	69
Average Headcount (Number)	**286**	180	191
Manpower Cost	**89**	94	135

Operating & Financial Review

These included the divestment of Life Hub @ Jinqiao in Shanghai through AAMTF II, which realised an internal rate of return (IRR) of over 20% on the sale of the development, as well as the divestment of its Singapore suburban retail portfolio which achieved an IRR of over 50%.

Data Centre

Keppel DC REIT remains committed to its pursuit of accretive acquisitions that complement and strengthen its existing portfolio. In 2016, Keppel DC REIT announced three acquisitions including investments in two new markets, Milan in Italy and Cardiff in the UK, as well as the acquisition of a 90% interest in Keppel DC Singapore 3. These strategic additions expanded the REIT's geographical footprint and enhanced income stability for the portfolio.

The newly-launched Alpha DC Fund is a collaborative effort between Alpha and Keppel Telecommunications & Transportation (Keppel T&T). The Alpha DC Fund has a target fund size of US$500 million and is the first of its kind in Asia. Riding on Keppel T&T's expertise and strong development track record, the fund offers financial investors the opportunity to participate in the fast-growing data centre sector.

The Alpha DC Fund acquired its first data centre in Frankfurt, Germany, Europe's key internet exchange. The Alpha DC Fund is a showcase of how the Group's diverse businesses and expertise can be harnessed to develop high quality real assets that create value for investors.

Infrastructure

In September 2016, Keppel Infrastructure Trust (KIT) completed the capacity upgrade of the Senoko Waste-to-Energy (WTE) Plant on budget and ahead of schedule. This raised the contracted incineration capacity of the plant by 10% to 2,310 tonnes per day, thereby increasing the corresponding capacity payment from the National Environment Agency of Singapore.

In Singapore, KIT's concessions met all their contracted availability and delivery requirements for the year. City Gas continued to provide safe, reliable and clean energy solutions including a variety of energy-efficient gas applications to its broad customer base in Singapore's residential, commercial and industrial segments. 1-Net Singapore commenced its 20-year triple net lease agreement following the successful handover of the 1-Net North Data Centre by KIT.

In Australia, the Basslink Interconnector went out of service due to a subsea cable fault in December 2015 and resumed full services in June 2016.

Business Outlook

Synergies derived from increased scale, improved operational efficiencies, sharing of best practices and better talent recruitment and retention will place Keppel Capital's asset managers in a stronger position to grow and improve their business performance.

Keppel Capital will play a key role in working with business units across the Keppel Group in developing, owning and operating real assets, while providing an effective capital recycling platform, as well as access to a broader base of capital through co-investors.

Keppel Capital strives to be the trusted partner for investors, and will continue to seek growth opportunities while maintaining its proactive asset management approach to increase returns from its real estate, infrastructure and data centre assets under management.

k1 Ventures

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

For the financial year ended 30 June 2016, k1 reported revenue of $195 million, an increase from $61 million in the previous year. This was driven by investment income from Knowledge Universe Holdings (KUH) of $175 million attributable mainly to the receipt of cash distributions from the sales of the US and international childcare operations.

Keppel Capital will play a key role in working with business units across the Keppel Group in developing, owning and operating real assets, while providing an effective capital recycling platform, as well as access to a broader base of capital through co-investors.

During the year, Keppel DC REIT acquired a 90% interest in Keppel DC Singapore 3, strengthening its footprint in the key data centre hub of Singapore.

k1's profit before tax was $144 million for the year ended 30 June 2016, compared to $32 million in the prior year. EBITDA of $144 million was $99 million above the prior year, driven by investment income from KUH. Net profit attributable to shareholders for the year ended 30 June 2016 was $141 million compared to $25 million in the previous year.

For FY 2016, k1 paid out $162 million through dividend and capital reduction distributions. In June 2016, k1's interest in the remaining assets of KUH, which consisted of the net cash reserves and the real estate assets, was restructured as a result of the sale of the operating businesses. Consequently, k1 no longer holds an interest in KUH except for a direct pro-rata interest in the real estate holding company, KUE 3 LP, in addition to a contractual right to receive k1's pro-rata share of the net cash reserves that will ultimately be distributed. The company's Put Right for the real estate investment has been extended until 31 March 2017.

During the year, k1 continued to earn a 7% annual cash dividend on its Preferred Units held in Guggenheim Capital.

k1 will continue to focus on actively managing its existing investments with the goal of monetising them when appropriate, and distributing surplus cash to enhance shareholder value.

M1

As at end-2016, M1's total customer base has grown to 2.18 million. During the year, M1's mobile customer base increased by 5% to 2.02 million while fibre customers increased by 25% to 160,000 from 2015. Its overall market share increased to 23.8% as at end-November 2016, compared to 23.4% as at end-2015.

In 2016, M1 continued to focus on customer service, innovation and value to further entrench M1 as the service provider of choice. Its newly-launched Entertainment Data plan and Upsized Data package are specifically catered to the heavy data users of today. M1 also expanded its unique M1 Data Passport service for customers to use their local data bundles to 48 overseas destinations as at end-2016, an increase from 29 destinations a year ago. To further enhance the customer experience and cater to the existing and future needs of its customers, M1 began Singapore's first commercial Heterogeneous Network (HetNet) deployment in 2016.

During the year, M1 participated in various Smart Nation trials in Singapore and continued to invest to test and deploy new technologies.

In the corporate segment, M1 partnered Ascendas-Singbridge in Singapore's biggest fibre upgrading project, installing and enhancing fibre infrastructure at 70 Ascendas-Singbridge commercial buildings to allow the tenants to enjoy expedient access to fibre broadband services. It also launched a selection of new corporate managed services such as the M1 Cyber Security Solutions Suite, Hosted Unified Communications solution, and SOHO fibre plan bundled with business solutions, to further enhance its connectivity solutions.

M1 will continue its transformative journey to become a Smart Communications Provider, building up a portfolio of information and communications technology, as well as digital solutions enhanced with data analytics, to capitalise on new opportunities.

KrisEnergy

Trading conditions for KrisEnergy remained challenging in 2016. The rout in oil prices in 2014 and 2015 continued in 2016 when markets witnessed significant fluctuations. Brent crude oil futures, a global benchmark, swung from a low of US$27.88 per barrel in January 2016 to a 52-week high in December 2016 at US$56.82 per barrel.

Despite a modest recovery in the price of crude oil in the later part of 2016, confidence in the sector remained fragile. In addition, uncertainty regarding the magnitude of any further recovery as well as its sustainability continued to plague the market. The cumulative effects of the precipitous drop and subsequent volatility in oil markets had a significant impact on KrisEnergy's operations, financial condition and prospects. This includes the company's traditional strategy of financing investments in projects through an optimal funding mix of cash flow from operations, as well as debt and equity finance.

KrisEnergy reported a net loss after tax of US$237 million in FY 2016 despite doubling revenues to US$143 million for the period. This was mainly due to non-cash charges for impairments on producing assets, write-offs related to relinquished contract areas and depreciation, depletion and amortisation, as well as higher financial costs.

During the year, KrisEnergy's working interest production averaged 16,136 barrels of oil equivalent per day, an increase of 67% from FY 2015, and is the highest annual average in the company's history. The increase resulted from higher production at the B8/32 and B9A oil fields in the Gulf of Thailand, as well as a full year of production at both the Wassana and Nong Yao fields in the Gulf of Thailand.

As at end-December 2016, working interest for proved plus probable (2P) reserves were estimated by Netherland, Sewell & Associates, Inc (NSAI) at 96.6 million barrels of oil equivalent (mmboe), a slight decrease from 105.9 mmboe in 2015. The decline is associated with lower oil price forecasts impacting the Wassana and Nong Yao oil fields in the Gulf of Thailand, as well as a downward adjustment for the Wassana field to account for lower production and performance. In addition, NSAI recognised best estimate contingent (2C) resources of 150.8 mmboe as at 31 December 2016. An increase in KrisEnergy's working interest in the Cambodia Block A development block from 52.3% to 95.0% boosted resources for the asset to 9.8 mmboe from 5.4 mmboe as at 31 December 2015.

Holistic Financial Restructuring

In November 2016, KrisEnergy launched a financial restructuring process based on a revised business plan. The plan is focused on maintaining existing production rates and enhancing operational efficiencies, as well as the execution of development projects in the Gulf of Thailand and Indonesia to eventually increase production and future cash flow.

A Consent Solicitation Exercise to extend the maturity dates by five years, among other terms, for KrisEnergy's issued debt was successfully concluded in December 2016. Subsequently, gross proceeds of $139.5 million were raised in February 2017 from a preferential offering of senior secured debt with detachable warrants, in which Keppel Corporation's wholly-owned subsidiary Keppel Oil & Gas Pte Ltd, had successfully subscribed for 107,205,985 Notes with 964,853,865 Warrants, pursuant to an irrevocable undertaking.

In line with the revised business plan, steps are underway to rationalise KrisEnergy's asset portfolio to

Operating & Financial Review

Investments

reduce risk and raise additional financing through farm-out and potential divestment transactions, as well as relinquishing assets judged to be non-core.

While the immediate focus of operations is on maintaining existing production and near-term developments, KrisEnergy will retain exploration assets that do not require any significant funding in the next two to three-year period.

Sino-Singapore Tianjin Eco-City

The Eco-City is on track to realising its vision of becoming a model for sustainable urbanisation, since breaking ground eight years ago. To date, there are over 70,000 people working and living in the Tianjin Eco-City and over 4,500 registered companies[1].

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 master developer of the Eco-City.

2016 saw significant progress in the provision of key amenities in the Eco-City. With the opening of seven new schools during the year, the Eco-City now has 14 schools with over 7,000 students. Two neighbourhood centres, a general hospital and a sports hall have also commenced operations.

Adding to the amenities of the Eco-City, construction has started on five additional schools, three commercial complexes, two healthcare centres and a lifestyle centre. The Z4 rail line, which will enhance the Eco-City's connectivity to other parts of Tianjin, also commenced construction in 2016.

Over 6,300 homes were sold in the Eco-City in 2016. Of these, SSTEC's projects sold 1,541 homes, achieving a 27% increase in average prices as compared to 2015. Reflecting the improved home sales, land sales also improved significantly in 2016. In July 2016, two residential plots were transacted at a land price of around RMB 8,000 per square metre (sm) of gross floor area (GFA), more than three times the price of similar land sold earlier in the year.

In response to the rising price of homes and residential land, the Tianjin government has implemented new cooling measures to allow the residential market to grow at a sustainable pace. The full impact of the cooling measures will take a while to be seen.

In 2017, SSTEC will focus on the next phase of development in the Central District where the joint venture will start work on two residential projects. To enhance amenities in the Eco-City, the local government is developing new iconic projects, such as the Sino-Singapore Friendship Garden and the Sino-Singapore Friendship Library, as well as neighbourhood and lifestyle centres.

The Sino-Singapore Tianjin Eco-City Joint Working Committee, co-chaired by Singapore's Minister for National Development Mr Lawrence Wong and Chinese Minister for Housing and Urban-Rural Development Mr Chen Zhenggao, met in April 2016 to affirm the good progress achieved and endorse plans in preparation for the Eco-City's tenth anniversary in 2018.

In 2016, Keppel Land China sold 685 homes in the Eco-City. As at end-December 2016, Seasons Park had been fully sold and Seasons Height had sold all of its 64 launched units. Meanwhile, almost all of the 596 launched units in Seasons Garden, as well as about 98% of the 285 launched units in Waterfront Residences had been sold.

In the commercial space, Seasons City is currently under construction and its first phase is expected to be completed in 2019. When fully developed, the commercial development will add about 161,800 sm of GFA to the Eco-City.

Apart from Keppel Land, different businesses within the Keppel Group are contributing to the Eco-City's development. Keppel T&T's logistics distribution centre in the Eco-Industrial Park commenced operations in 2H 2016.

Keppel Infrastructure's district heating and cooling system plant has been operating well since 2013. During the year, the company completed the upgrading of its wastewater treatment plant which is now able to treat up to 100,000 tonnes per day of wastewater. Meanwhile, its water reclamation plant is currently undergoing commissioning and is expected to commence operations in 2017.

[1] These figures include the Tourism District and Central Fishing Port.

The Sino-Singapore Tianjin Eco-City is on track to realising its vision of becoming a model for sustainable urbanisation.

Financial Review & Outlook

Total Assets

$29.2b

Total assets increased by $0.3b to $29.2b. The increase in non-current assets was partially offset by decrease in current assets.

Total Cash Dividend Per Share

$0.20

Total distribution to shareholders of the Company and non-controlling shareholders of subsidiaries for the year amounted to $622 million.

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

Prospects

In 2016, the Offshore & Marine (O&M) Division secured about $500 million worth of new orders. Its net orderbook, excluding the Sete rigs, stands at $3.7 billion in end-2016. Faced with the global offshore sector downturn, the Division is rightsizing its operations for what is expected to be an extended slowdown. The Division will continue to focus on delivering its projects well, exploring new markets and opportunities, investing prudently in R&D and building new capabilities to position itself for the upturn. The Division is also actively capturing opportunities in the growing gas market and exploring ways to re-purpose its technology for the offshore industry for other uses.

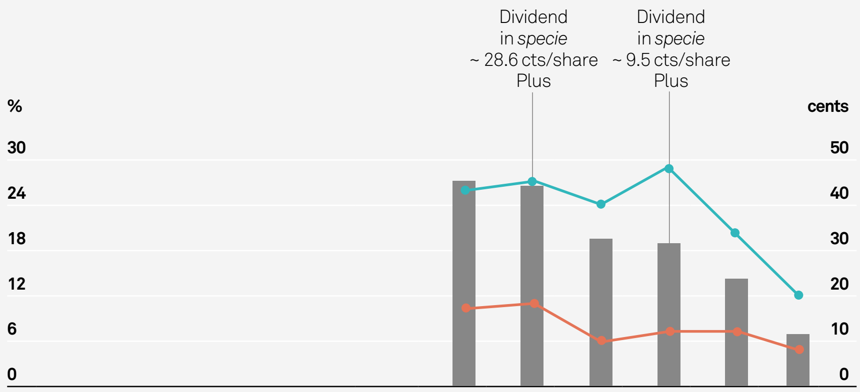
The Property Division sold about 5,720 homes in 2016, comprising about 3,800 in China, 1,520 in Vietnam and 380 in Singapore. This is about 25% higher than the 4,570 homes sold in 2015. Sales have improved in China, Vietnam and Singapore. In addition, Keppel REIT's office buildings in Singapore and Australia continued to maintain high occupancy of 99.2% as at end-2016. The Property Division will remain focused on strengthening its presence in its core and growth markets, while seeking opportunities to unlock value and recycle capital.

In the Infrastructure Division, Keppel Infrastructure will continue to build on its core competencies in the energy and environmental-related infrastructure businesses to pursue promising growth areas. On 20 January 2017, Keppel Infrastructure signed a 25-year Water Purchase Agreement with Public Utilities Board (PUB), the national water agency, for Singapore's fourth desalination plant at Marina East. Keppel Telecommunications & Transportation (Keppel T&T) will continue to develop its data centre business locally and overseas. Besides building complementary capabilities in the growing e-commerce business, Keppel T&T plans to transform the logistics business from an asset-heavy business to a high performing asset-light service provider in urban logistics.

In the Investments Division, the formation of Keppel Capital will allow the Group to more effectively recycle capital and expand its capital base with co-investments, giving the Group greater capacity to seize opportunities for growth without putting a strain on our balance sheet. Keppel Capital will create value for investors and grow the Group's asset management business.

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

ROE & Dividend



	2011	2012	2013	2014	2015	**2016**
ROE	27.2	26.4	19.5	18.8	14.2	**6.9**
Full-Year Dividend	43.0	45.0	40.0	48.0	34.0	**20.0**
Interim Dividend	17.0	18.0	10.0	12.0	12.0	**8.0**

Operating & Financial Review

Financial Review & Outlook

EVA

	2016 $ million	16 vs15 +/(-)	2015 $ million	15 vs14 +/(-)	2014 $ million
Profit after tax (Note 1)	**766**	-648	1,414	-1,342	2,756
Adjustment for:					
Interest expense	**225**	+70	155	+22	133
Interest expense on non-capitalised leases	**29**	+4	25	+2	23
Tax effect on interest expense adjustments (Note 2)	**(44)**	-12	(32)	-5	(27)
Provisions, deferred tax, amortisation & other adjustments	**(3)**	-180	177	+112	65
Net Operating Profit After Tax (NOPAT)	**973**	-766	1,739	-1,211	2,950
Average EVA Capital Employed (Note 3)	**19,119**	+561	18,558	-673	19,231
Weighted Average Cost of Capital (Note 4)	**5.82%**	-0.06%	5.88%	-0.57%	6.45%
Adjustment for surplus cash (Note 5)	**-**	-	-	-68	68
Capital Charge	**(1,113)**	-22	(1,091)	+81	(1,172)
Economic Value Added	**(140)**	-788	648	-1,130	1,778

Notes:
1. Profit after tax excludes net revaluation gain on investment properties.
2. The reported current tax is adjusted for statutory tax impact on interest expenses.
3. 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.
4. Weighted Average Cost of Capital is calculated in accordance with the Keppel Group EVA Policy as follows:
   (a) Cost of Equity using Capital Asset Pricing Model with market risk premium set at 5.0% (2015: 5.0%);
   (b) Risk-free rate of 2.50% (2015: 2.25%) based on yield-to-maturity of Singapore Government 10-year Bonds;
   (c) Unlevered beta at 0.75 (2015: 0.83); and
   (d) Pre-tax Cost of Debt at 2.45% (2015: 1.76%) using 5-year Singapore Dollar Swap Offer Rate plus 45 basis points (2015: 45 basis points).
5. 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.

Shareholder Returns

Return on Equity (ROE) decreased to 6.9% in 2016 from 14.2% in the previous year, due to lower profits and higher average total equity.

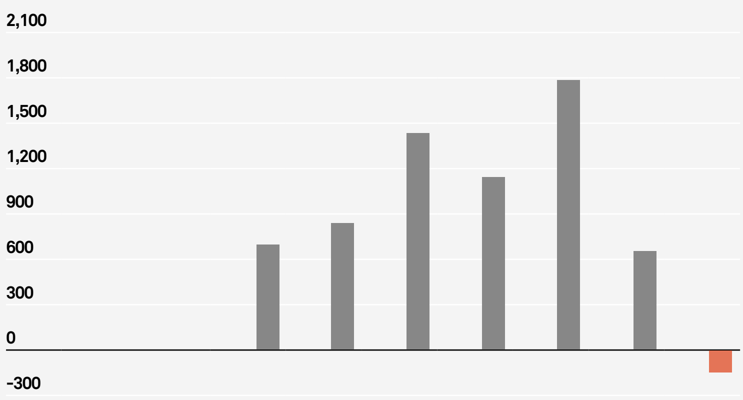
The Company will be distributing a total cash dividend of 20.0 cents per share for 2016, comprising a proposed final cash dividend of 12.0 cents per share and the interim cash dividend of 8.0 cents per share distributed in the third quarter of 2016. Total cash dividend for 2016 represents 46% of Group net profit. On a per share basis, this translates into a gross yield of 3.5% on the Company's last transacted share price of $5.79 as at 31 December 2016.

Economic Value Added

In 2016, Economic Value Added (EVA) decreased by $788 million to negative $140 million. This was attributable to lower net operating profit after tax and higher capital charge.

Capital charge increased by $22 million as a result of higher Average EVA Capital, partly offset by lower Weighted Average Cost of Capital (WACC). WACC decreased from 5.88% to 5.82% in 2015, mainly due to a decrease in beta, partly offset by higher cost of debt. Average EVA Capital increased by $561 million from $18.56 billion in 2015 to $19.12 billion in 2016, mainly due to higher borrowings.

EVA ($m)



2010	2011	2012	2013	2014	2015	**2016**
697	838	1,430	1,142	1,778	648	**-140**

Financial Position

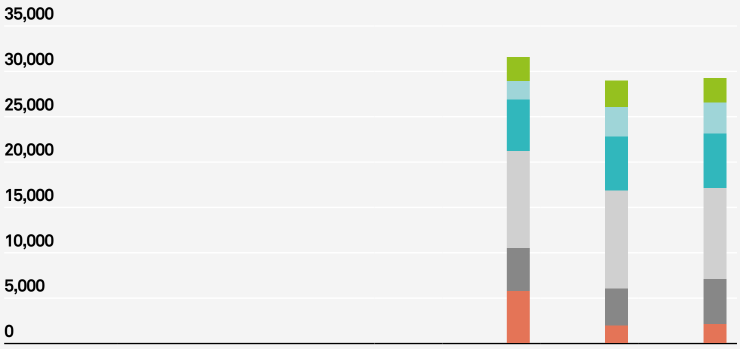
Group shareholders' funds increased from $11.10 billion as at 31 December 2015 to $11.66 billion as at 31 December 2016. The increase was mainly attributable to retained profits for FY 2016 and increase in fair value on cash flow hedges. This was partially offset by payment of final dividend of 22.0 cents per share in respect of financial year 2015 and interim dividend of 8.0 cents per share in respect of the first half year ended 30 June 2016 and foreign exchange translation losses.

Group total assets of $29.23 billion as at 31 December 2016 was $0.3 billion or 1% higher than the previous year end. Increase in non-current assets was partially offset by decrease in current assets. The increase in non-current assets was due mainly to an increase in receivables, additions and fair value gains on investment properties in 2016, partly offset by the depreciation and impairment of fixed assets. Investments in associated companies decreased due largely to the dividends received and impairment losses, partly offset by acquisitions and further investments in associated companies. The decrease in current assets was due mainly to the lower stocks & work-in-progress (WIP) from the Property Division, and impairment of stocks & WIP in the O&M Division. This was partly offset by higher debtors and bank balances due mainly to higher billings in the O&M and Property divisions.

Group total liabilities of $16.90 billion as at 31 December 2016 was $0.09 billion or 1% lower than the previous year end. This was mainly due to the lower billings on WIP in excess of related costs in the O&M Division and a reduction in derivative liabilities, partially offset by increased bank borrowings for working capital requirements and operational capital expenditure.

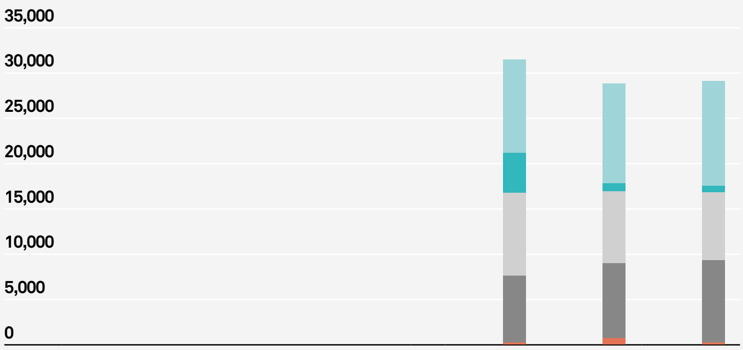
Group net debt of $6.97 billion was $0.60 billion higher than that as at 31 December 2015. This was due mainly to dividend payments (by the Company and its listed subsidiaries), the acquisition of Cameron's offshore product division, acquisitions of further investments in associated companies in the Property Division, as well as other operational and capital expenditure cash requirements. These were partly offset by proceeds from the disposal of subsidiaries in the Property Division as well as dividends received from investments and associated companies.

Total Assets Owned ($m)



	2014	2015	**2016**
Fixed assets	2,673	2,846	**2,645**
Properties	1,988	3,272	**3,550**
Investments	5,717	6,029	**5,967**
Stocks & work-in-progress	10,681	10,763	**10,026**
Debtors & others	4,796	4,117	**4,959**
Bank balances, deposits & cash	5,736	1,893	**2,087**
Total	31,591	28,920	**29,234**

Total Liabilities Owed and Capital Invested ($m)

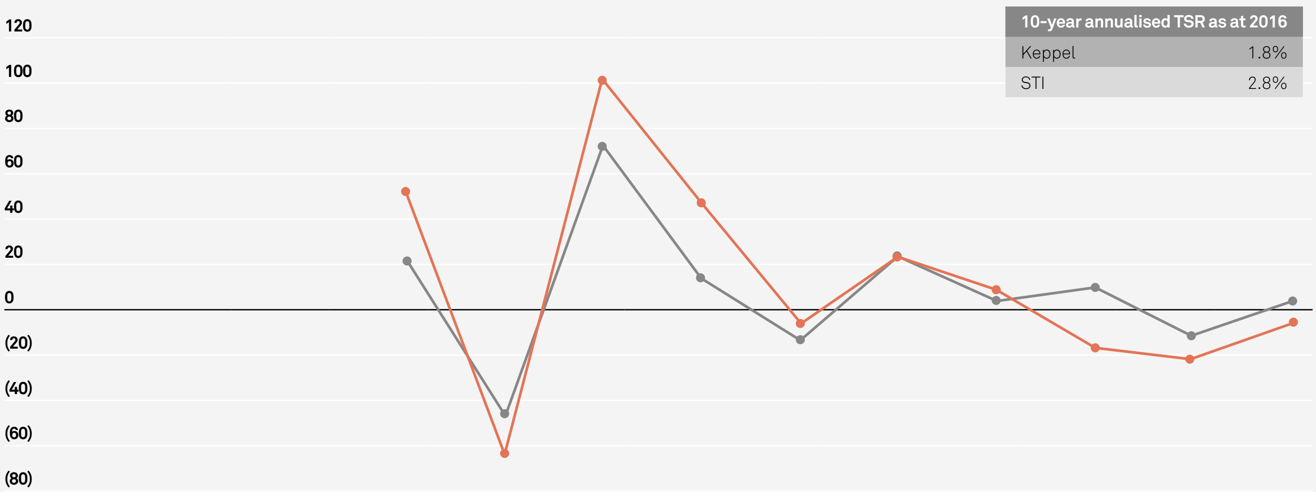


	2014	2015	**2016**
Shareholders' funds	10,381	11,096	**11,659**
Non-controlling interests	4,347	830	**675**
Creditors	9,178	8,362	**7,516**
Term loans & bank overdrafts	7,383	8,259	**9,053**
Other liabilities	302	373	**331**
Total	31,591	28,920	**29,234**

Operating & Financial Review

Financial Review & Outlook

Total Shareholder Return (%)



	2007	2008	2009	2010	2011	2012	2013	2014	2015	**2016**
Keppel	51.7	(64.4)	100.8	47.0	(6.4)	22.9	9.0	(17.8)	(22.3)	**(6.3)**
STI	21.0	(47.1)	70.8	13.4	(14.0)	23.3	3.2	9.5	(11.4)	**3.8**

Source: Total Return Analysis for KCL & STI from Bloomberg

Net cash from operating activities was $330 million for 2016 as compared to net cash used in operating activities of $785 million for 2015.

Total Shareholder Return

Keppel is committed to deliver value to shareholders through earnings growth. Towards achieving this, we will rely on our multi-business strategy and core strengths to build on what we have done successfully, as well as seize new opportunities when they arise.

Our 2016 Total Shareholder Return (TSR) of negative 6.3% was 10.0 percentage points below the benchmark Straits Times Index's (STI) TSR of positive 3.8%. Our 10-year annualised TSR growth rate of 1.8% was also lower than STI's 2.8%.

Cash Flow

To better reflect our 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 from operating activities was $330 million for 2016 as compared to net cash used in operating activities of $785 million for 2015. This was due mainly to the slowdown in working capital increases, and lower operational capital expenditure from the O&M Division.

After excluding expansionary acquisitions, capital expenditure and major divestments, net cash from investment activities was $246 million. The Group spent $214 million on investments and operational capital expenditure, mainly for the O&M and Property divisions. After taking into account the proceeds from divestments and dividend income of $460 million, the free cash inflow was $576 million.

Total distribution to shareholders of the Company and non-controlling shareholders of subsidiaries for the year amounted to $622 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 the 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

Cash Flow	2016 $ million	16 vs 15 +/(-)	2015 $ million	15 vs 14 +/(-)	2014 $ million
Operating profit	**795**	-719	1,514	-859	2,373
Depreciation, amortisation & other non-cash items	**500**	+662	(162)	+99	(261)
Cash flow provided by operations before changes in working capital	**1,295**	-57	1,352	-760	2,112
Working capital changes	**(643)**	+1,158	(1,801)	-22	(1,779)
Interest receipt and payment & tax paid	**(322)**	+14	(336)	-8	(328)
Net cash from / (used in) operating activities	**330**	+1,115	(785)	-790	5
Investments & capital expenditure	**(214)**	+63	(277)	+385	(662)
Divestments & dividend income	**460**	+92	368	-1,018	1,386
Net cash from investing activities	**246**	+155	91	-633	724
Free Cash Flow*	**576**	+1,270	(694)	-1,423	729
Dividend paid to shareholders of the Company & subsidiaries	***(622)***	*+334*	*(956)*	*+73*	*(1,029)*

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

currencies viz US dollars, European and other Asian currencies. Foreign currency exposures arise 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 O&M contracts based on the expected timing of receipts. The Group does not engage in foreign currency trading.

– The Group hedges against price fluctuations arising from 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 of High Sulphur Fuel Oil (HSFO) 180-CST and Dated Brent.

– The Group hedges against fluctuations in electricity prices arising from 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. These may include cross currency swaps, 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 2016 were $9.1 billion (2015: $8.3 billion and 2014: $7.4 billion). At the end of 2016, 20% (2015: 10% and 2014: 24%) of Group borrowings were repayable within one year with the balance largely repayable more than three years later.

Unsecured borrowings constituted 87% (2015: 85% and 2014: 86%) 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 $2.81 billion (2015: $2.46 billion and 2014: $2.70 billion).

Fixed rate borrowings constituted 56% (2015: 65% and 2014: 66%) of total borrowings with the balance at floating rates. The Group has cross currency swap and interest rate swap agreements with notional amount totalling $1,678 million whereby it receives foreign currency fixed rate (in the case of the cross currency swaps) and variable rates equal to SOR, LIBOR and SHIBOR (in the case of interest rate swaps) and pays fixed rates of

Operating & Financial Review

Financial Review & Outlook

between 1.27% 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 68% (2015: 65% and 2014: 65%) 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, that were denominated in foreign currencies.

Weighted average tenor of the loan book was around five years at the beginning of 2016 and around four years at the end of 2016 with a decrease 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

Total equity as at end-2016 was $12.33 billion, compared to $11.93 billion as at end-2015 and $14.73 billion as at end-2014. The Group was in a net debt position of $6,966 million as at end-2016, which was above the $6,366 million as at end-2015 and $1,647 million at the end-2014. As at end-2016, the Group's net gearing ratio was 0.56 times, compared to 0.53 times as at end-2015.

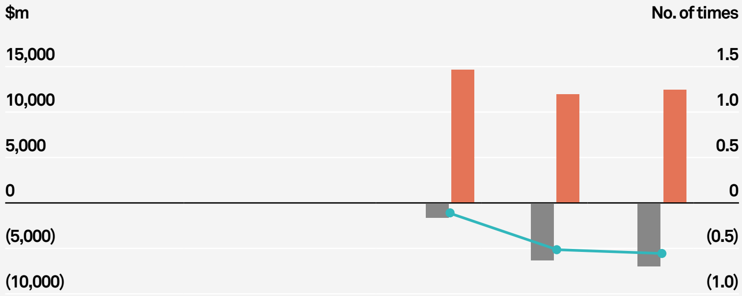
Interest coverage was 15.35 times in 2014, decreasing to 9.66 times in 2015 and to 4.35 times in 2016. Interest coverage in 2016 was lower due to lower Earnings before Interest expense and Tax (EBIT) and higher interest costs.

Cash flow coverage dropped from 1.02 times in 2014 to negative 2.53 times in 2015 before increasing to 2.12 times in 2016. This was mainly due to operational cash inflow in 2016.

At the Annual General Meeting in 2016, shareholders gave their approval for mandate to buy back shares. During the year, 590,000 shares were bought back and held as treasury shares. The Company also transferred 5,120,470 treasury shares to employees upon vesting of shares released under the KCL Share Plans

Net Cash/(Gearing)

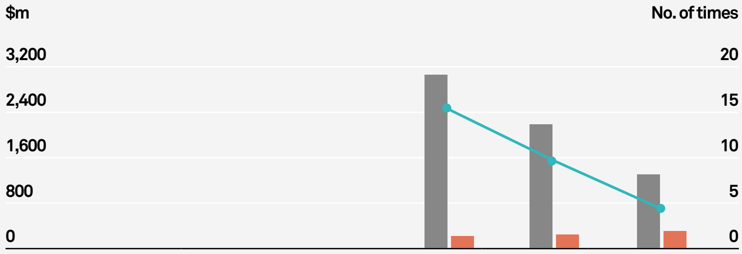
$$\text{Net Gearing} = \frac{\text{Borrowings} - \text{Cash}}{\text{Total Equity}}$$



	2014	2015	2016
Net Cash / (Debt)	(1,647)	(6,366)	**(6,966)**
Total Equity	14,728	11,926	**12,334**
Net Cash / (Gearing)	(0.11)	(0.53)	**(0.56)**

Interest Coverage

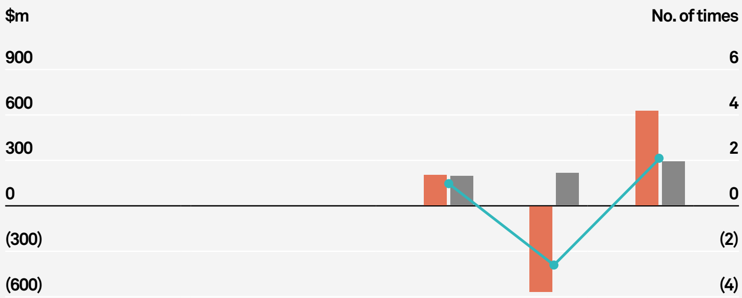
$$\text{Interest Coverage} = \frac{\text{EBIT}}{\text{Interest Cost}}$$



	2014	2015	2016
EBIT	3,023	2,152	**1,279**
Total Interest Cost	197	223	**294**
Interest Cover	15.35	9.66	**4.35**

Cash Flow Coverage

$$\text{Cash Flow Coverage} = \frac{\text{Operating Cash Flow} + \text{Interest Cost}}{\text{Interest Cost}}$$



	2014	2015	2016
Total Interest Expense + Interest Capitalised	197	223	**294**
Operating Cash Flow + Interest	202	(563)	**624**
Cash Flow Coverage	1.02	(2.53)	**2.12**

and Share Option Scheme. As at the end of the year, the Company had 2,232,510 treasury shares. Except for the transfer, there was no other sale, transfer, disposal, cancellation and/or use of treasury shares during the year.

Financial Resources

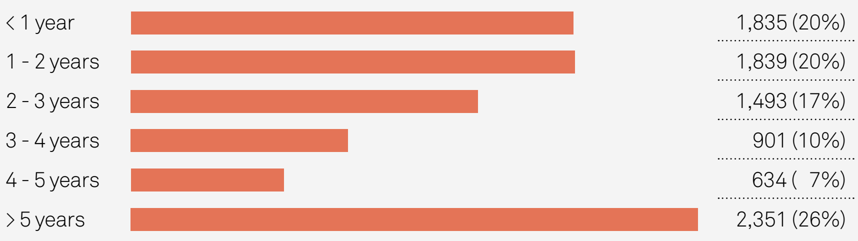
The Group continues to be able to tap into the debt capital market at competitive terms.

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-2016, total funds available and unutilised facilities amounted to $8.71 billion (2015: $8.86 billion).

Debt Maturity ($m)



Financial Capacity

	$ million	Remarks
Cash at Corporate Treasury	193	9% of total cash of $2.09 billion
Credit facilities extended to the Group	8,519	Credit facilities of $12.28 billion, of which $3.76 billion was utilised
Total	**8,712**	

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 2016, the Group had 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.

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.

Operating & Financial Review

Financial Review & Outlook

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 22.

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.

The Group had previously entered into contracts with Sete Brasil (Sete) for the construction of six rigs for which progress payments from Sete had ceased since November 2014. During the financial year ended 31 December 2015, an expected loss of $228,000,000 was recognised, taking into consideration cost of completion, cost of discontinuance, salvage cost and unpaid invoices with regards to these rigs.

In April 2016, Sete filed for bankruptcy protection and its authorised representatives had been in discussion with the Group on the eventual completion and delivery of some of the rigs. As at the balance sheet date, management had performed an evaluation of the reasonably possible outcomes on these contracts and concluded that no further loss on these contracts is currently expected.

Appropriateness of Revenue Recognition and Recoverability of Construction Balances in Relation to Offshore & Marine Projects

As at 31 December 2016, the Group had several rigs/vessels that were under construction for customers or had been completed and were awaiting delivery to the customers. With the downturn in the offshore industry, some of the Group's customers had requested for amendments to contract terms or deferral of delivery dates of the rigs/vessels.

Management assesses each construction project individually to ensure that the recognition of revenue and margin on these projects is appropriate, and the related WIP (cost in excess of billings) balances are recoverable. This assessment requires management to make judgment as to whether the Group's customers will be able to fulfil their contractual obligations and take delivery of the rigs/vessels at the contracted or revised delivery date.

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.

Group Structure

KEPPEL CORPORATION LIMITED

Offshore & Marine

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

KEPPEL OFFSHORE & MARINE LTD 100%

Keppel FELS Limited	100%
Keppel Shipyard Limited	100%
Keppel Singmarine Pte Ltd	100%
Keppel LeTourneau	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 *Brasil*	100%
Keppel Philippines Marine Inc *The Philippines*	98%
Keppel Subic Shipyard Inc *The Philippines*	86%
Caspian Shipyard Company Limited *Azerbaijian*	51%
Arab Heavy Industries PJSC *United Arab Emirates*	33%
Nakilat-Keppel Offshore & Marine Ltd *Qatar*	20%
Dyna-Mac Holdings Limited[4]	24%

Property

- Property development
- Investments

KEPPEL LAND LIMITED 100%

Keppel Land International Limited *Southeast Asia and India*	100%
Keppel Land China *China*	100%
Keppel Bay Pte Ltd	100%
Keppel REIT[4]	45%

Infrastructure

- Energy infrastructure
- Environmental infrastructure
- Infrastructure services
- Investments
- Logistics and data centres

KEPPEL INFRASTRUCTURE HOLDINGS PTE LTD 100%

ENERGY INFRASTRUCTURE	
Keppel Gas Pte Ltd	100%
Keppel Electric Pte Ltd	100%
Keppel DHCS Pte Ltd	100%
Keppel Merlimau Cogen Pte Ltd[5]	49%
ENVIRONMENTAL INFRASTRUCTURE	
Keppel Seghers Pte Ltd	100%
INFRASTRUCTURE SERVICES	
Keppel Seghers Engineering Singapore Pte Ltd	100%
INVESTMENTS	
Keppel Infrastructure Trust[4]	18%

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD[4] 80%

LOGISTICS & DATA CENTRES	
Keppel Logistics Pte Ltd	100%
Keppel Data Centres Holding Pte Ltd	100%
Keppel Logistics (Foshan) Pte Ltd *China*	70%
Keppel DC REIT[3 & 4]	35%

Investments

- Asset management
- Investments

KEPPEL CAPITAL HOLDINGS PTE LTD 100%

Keppel REIT Management Limited	100%
Alpha Investment Partners Ltd	100%
Keppel Infrastructure Fund Management Pte Ltd	100%
Keppel DC REIT Management Pte Ltd[6]	50%

K1 VENTURES LIMITED[4] 36%

KRISENERGY LTD[4] *Cayman Islands* 40%

M1 LIMITED[2 & 4] 19%

SINO-SINGAPORE TIANJIN ECO-CITY INVESTMENT AND DEVELOPMENT CO., LTD[1] *China* 50%

GROUP CORPORATE SERVICES

Control & Accounts	Human Resources	Tax
Corporate Communications	Legal	Treasury
Strategy & Development	Risk & Compliance	Information Systems
Mergers & Acquisitions/Corporate Development	Audit	Health, Safety & Environment

Notes:

1 Owned by a Singapore Consortium, which is in turn 90%-owned by the Keppel Group.
2 Owned by Keppel Telecommunications & Transportation Ltd, an 80%-owned subsidiary of Keppel Corporation.
3 Owned by Keppel Telecommunications & Transportation Ltd (30%) and Keppel Land Limited (5%).
4 Public listed company.
5 Owned by Keppel Infrastructure Holdings Pte Ltd (49%) and Keppel Infrastructure Trust (51%).
6 Owned by Keppel Capital Holdings Pte Ltd (50%) and Keppel Telecommunications & Transportation Ltd (50%).

Updated as at 3 March 2017. The complete list of subsidiaries and significant associated companies is available at www.kepcorp.com.

Sustainability Highlights

Keppel places sustainability at the heart of our strategy and operations, so as to create enduring value for our stakeholders - Sustaining Growth, Empowering Lives and Nurturing Communities.

Sustainability Framework

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.

For more information, see pages 64–97

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 safe.

For more information, see pages 98–99

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.

For more information, see page 100

Managing Sustainability

We drive our businesses to create positive impact and shared value for our stakeholders.

Our Sustainability Framework articulates our commitment to deliver value to all our stakeholders through Sustaining Growth in our businesses, Empowering Lives of people and Nurturing Communities wherever we operate.

Our management systems, policies and guidelines, including our Employee Code of Conduct; Health, Safety and Environment Policy, and Supplier Code of Conduct, translate our principles into practice by setting standards both for our Company and those whom we work with.

We publish sustainability reports annually, and the next report will be published in May 2017. Our sustainability reports draw on internationally-recognised standards of reporting, including the Global Reporting Initiative (GRI). The upcoming report will be brought in line with the new sustainability reporting requirements by the Singapore Exchange and externally assured in adherence to the AccountAbility AA1000 Assurance Standard (2008).

This section contains a summary of our approach on sustainability issues that are most material to our business and stakeholders.

Management Structure

The Keppel Corporation Board and management are committed to ensure responsible business practice. The Group Sustainability Steering Committee provides guidance on strategic and operational issues. The committee is chaired by Keppel Corporation CEO Loh Chin Hua and comprises senior management from across the Group. A Working Committee, consisting of discipline-specific working groups, executes and reports on the Group's efforts.

Material Issues

A robust process was undertaken to identify and prioritise the Company's material environmental, social and governance (ESG) issues. The assessments were based on the foundational principles of inclusivity and materiality outlined in the AccountAbility AA1000 Principles Standard (2008) as well as the Global Reporting Initiative (GRI) Principles for Defining Report Content – stakeholder inclusiveness, sustainability context, materiality and completeness. The process, which took place from 2013 to 2015, was supported by an independent consultant and involved stakeholder consultations, workshops for senior management, an assessment of long-term global trends and an internal review of our businesses. The resulting Keppel Corporation Materiality Matrix illustrates the relative importance of the issues as seen by our stakeholders (see diagram).

The key material ESG issues for Keppel Corporation were reviewed in 2016 and deemed to remain relevant.

Stakeholder Engagement

Close collaboration with stakeholders supports us in addressing sustainability challenges. We continually engage with, listen to and learn from our stakeholders.

Stakeholder relations, including engagement with customers, employees, investors, media, government agencies and communities where we operate, are managed by departments at the corporate level, as well as by functional divisions and volunteer committees across our business units worldwide.

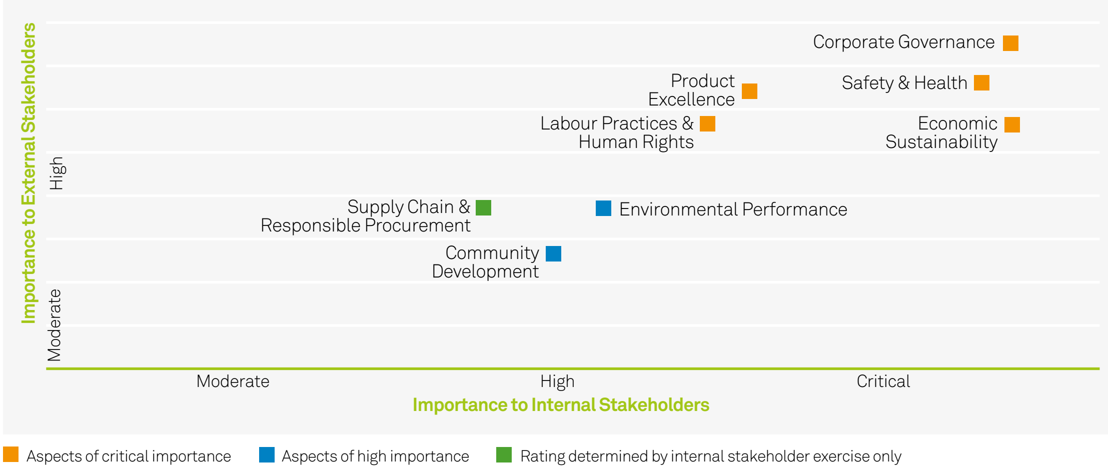
We also engage with stakeholders on broader issues through our membership and support of multi-stakeholder initiatives such as Global Compact Network Singapore to advance the United Nations Global Compact initiative and its 10 principles, Singapore Institute of Directors to uphold high standards of corporate governance, as well as Workplace Safety & Health Council to build industry capabilities to better manage safety and health at work.

Best Practice Reporting

Keppel Corporation received a Singapore Apex Corporate Sustainability Award 2016 in the Sustainable Business category (Large Organisation) in 2016. The award by Global Compact Network Singapore is the most prestigious form of recognition for companies in Singapore on Corporate Social Responsibility and sustainability.

Keppel Corporation has also been part of the widely respected Dow Jones Sustainability Index for four consecutive years. We participate in the CDP (formerly Carbon Disclosure Project) and are listed on a number of other sustainability indexes and rankings, including MSCI Global Sustainability Index, Euronext Vigeo Eiris Index – World 120 and all four sustainability indices launched by the Singapore Exchange in 2016.

Keppel Corporation Materiality Matrix



The Keppel Corporation Materiality Matrix illustrates the degree of importance that internal and external stakeholders accord to the Company's material issues.

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[1] (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

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

Governance Framework: KCL's governance structure is as follows:

Dr Lee Boon Yang is the non-executive and independent Chairman of the Company. Mr Loh Chin Hua is the CEO of the Company.

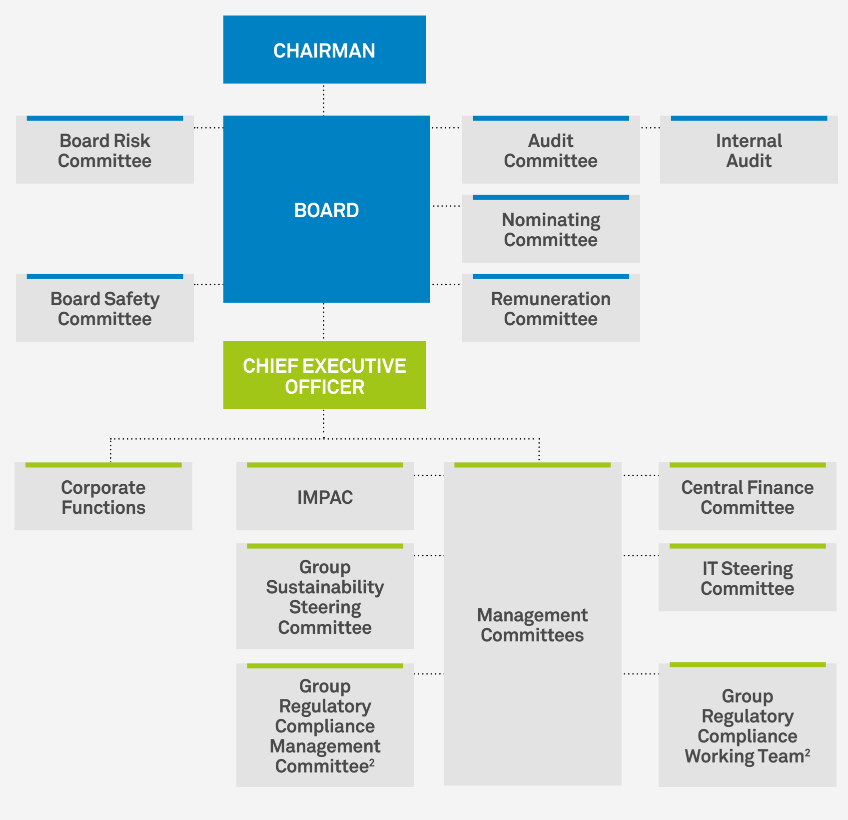
The Chairman, with the assistance of the Company Secretaries, schedules meetings and prepares meeting agenda to enable the Board to perform its duties responsibly having regard to the flow of the Company's operations. He sets guidelines on and monitors the flow of information from management to the Board to ensure that all material information is 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 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.

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 the board committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. The responsibilities and authority of the board committees are set out in their respective terms of reference (see Appendix for details).

The CEO, assisted by the management team, makes strategic proposals to the Board and after robust and constructive board discussions, executes the agreed strategy, manages and develops the Group's businesses and implements the Board's decisions. He is supported by management committees that direct and guide management on operational policies and activities, which includes:

(1) *Investments & Major Projects Action Committee (IMPAC),* which evaluates, guides and optimises proposed Group investments and divestments exceeding prescribed value thresholds;
(2) *Management Development Committee,* which nominates candidates as nominee directors to the boards of each unlisted company or entity that the Company is invested in ("Investee Company") so as to safeguard the Company's investment. In respect of Investee Companies that are (a) listed on a stock exchange, (b) managers or trustee-managers of any collective investment schemes, business trusts or any other trusts which are listed on a stock exchange, or (c) parent companies of the Company's core businesses, the Committee will recommend the candidates for the approval of the Nominating Committee;
(3) *Central Finance Committee,* which reviews, guides and monitors financial policies and activities of Group companies;
(4) *Enterprise Risk Management Committee*, which drives and coordinates the Group's risk management efforts, and implements the Enterprise Risk Management framework and processes;
(5) *Group Regulatory Compliance Management Committee (Group RCMC)*, which articulates the Group's commitment to regulatory compliance, directs and supports the development of over-arching compliance policies and guidelines, and facilitates the implementation and sharing of policies and procedures across the Group[2];
(6) *Group Regulatory Compliance Working Team (Group RCWT)*, which supports the Group RCMC and oversees the development and review of over-arching compliance policies and

Governance Framework



guidelines for the Group, as well as reviewing training and communication programmes[2];

(7) *Keppel IT Steering Committee*, which provides strategic information technology (IT) leadership and ensures IT strategy alignment in achieving business strategies; and

(8) *Group Sustainability Steering Committee*, which sets the sustainability strategy and leads performance in key focus areas.

Board Matters

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 FY 2014, the Board approved the Group's Vision 2020[3], which sets out the vision, operating principles and values of the Group, as well as the roadmap[4] 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 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. To support the Board's oversight of the implementation of the strategic plans, one business unit is invited to each quarterly Board meeting to present on its plans and current challenges, and to 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 FY 2016, 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 is practicable after the relevant facts have come to his/her knowledge. On an annual basis, each director is also required to submit details of his/her associates for the purpose of monitoring interested persons transactions.

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 after each board meeting as well as on a need-be basis. The number of board and board committee meetings held in FY 2016, as well as the attendance of each Board member at these meetings, are disclosed in Table 1 on page 66 of this report.

If a director were unable to attend a board or board committee meeting, he/she would still receive all the papers and materials for discussion at that meeting. He/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.

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 a board director. All newly-appointed directors receive a director tool-kit and 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

1 The Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore on 2 May 2012.
2 The Group RCMC and Group RCWT were set up in October 2015 and operationalised in 2016.
3 With effect from FY 2014, 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.
4 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 in which the Group operates.

Corporate Governance

Table 1

	Board Meetings	Board Committee Meetings: Audit	Nominating	Remuneration	Safety	Risk
Lee Boon Yang	11	-	3	7	4	-
Loh Chin Hua	11	-	-	-	4	-
Oon Kum Loon[1]	5 of 5	3 of 3	-	4 of 4	-	2 of 2
Tow Heng Tan	10	-	3	7	-	3
Alvin Yeo Khirn Hai	9	4	2	-	-	-
Tan Ek Kia[2]	11	1 of 1	2 of 2	-	4	4
Danny Teoh[3]	11	5	-	7	-	4
Tan Puay Chiang	11	-	3	-	4	4
Till Vestring[4]	10	-	3	7	-	-
Veronica Eng[5]	11	5	-	-	-	4
No. of Meetings Held	**11**	**5**	**3**	**7**	**4**	**4**

Notes:

1 Mrs Oon Kum Loon retired as director and ceased to be Chairman of the Board Risk Committee, and member of the Audit Committee and Remuneration Committee, with effect from 1 May 2016.
2 Mr Tan Ek Kia ceased to be a member of the Nominating Committee, and was appointed as member of the Audit Committee, with effect from 1 August 2016.
3 Mr Danny Teoh stepped down as Chairman of the Remuneration Committee on 1 May 2016 but continues to be a member thereof.
4 Mr Till Vestring was appointed as Chairman of the Remuneration Committee on 1 May 2016.
5 Ms Veronica Eng was appointed as Chairman of the Board Risk Committee on 1 May 2016.

responsibilities of a director of a listed company and industry-specific matters. In FY 2016, some KCL directors attended talks on topics relating to corporate governance and compliance (including case studies), competition law, financial reporting updates and macroeconomic trends. 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.

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.

On 1 May 2016, Mrs Oon Kum Loon retired from the Board and Ms Veronica Eng replaced Mrs Oon as Chairman of the Board Risk Committee. On the same day, Mr Till Vestring was appointed as Chairman of the Remuneration Committee, replacing Mr Danny Teoh who is the Chairman of the Audit Committee. Mr Teoh continues to be a member of the Remuneration Committee. Further, Mr Tan Ek Kia ceased to be a member of the Nominating Committee and was appointed as member of the Audit Committee, with effect from 1 August 2016.

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 2017, 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 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 for 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 was not involved in any services that Bain & Company provided 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 and non-executive director.

The Board concurred with the reasons set forth by the Nominating Committee and was of the view that Dr Lee Boon Yang, 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. None of the directors deemed independent had served more than nine years from date of first appointment.

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 nine directors of whom seven are independent. The Board is currently sourcing for a suitable additional member. 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 81 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 FY 2016, there was one female director out of a total of nine directors.

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, 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.

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, four out of five 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 Alvin Yeo
  Independent Member
- Mr Till Vestring
  Independent Member

The responsibilities of the NC are set out on pages 79 and 80 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.

Corporate Governance

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
(5) Track record of making good decisions
(6) Experience in high-performing companies
(7) Financially literate

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/her 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/herself for re-election at the annual general meeting immediately following his/her 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 page 66 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.

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, the level of commitment required of the director's other principal commitments, and the respective directors' actual conduct and participation on the Board and board committees, including availability and attendance at regular scheduled meetings and ad-hoc meetings, in making this determination.

In respect of FY 2016, 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/her 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 assessment for FY 2016, all the directors performed well. The NC was therefore satisfied that in FY 2016, 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/her duties as a 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/her 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 20 to 23: 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 103 to 104: 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/her to discharge his/her 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 of non-executive directors, three out of four of whom (including the Chairman) are independent, namely:

- Mr Till Vestring
  Independent Chairman
- Dr Lee Boon Yang
  Independent Member
- Mr Danny Teoh
  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

Corporate Governance

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 at end-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 FY 2016, 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.

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 on 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. The non-executive directors participated in additional ad-hoc meetings with management and are not paid for attending such meetings. Executive directors are not paid directors' fees.

The directors' fee structure, which remains unchanged since FY 2013, is set out in Table 2.

Each of the non-executive directors (including the Chairman) will receive 70% of his/her 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

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

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 Economic Value Added (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 is aligned with the interests of shareholders and promotes 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 goals, risk management and controls measures, corporate social responsibilities activities, employee engagement, 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 to understand 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 Return on Equity (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 recognises 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 above, have been met. The RC is therefore of the view that remuneration is aligned to performance during FY 2016.

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 (⅓) is paid out provided the total EVA balance is positive. The remaining two-third (⅔) 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 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.

In 2014 / 2015, the Board undertook a comprehensive review of the Group's strategy. Stretched performance targets were set by the Board for 2020, resulting in the need to transform the Group's business.

To achieve these targets, which are reflected in a Group 2020 Scorecard, Keppel would need to build strong verticals and leverage on synergies across its portfolio of businesses to unlock shareholders' value. The Group 2020 Scorecard targets are categorised into four key areas – (i) Financial, (ii) Process,

Corporate Governance

(iii) Customers/Stakeholders, and (iv) People; and requires the Management to review and reconfigure processes and systems, as well as to inculcate a fundamental shift in mindset and behaviours.

Given the changes required in the business model and the highly complex nature of the transformation, the Board has endorsed a remuneration model to align the transformation plan and executives' remuneration. The one-time Transformation Incentive Plan ("TIP"), which is awarded in the form of performance shares under KCL PSP, is a long-term incentive plan with a five-year performance period. Subject to meeting the performance conditions set, the vesting date is in 2021. After taking into account the ambitious performance conditions, the Board had also allowed for a re-testing of the performance conditions at the end of 2021.

Executives will only benefit from the TIP if the Group meets the stretched financial and non-financial targets linked to the Group 2020 Scorecard, and if the executives meet or exceed their individual performance targets. In order to align the interests of the executives with those of shareholders, the TIP is directly linked to total shareholder return where the total shareholder return condition must be satisfied before any vesting shall occur. In addition, the vested shares are subject to a selling moratorium of one year.

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 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 on pages 105 to 107 and 135 to 137.

In FY 2016, the Group undertook several rightsizing measures (in particular the offshore and marine business) to stay ahead in the tough operating environment. In light of the continued uncertainties looming over the offshore and marine industry, KCL directors, key management personnel and the Group's senior management took a further step and collectively volunteered for a fee and base pay reduction respectively. Besides exemplifying solidarity across the Group, this also signalled the importance of maintaining a flexible cost structure.

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 2016

All non-executive directors volunteered for a 10% reduction in their total fees for FY 2016. Mr Loh Chin Hua's monthly base salary was also voluntarily adjusted down by 10% with effect from 1 October 2016.

The resulting level and mix of each of the directors' remuneration after the reduction are set out below:

	Base/ Fixed Salary ($)	Performance-Related Bonuses Earned[1] (including EVA and non-EVA Bonuses) ($)		Directors' Total Fees[2] ($)		Benefits-in-Kind ($)	Contingent awards of shares[3] ($)		Total Remuneration ($)
		Paid	Deferred & at risk	Cash component[4]	Shares component[4]		PSP	RSP	
Remuneration & Name of Director									
Loh Chin Hua[5]	1,158,600	1,199,155	1,511,745	–	–	n.m.[6]	1,207,500	873,000	5,950,000[7]
Lee Boon Yang	–	–	–	472,500	202,500	–	–	–	675,000
Oon Kum Loon[8]	–	–	–	55,654	23,851	–	–	–	79,505
Tow Heng Tan	–	–	–	125,055	53,595	–	–	–	178,650
Alvin Yeo Khirn Hai	–	–	–	102,060	43,740	–	–	–	145,800
Tan Ek Kia[9]	–	–	–	137,505	58,931	–	–	–	196,436
Danny Teoh[10]	–	–	–	152,439	65,331	–	–	–	217,770
Tan Puay Chiang	–	–	–	135,135	57,915	–	–	–	193,050
Till Vestring[11]	–	–	–	110,271	47,259	–	–	–	157,530
Veronica Eng[12]	–	–	–	124,045	53,162	–	–	–	177,207

Notes:

1 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 FY 2016 were met.

2 Based on the non-executive directors' fee structure set out in Table 2, the total fees are $2,245,497. After applying the 10% voluntary non-executive directors' fee reduction on this amount, the resulting directors' total fees amount to $2,020,948. The directors' total fees are subject to shareholders' approval at the Company's Annual General Meeting.

3 Shares awarded under the KCL PSP are subject to pre-determined performance targets over three- and five- year performance periods. Shares awarded under the KCL RSP are subject to pre-determined performance targets set over a one-year performance period. As at 29 April 2016 (being the grant date), the estimated value of each share granted in respect of the contingent awards under the KCL PSP were $3.05 (PSP) and $0.39 (PSP –TIP). The estimated value of each share granted in respect of the contingent award under the KCL RSP Plan was $4.85. For the KCL PSP, the figures are based on the 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.

4 The amounts stated may be adjusted as indicated on page 70 of this report.

5 Mr Loh Chin Hua's monthly base salary had been reduced by 10% with effect from 1 October 2016.

6 n.m. – not material

7 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 depends entirely on the actual performance of the funds after they have been liquidated.

8 Mrs Oon Kum Loon retired from the Board with effect from 1 May 2016. Concurrently, Mrs Oon ceased to be Chairman of the Board Risk Committee and member of the Audit Committee and Remuneration Committee. Fees are pro-rated accordingly.

9 Mr Tan Ek Kia ceased to be a member of the Nominating Committee and was appointed as a member of the Audit Committee with effect from 1 August 2016. Fees are pro-rated accordingly.

10 Mr Danny Teoh ceased to be the Chairman of the Remuneration Committee with effect from 1 May 2016 but continues to be a member thereof. Fees are pro-rated accordingly.

11 Mr Till Vestring ceased to be a member of the Remuneration Committee and was appointed as the Chairman of the Remuneration Committee with effect from 1 May 2016. Fees are pro-rated accordingly.

12 Ms Veronica Eng ceased to be a member of the Board Risk Committee and was appointed as the Chairman of the Board Risk Committee with effect from 1 May 2016. Fees are pro-rated accordingly.

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 ($)[13]	RSP Awards	Vesting Date	Contingent Awards of RSP Shares	Number of RSP Shares Vested	Value of RSP Shares Vested ($)[13]
Loh Chin Hua	2013 Awards	26 Feb 2016	0 to 139,800[14]	22,400	118,944	2013 Awards	28 Feb 2014 27 Feb 2015 26 Feb 2016	87,995[14]	29,331 29,331 29,333	306,509 256,940 155,758
	2014 Awards	28 Feb 2017	0 to 270,000	–	–	2014 Awards	27 Feb 2015 26 Feb 2016 28 Feb 2017	150,000	50,000 50,000 –	438,000 265,500 –
	2015 Awards	28 Feb 2018	0 to 330,000	–	–	2015 Awards	26 Feb 2016 28 Feb 2017 28 Feb 2018	150,000	50,000 – –	265,500 – –
	2016 Awards	28 Feb 2019	0 to 450,000[15]	–	–	2016 Awards	28 Feb 2017 28 Feb 2018 28 Feb 2019	180,000	– – –	– – –
		26 Feb 2021	0 to 1,125,000[16]	–	–					

Notes:

[13] 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 performance conditions for FY 2016 were met.

[14] 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.

[15] Refers to contingent shares awarded under the KCL PSP.

[16] Refers to one-time contingent shares awarded under the KCL PSP – TIP.

The total remuneration paid to the key management personnel (who are not directors or the CEO) in FY 2016 was $14,595,840. 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[17] (including EVA and non-EVA Bonuses)		Benefits-in-Kind	Contingent awards of shares	
		Paid	Deferred & at risk		PSP[18]	RSP
Above $3,000,000 to $3,250,000						
Ang Wee Gee	28%	21%	18%	n.m.	19%	14%
Above $2,750,000 to $3,000,000						
Chan Hon Chew	22%	30%	18%	n.m.	15%	15%
Above $2,500,000 to $2,750,000						
Ong Tiong Guan	22%	21%	26%	n.m.	15%	16%
Above $2,250,000 to $2,500,000						
Chow Yew Yuen[19]	42%	–	–	n.m.	35%	23%
Above $2,000,000 to $2,250,000						
Tan Hua Mui, Christina[20]	24%	44%	9%	n.m.	12%	11%
Above $1,250,000 to $1,500,000						
Pang Thieng Hwi, Thomas	29%	26%	28%	n.m.	11%	6%[21]

Notes:

[17] 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 FY 2016 were met.

[18] Included one-time performance shares awarded under the KCL PSP - TIP.

[19] Mr Chow Yew Yuen did not receive any performance-related bonus for FY 2016.

[20] Ms Tan Hua Mui, Christina served as CEO, Keppel Capital and Managing Director, Alpha Investment Partners concurrently in 2016. Total remuneration shown above for Ms Tan does not include vested share of carried interests for funds created in her role as 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.

[21] On Keppel Telecommunications & Transportation Ltd ("KTT") share based compensation scheme and KCL PSP - TIP. As at 29 April 2016 (being the grant date), the estimated value of each share granted in respect of the contingent awards under the KTT PSP and KTT RSP were $0.76 and $1.30 respectively.

Corporate Governance

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 2016. "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 105 to 107 and 135 to 137 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 and 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
- Mr Alvin Yeo
  Independent Member
- Ms Veronica Eng
  Independent Member
- Mr Tan Ek Kia
  Independent Member

Mr Danny Teoh 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 Tan Ek Kia, who is a seasoned executive in the oil and gas and petrochemicals businesses and had held senior positions in Shell, has sufficient financial management knowledge and experience to discharge his responsibilities as a member of the Committee. Mr Danny Teoh, Mr Tan Ek Kia and Ms Veronica Eng are also members of the Board Risk Committee (BRC), with Ms Veronica Eng being the Chairman of the BRC.

None of the members of the AC were partners or directors of the Company's existing external auditors within the last 12 months and none of the members of the AC hold any financial interest in the auditing firm.

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 78 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 risk-based plan sufficiently covered the effectiveness of controls to mitigate the significant risks of the Company. Such significant controls comprise financial, operational, compliance and IT controls. All significant audit findings and recommendations put up by the internal and the external auditors were forwarded to the AC, and discussed at AC 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 24 of the Notes to the Financial Statements on page 157.

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 internal audit team attends the Company's and the Group's key strategy sessions and executive meetings, and is staffed with professionals with sufficient expertise in corporate governance, risk management, internal controls, and other relevant disciplines. The AC also reviewed the training costs and programs 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 business conduct, 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 page 82 herein.

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, four out of five of whom (including the Chairman) are independent and the remaining director being a non-executive director who is independent of management, namely:

- Ms Veronica Eng
  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 was a Founding Partner of Permira until September 2015 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.

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 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 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 Group's assets. The Committee reports to the Board on critical risk issues, material matters, findings and recommendations. The detailed responsibilities of this Committee are disclosed on page 79 herein.

The Group's approach to risk management is set out in the "Risk Management" section on pages 92 to 94 of this Annual Report. The Group is guided by a set of Risk Tolerance Guiding Principles, as disclosed on page 92.

The Group 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.

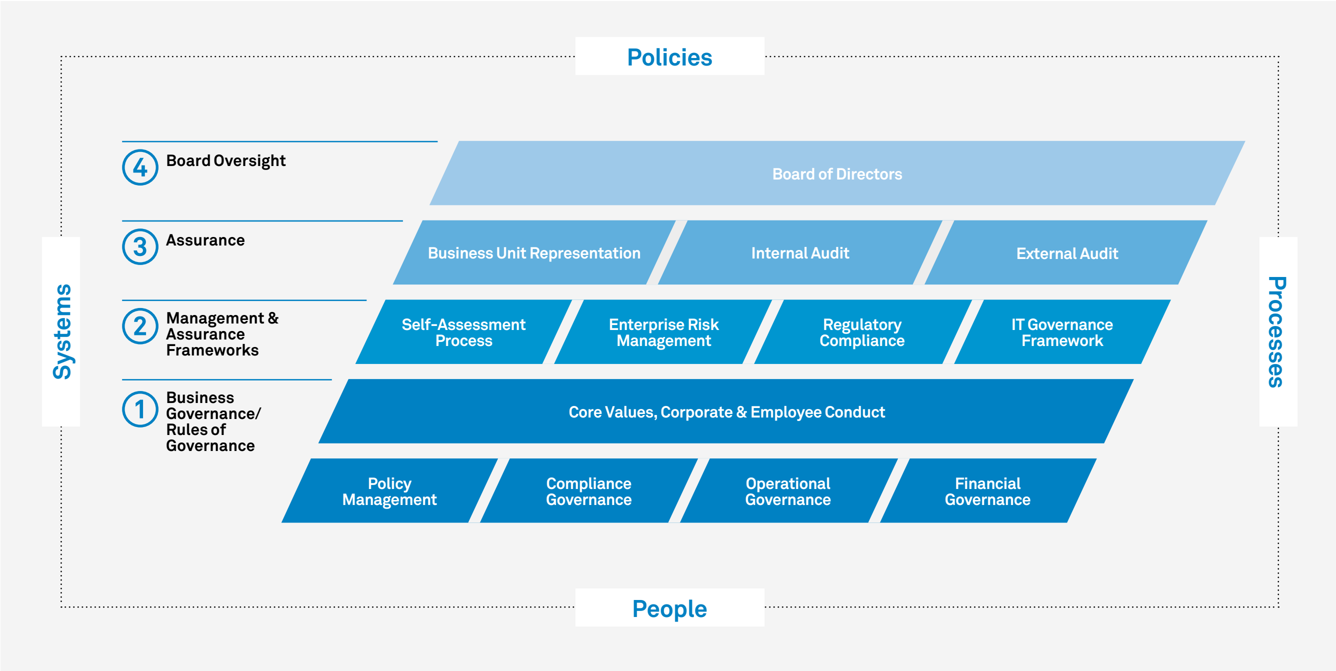
KCL's Group Internal Audit also conducts regular reviews of the adequacy and effectiveness of the Group's material internal controls, including financial, operational, compliance and IT controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for 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.

The Group also has in place the 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

Corporate Governance

Keppel's System of Management Controls



financial, operational, information technology and regulatory compliance matters and are reviewed and updated periodically. Compliance governance is governed by the respective regulatory compliance management committees and working teams chaired by business owners. 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. Where required, action plans are developed to remedy identified control gaps. Under the Group's Enterprise Risk Management Framework, significant risks areas of the Group are also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks. Regulatory Compliance supports and works alongside business management to ensure relevant policies, processes and controls are effectively designed, managed and implemented to ensure compliance risks and controls are effectively managed.

Under the third Line of Defence, to assist the Group to ascertain the adequacy and effectiveness of the Group's internal controls, business units are required to provide the Group 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 Group'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 CEO, Mr Loh Chin Hua and CFO, 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 Group's overall 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 2016, 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 2016, the Group's internal controls are adequate and effective to address the financial, operational, compliance and IT 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, 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 Company's internal audit functions are serviced in-house ("Group Internal Audit"). The role of Group Internal Audit is to provide independent assurance to 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.

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, with an administrative reporting line to the CEO of the Company.

The AC approves the hiring, removal, evaluation and compensation of the Head of Group Internal Audit.

As a member of the Institute of Internal Auditors ("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. In line with IIA's Quality Assurance standards, an external quality assessment is currently underway and will be completed by end-February 2017. Group Internal Audit staff performs a yearly declaration of independence and 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 key risks, including financial, operational, compliance and information technology risks. 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 the areas of highest risk within the Company. 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 "Accountability", 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.kepcorp.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, 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.

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 FY 2016, the Company hosted about 135 meetings and conference calls with institutional investors, including several facility visits to its shipyards in Singapore, as well as to its residential and commercial properties in China and 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

Corporate Governance

immediately released to the public via SGXNET and the press.

The Company ensures that shareholders have the opportunity to participate effectively and vote at shareholders' meetings. In this regard, the shareholders' meetings 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, and vote on the resolutions at shareholders' meetings. 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, and the remuneration of non-executive directors. 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. Specified intermediaries, such as banks and capital markets services licence holders which provide custodial services, may however appoint more than two proxies. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate in shareholders' meetings. Such indirect investors, where so appointed, will have the same rights as direct investors to vote at the shareholders' meetings.

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. 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.

Where possible, all directors will attend shareholders' meetings. The Chairmen of the Board and each board committee are required to be present to address 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

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.

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).

1.3 Review audit plans and reports of the external auditors and internal auditors, and consider the effectiveness of actions taken by management on the recommendations and observations.

1.4 Review the scope and result of the external audit and the independence and objectivity of the external auditors.

1.5 Review the nature and extent of non-audit services performed by the external auditors to ensure their independence and objectivity.

1.6 Meet with external auditors and internal auditors, without the presence of management, at least annually.

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.

1.8 Review the adequacy and effectiveness of the Company's internal audit function, at least annually.

1.9 Ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, at least annually.

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.

1.11 Review the Company's procedures for detecting fraud, its whistle-blower policy and the 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.

1.12 Review interested person transactions to ensure they are on normal commercial terms and are not prejudicial to the Company or its minority shareholders.

1.13 Investigate any matters within the Committee's purview, whenever it deems necessary.

1.14 Report to the Board on material matters, findings and recommendations.

1.15 Review the Committee's terms of reference annually and recommend any proposed changes to the Board for approval.

1.16 Ensure that the internal auditors and external auditors have direct and unrestricted access to the Chairman of the Audit Committee.

1.17 Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Audit Committee may deem fit.

1.18 Perform such other functions as the Board may determine.

B. Board Risk Committee

1.1 Obtain recommendations on risk tolerance and strategy from Management, and where appropriate, report 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 level of risk tolerance and risk policies.

1.2 Review and discuss, as and when appropriate, with Management the Group's risk governance structure and framework including risk policies, risk mitigation and monitoring processes and procedures.

1.3 Receive and review 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 risks and matters identified and recommendations of the Group Risk and Compliance department.

1.6 Provide timely input to the Board on critical risk issues, material matters, findings and recommendations.

1.7 Review the Committee's terms of reference annually and recommend any proposed changes to the Board.

1.8 Review and report to the Board annually on the adequacy and effectiveness of the Group's risk management and internal controls systems, including financial, operational, compliance and information technology controls.

1.9 Perform such other functions as the Board may determine.

1.10 Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Committee may deem fit.

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.

Attesting to our commitment to good corporate governance, the Keppel Group received a total of five accolades at the 17th Investors' Choice Awards organised by the Securities Investors Association (Singapore).

Corporate Governance

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/her 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/her 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.

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.

1.14 Sub-delegate any of its powers within its terms of reference as listed above, from time to time as this 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 scheme).

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.

Keppel's Board Safety Committee regularly conducts site visits to the Group's operations in Singapore and overseas, such as the Doha North Sewage Treatment Works in Qatar.

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.

1.4 Ensure a process is in place to have fatalities and other major incidents investigated by an independent and competent team.

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 Ensure that each business unit complies with HSE legislation in the country in which it operates as a minimum and review any emerging or new legislations that may potentially impact the business units.

1.7 Keep abreast of developments in the HSE world, discuss such developments and best practices and consider the desirability of implementation in the Group.

1.8 Introduce actions to enhance safety awareness and culture within the Group.

1.9 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.

1.10 Review the major changes to HSE risk profile of the business units that has changed or will change as a result of new business, new market, new product, etc. and the steps taken to monitor, control and mitigate such risks.

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.

Nature of Current Directors' Appointments and Membership on Board Committees

		Committee Membership				
Director	**Board Membership**	**Audit**	**Nominating**	**Remuneration**	**Risk**	**Safety**
Lee Boon Yang	Chairman	–	Member	Member	–	Member
Loh Chin Hua	Chief Executive Officer	–	–	–	–	Member
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	–	Member	Member	–
Tan Puay Chiang	Independent	–	Chairman	–	Member	Member
Till Vestring	Independent	–	Member	Chairman	–	–
Veronica Eng	Independent	Member	–	–	Chairman	–

Corporate Governance

Board Assessment

Evaluation Processes

Board

Each board member is required to complete a Board Evaluation Questionnaire and send the Questionnaire direct 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.

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/she provides valuable inputs, his/her ability to analyse, communicate and contribute to the productivity of meetings, and his/her 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/her role of director seriously and works to further improve his/her own performance, whether he/she 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/she is available when needed, and his/her 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/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/she 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/she 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/she 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 the Whistle-Blower(s), 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.

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/she has cooperated as a Whistle-Blower or a witness in determining the suitable disciplinary measure to be taken against him/her.

Corporate Governance

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
General	(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.	Yes.
	b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	N.A.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	(a) New investments or increase in investments exceeding $30 million by any Group company (not separately listed); (b) Acquisition and disposal of assets exceeding $30 million by any Group company (not separately listed); (c) Capital equipment purchase and/or lease exceeding $30 million by any Group company (not separately listed), and (d) All commitments to term loans and lines of credit from banks and financial institutions by the Company
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	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.
	(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.	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.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	There is a process of refreshing the Board progressively. See Guideline 4.6 below on process for nomination of new directors and Board succession planning.
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	**For new directors** There were no new directors appointed in the last financial year. However, on an annual basis: (a) the NC will review 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 light of such review and in consultation with management, the NC will assess 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; (c) NC will then meet 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; and (d) NC will thereafter make recommendations to the Board for approval.

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
		For incumbent directors 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/herself for re-election at the annual general meeting immediately following his/her appointment. 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/her peers.
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Yes, all new directors undergo a comprehensive orientation programme.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	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. 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. Sites 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.
Guideline 4.4	(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?	N.A.
	(b) If a maximum number has not been determined, what are the reasons?	Instead of fixing a maximum number of listed company board representation that a director may have, the NC assesses holistically whether a director is able to and has been adequately carrying out his/her duties as a director of the Company, taking into account considerations as set out below.
	(c) What are the specific considerations in deciding on the capacity of directors?	The NC takes into account the results of the annual assessment of the effectiveness of the individual director, the level of commitment required of the director's other principal commitments, and the respective directors' actual conduct and participation on the Board and board committees, including availability and attendance at regular scheduled meetings and ad-hoc meetings, 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/her duties as a director of the Company.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	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. The detailed process is set out on page 82 of the Corporate Governance Report.
	(b) Has the Board met its performance objectives?	Yes.

Corporate Governance

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Independence of Directors		
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	(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.	Yes. Mr Alvin Yeo is Senior Partner of WongPartnership LLP, which is one of the law firms providing legal services to the Keppel Group. 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 Till Vestring is a partner of Bain & Company's Southeast Asia office, which has performed consulting services for the Group.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	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. 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 & 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. Mr Till Vestring had declared to the NC that (a) he did not have a 10% or more stake in Bain & Company, (b) he was not involved in any services that Bain & Company provided 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 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.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his/her first appointment? If so, please identify the director and set out the Board's reasons for considering him/her independent.	No.

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Disclosure on Remuneration		
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	(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?	Yes.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Aggregate remuneration paid to top six key management personnel: S$14,595,840
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	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	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.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	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.
	(c) Were all of these performance conditions met? If not, what were the reasons?	The RC is satisfied that the quantum of performance-related bonuses and the value of shares vested under the KCL PSP and RSP to the executive director and key management personnel was fair and appropriate taking into account the extent to which their KPIs and performance conditions for FY 2016 were met. Please refer to pages 70 to 74 of the Corporate Governance Report for more details.

Corporate Governance

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Risk Management and Internal Controls		
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?	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. 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. 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. 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. 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.
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.	The Board oversees the Group's system of internal controls and risk management with the support from Audit Committee and Board Risk Committee. 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. 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.

Code of Corporate Governance 2012
Guidelines for Disclosure

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 the 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 FY 2016 is S$4,820,000. The Group's non-audit services fees paid to external auditors of the Company and other auditors of subsidiaries amounted to S$299,000.
	(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.
Communication with Shareholders		
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 FY 2016, the Company hosted about 135 meetings and conference calls with institutional investors, including several facility visits to its shipyards in Singapore, as well as to its residential and commercial properties in China and 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 Department, 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, 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. 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**
Guideline 1.3 Delegation of authority, by the Board to any board committee, to make decisions on certain board matters	Page 64
Guideline 1.4 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 66
Guideline 1.5 The type of material transactions that require board approval under guidelines	Page 65
Guideline 1.6 The induction, orientation and training provided to new and existing directors	Page 65
Guideline 2.3 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 66 and 67
Guideline 2.4 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	N.A.
Guideline 3.1 Relationship between the Chairman and the CEO where they are immediate family members	N.A.
Guideline 4.1 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 67, 79 and 80
Guideline 4.4 The maximum number of listed company board representations which directors may hold should be disclosed	Page 85
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	Page 68
Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	Pages 20 to 23
Guideline 5.1 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	Page 82
Guideline 7.1 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 69 and 80
Guideline 7.3 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 70
Guideline 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	Pages 70 to 73
Guideline 9.1 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 70 to 73
Guideline 9.2 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 72

Code of Corporate Governance 2012
Specific Principles and Guidelines for Disclosure

Relevant Guideline or Principle	Page Reference in this Report
Guideline 9.3 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 73
Guideline 9.4 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 74
Guideline 9.5 Details and important terms of employee share schemes	Pages 105 to 107 and 135 to 137
Guideline 9.6 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 70 to 73
Guideline 11.3 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	Pages 75 to 77
Guideline 12.1 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 74 and 78
Guideline 12.6 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	Pages 74 and 89
Guideline 12.7 The existence of a whistle-blowing policy should be disclosed in the company's Annual Report	Pages 82 and 83
Guideline 12.8 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 74 and 75
Guideline 15.4 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 77 and 78
Guideline 15.5 Where dividends are not paid, companies should disclose their reasons	N.A.

Risk Management

We adopt a balanced approach to risk management, undertaking only appropriate and well-considered risks to optimise returns.

Notwithstanding the headwinds, we continued a disciplined pursuit of new opportunities and revenue streams to safeguard shareholders' interests and the Group's assets. Supported by a robust risk management system, we are able to respond effectively to shifting business demands and seize opportunities that create value for our stakeholders.

Robust Enterprise Risk Management Framework

Keppel's 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 79 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.

Keppel's risk governance framework, set out on pages 75 to 77 under Principle 11 (Risk Management and Internal Controls), 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. We recognise the dynamic environment in which the Group operates, and we continue to refine the framework where necessary, to ensure strong governance across the Group.

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 to 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 Guidebook for Audit Committees.

A Risk and Compliance Committee, comprising relevant subject matter champions across the business units, drives and coordinates Group-wide initiatives. We keep abreast of the latest developments and best practices by participating in industry seminars and interacting with risk management practitioners.

As a Group, we adopt a balanced approach to risk management. As not all risks can be eliminated, we will only undertake appropriate and well-considered risks to optimise returns for the Group.

Strategic Risk

Market and Competition

The Group's strategic risks comprise market and competition risks. These include market driven forces, evolving competitive landscape, changing customer demands and disruptive innovation. The Group remains vulnerable to a number of external factors including uncertainties in the global economy, implications from geo-political developments on globalisation and threats of disruptive technology. These risks receive constant high-level attention throughout the year. We hold strategy meetings to review business strategies, formulate responses and take pre-emptive action against these risks.

The BRC guides the Group in formulating and reviewing risk policies and limits. These are subject to periodic reviews to ensure they continue to support business objectives and are aligned to our risk tolerance level. Taking into consideration the prevailing business climate and the Group's risk appetite, the policies aim to address risks effectively and proactively.

Investments and Divestments

We have an established process for evaluating investment and divestment decisions. Investments are monitored to ensure they are on track in meeting the Group's strategic intent, investment objectives and returns. These investment decisions are guided by investment parameters set on a Group-wide basis. Together with the Board, the Investment and Major Project Action Committee (IMPAC) guides the Group to take thoughtful risks in a controlled manner, exercising the spirit of enterprise as well as financial discipline to earn the best risk-adjusted returns on invested capital.

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 as well as lessons learned. The investment portfolio is constantly monitored to ensure that performance is on track to meet the Group's strategic intent and investment returns.

Human Resources

We maintain a significant emphasis on attracting and building a talent pool. This includes nurturing employees, maintaining good industrial relations and fostering a conducive work environment for our employees. The Group continues to focus on strengthening succession planning and bench strength, as well as building organisational capabilities to drive business growth whilst maintaining our choice employer status.

We recognise the importance of having a risk-centric mindset and the ability to identify, assess, develop and implement mitigation actions, as well as monitor risks. 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 by embedding risk management in its key leadership courses.

Operational Risk

Project Management

From the stage of initiation through to completion, risk management processes are integrated within project management to facilitate early risk detection and proactive management. 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, as well as 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 project execution stage, we carry out project reviews and quality assurance programmes to address issues involving cost, schedule and quality. Project Key Risk Indicators are used as early warning signals. In addition, we conduct knowledge sharing workshops to share best practices and lessons learnt across the Group. All these help to ensure that projects are completed on time and within budget, while meeting safety and quality standards, as well as contract obligations.

Health, Safety & Environment

Maintaining a high level of health, safety and environmental (HSE) standards is of paramount importance to the Group. As such, we are constantly raising awareness and building a HSE culture at the ground level. Key initiatives include driving a zero fatality strategy with a roadmap focused on aligning Hazard Identification Risk Assessment standards across our global operations, enhancing competency of employees performing safety-critical tasks, strengthening operational controls, as well as developing more proactive and leading matrices to monitor HSE performance. Environmental management practices in key operating sites are also closely monitored. As a Group, we continue to embrace and leverage technology to improve HSE processes and systems.

Business & Operational Processes

Through ongoing efforts to streamline business processes, we have established a common shared services platform which allows us to achieve cost savings, improve efficiency and productivity, as well as enhance governance, compliance and control.

We adopted ISO standards and certifications to achieve standardisation of processes and best practices. In addition, procedures relating to defect management, operations, project control and supply chain management were established to improve quality of deliverables. We conduct regular reviews of policies and authority limits to ensure that they remain relevant in meeting changing business requirements.

Business Continuity

We are committed to enhancing operational resilience through a robust Business Continuity Management (BCM) Plan that will equip us to respond effectively to disruptions, while continuing with critical business functions and minimising the impact on our people, operations and assets. As a Group, we are cognisant of the increasing threat of terrorism risk and have increased efforts in reviewing and testing our operational preparedness and effectiveness of these plans. Follow up actions are taken to strengthen operational resilience and key learning points are documented.

Crisis management and communication procedures have also been embedded into the Group's BCM processes. 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 crises effectively while safeguarding our people, assets and the interests of our 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 loss of data.

Our IT security, governance and control have been strengthened through the alignment of IT policies, processes and systems, and the consolidation of servers and storages. We have also appointed IT security officers and implemented guided self-assessment to identify IT security gaps.

Extensive training, including assessment exercises, have been conducted on user security education to heighten awareness of IT threats. Measures and considerations have also been taken to safeguard against loss of information, data security, and prolonged service disruption of critical IT systems.

Talks and workshops are organised to keep Keppel's directors and senior management abreast of macroeconomic trends, risks and opportunities for the Group.

Risk Management

Compliance Risk

Laws, Regulations & Compliance

Given the geographical diversity of our businesses, we closely monitor developments in laws and regulations in countries where the Group operates, to ensure that our businesses and operations comply with all relevant laws and regulations. We regularly engage with local government authorities and agencies to keep abreast of changes in regulations.

Recognising that non-compliance with laws and regulations has potential significant reputational and financial impact, particular emphasis is placed on regulatory compliance in all our operations. More details on areas taken by the Group in operationalising regulatory compliance are set out on page 95 of this Report.

Financial Risk

Fraud, Misstatement of Financial Statements & Disclosures

We continue to maintain a strong emphasis on ensuring financial statements are accurate and presented fairly in accordance with applicable financial reporting standards and framework. Where appropriate, we leverage the expertise of the engaged auditors in the interpretation of financial reporting standards and changes. Regular external and internal audits are conducted to provide assurance on accuracy of financial statements and adequacy of the control framework supporting the statements. We hold regular training and education programmes to enhance competency of finance managers across the Group. Furthermore, Control Awareness workgroups are organised to share and strengthen knowledge, to improve the control environment and establish consistent practices.

Keppel's System of Management Controls framework outlines the Group's internal control and risk management processes and procedures. For more details on the framework, please refer to page 76 of this Report.

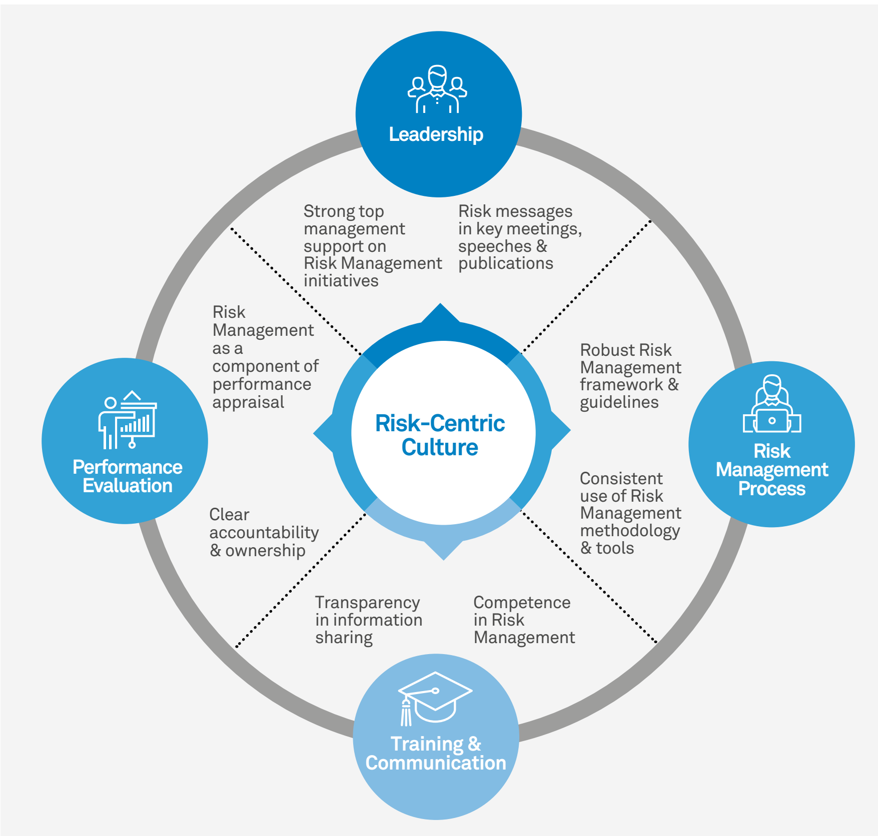
Financial Management

Financial risk management relates to our 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.

At Keppel, we are focused on financial discipline, deploying our 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 the Group's financial risk management, please refer to pages 56 and 57 of this Report.

Impact assessment and stress tests are performed to gauge the Group's exposure to changing market situations, allowing for informed decision-making and implementation of prompt mitigating actions. We also regularly monitor the concentration of exposure in the countries where the Group operates.



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

Our management is committed to fostering a strong risk-centric culture, 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

An integral aspect of strategic and budget reviews includes investment and project planning risk management at all levels of the businesses. As part of the process, appropriate tools and risk management methodology are applied.

3. Training & Communication

Workshops are conducted regularly to enhance risk management competency across the Group. Through various forums and in-house publications, training and communication programmes are also carried out to reinforce discipline and garner greater awareness.

4. Performance Evaluation

We seek to raise the accountability of our employees for risk management through the performance evaluation process. A Group-wide survey is conducted periodically 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.

Regulatory Compliance

Guided by our Core Values and Code of Conduct, we are committed to observing all applicable laws and regulations wherever we operate.

Keppel's success and reputation is rooted in a firm commitment to doing business the right way. The tone for regulatory compliance – zero tolerance for fraud, bribery, corruption and violations of laws and regulations – is set at the top. During the year, we embarked on several forums and platforms to raise awareness and build competencies in regulatory compliance.

Regulatory Compliance Framework

We have a defined framework and continue to work towards strengthening our policies and processes surrounding regulatory compliance, to foster a compliance-centric culture. The framework deals with the structure, people, policies and activities required for management to identify, assess, mitigate and monitor key compliance risks.

Governance Structure

The Board Risk Committee (BRC) supports the Board in its oversight of regulatory compliance and is responsible for driving the Group's compliance governance. The Group Risk and Compliance Department serves as a secretariat to the BRC, reporting on the Group's compliance risks and mitigations.

Keppel's Regulatory Compliance Governance Structure is designed to strengthen our corporate governance. The Group Regulatory Compliance Management Committee ("Group RCMC") is chaired by Keppel Corporation's CEO and its members include the heads of all business units. The role of the Group RCMC is to articulate the Group's commitment to regulatory compliance, direct and support the development of over-arching compliance policies and guidelines, and facilitate the implementation and sharing of policies and procedures across the Group. The Group RCMC is in turn supported by the Group Regulatory Compliance Working Team ("Group RCWT"), which overseas the development and review of over-arching compliance policies and guidelines for the Group, as well as reviewing training and communication programmes.

Each business unit in the Group has a Risk and Compliance team that is responsible for driving and administering the compliance function and agenda for the business unit. This includes providing support to management through expertise on subject matter, process excellence and reporting to ensure compliance risks are effectively managed.

Under the overall direction of the Group RCMC and Group RCWT, business units working in partnership with their respective Risk and Compliance teams are responsible for implementing the Group's Code of Conduct and regulatory compliance policies and programmes. They are also responsible for ensuring that risk assessments in relation to material regulatory compliance risks are conducted and control measures are appropriate to mitigate the identified risks which the business units may face.

Policies And Procedures

Employee Code of Conduct

We have a strict Code of Conduct that applies to all employees, who are required to acknowledge and comply with the code. The Code of Conduct sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with the Company, customers and suppliers. It covers areas such as conduct in the workplace and business conduct, including anti-corruption and conflict of interests. These policies are reviewed regularly and updated to reflect changes where required.

Supplier Code of Conduct

At the end of 2016, we established the Supplier Code of Conduct to integrate Keppel's sustainability principles across our supply chain, and positively influence the environmental, social and governance performance of our suppliers. Suppliers of the Keppel Group of companies are expected to abide by the Code, which covers areas pertaining to business conduct, labour practices, safety and health, and environmental management.

Whistle-Blower Policy

Keppel's Whistle-Blower Policy encourages the reporting of suspected misconduct through a clearly defined process and reporting channel by which reports can be made in confidence and without fear of reprisal.

Training & Communications

Training is a key component within Keppel's regulatory compliance framework and we continue to focus on refining our compliance training programme and curriculum for new and existing employees. Training programmes are tailored to the audience and we leverage Group-wide forums to reiterate the key messages. Our employees are also required to complete mandatory annual e-training and assessment covering key policies, as well as to acknowledge that they have read and understood our policies and declare any potential conflicts of interest.

As part of continuous efforts to foster a compliance-centric culture, regulatory compliance trainings and workshops are carried out across the Group, in Singapore and overseas.

Environmental Performance

We are committed to optimise efficiencies in our operations and minimise our environmental footprint.

Sustainable Urbanisation
Keppel Seghers, a subsidiary of Keppel Infrastructure, completed a substantial part of the Doha North Sewage Treatment Works project in Qatar and handed over the wastewater and sludge treatment facilities in the project to Ashghal, the Public Works Authority.

The facility, spanning 4km by 4km, is able to treat up to an average flow of 245,000m^3 of wastewater a day using advanced membrane and ultra-violet treatment technologies. The high-grade reclaimed water is used for non-potable purposes, thus freeing up Doha's precious drinking water supply.

As part of the project, Keppel is also developing a green buffer zone - a sanctuary for migratory birds amid vast desert sands, which is set for completion in 2017. The reclaimed water is used to irrigate the green buffer zone, while the processed sludge is used as organic fertiliser or in landscaping projects. Keppel is proud to contribute to sustainable urbanisation in Qatar.

Green Innovations
Keppel Data Centres Holding, a subsidiary of Keppel Telecommunications & Transportation (Keppel T&T), participated in a trial with the Info-communications Media Development Authority of Singapore to develop and deploy the world's first Tropical Data Centre.

Currently, a significant portion of energy consumption in data centres goes towards keeping temperatures and humidity at low levels. By being able to function optimally at higher temperatures and humidity levels, Tropical Data Centres are expected to reduce energy consumption by up to 40%.

Harnessing Renewables
In 2016, Keppel Land's corporate office at Bugis Junction Towers became the first Green Mark-certified office to be fully powered by solar energy. The solar energy is purchased from Keppel Electric. With this new initiative, Keppel Land is expected to offset about 150 tonnes of carbon emissions every year.

Efficiency Upgrades
Alpha Investment Partners retrofitted Ibis Novena Hotel Singapore, which is owned by one of its funds, by replacing the existing split unit air-cooled air-conditioning system to a more efficient water-cooled central air-conditioning system. This upgrade is expected to yield significant energy savings and reduce greenhouse gas emissions.

To improve energy efficiency at Keppel FELS' yards, electric cables have been rerouted to transmit electricity via a power grid instead of the less-efficient diesel generator.

Water Savings
Across the Group, Keppel's businesses use NEWater (treated wastewater from sewage) where possible, to reduce the usage of water from local catchment and imported water. Other water saving initiatives include installing water-efficient equipment and devices, encouraging good water usage habits as well as improving leakage inspection and response times.

At Keppel FELS, scrap materials from the yard are reused to build passages that channel rainwater from rooftop gutters and drains to a tank for gas hose testing.

Managing Emissions
Keppel aims to achieve a 16% improvement in its carbon emissions from 2020 business-as-usual levels.

Protecting Biodiversity
Keppel Land's premier waterfront development, Corals at Keppel Bay, is home to a thriving kaleidoscope of coral reefs and marine life due to the company's efforts to conserve biodiversity. Corals at the historic King's Dock at Keppel Bay are being transplanted to enhance the existing habitat for marine life. This initiative is a first by a private developer.

Keppel Land's corporate office at Bugis Junction Towers is fully powered by solar energy from Keppel Electric.

Product Excellence

We provide solutions for sustainable urbanisation, harnessing the strengths of our businesses.

Highlights
The Keppel Group garnered 12 awards at the Building & Construction Authority of Singapore Awards 2016, in acknowledgement of the Group's commitment to design, build and operate properties that harmonise with the environment. Separately, Keppel Land was named Overall Best Developer for Singapore, Vietnam and Myanmar while Alpha Investment Partners won the Overall Best Investment Manager at the Euromoney Real Estate Awards.

Keppel Offshore & Marine (Keppel O&M) was conferred the APAC Company of the Year Award (Offshore & Marine Services) at the Asia-Pacific Oil & Gas Awards organised by the Oil and Gas Council. Separately, cementing its reputation as a premier shipyard in Asia, Keppel Shipyard won the Shipbuilding and Repair Yard Award at the ninth Seatrade Maritime Awards Asia.

In recognition of its commitment to service excellence, Keppel Logistics, a subsidiary of Keppel Telecommunications & Transportation, received the Singapore Logistics Service Provider of the Year award at the Frost & Sullivan Asia Pacific Best Practices Awards for the ninth year running.

Keppel O&M completed 21 project deliveries. These included three jackup drilling rigs, a high-specification deepwater derrick lay vessel, five floating production, storage and offloading vessels as well as an accommodation semisubmersible.

Keppel Infrastructure was selected by Singapore's national water agency, PUB, to Design, Build, Own and Operate Singapore's fourth desalination plant. The plant will be the first in Singapore with the ability to treat sea water and fresh water from the Marina Reservoir by using reverse osmosis and other advanced membrane technology.

Keppel Seghers, a subsidiary of Keppel Infrastructure, successfully delivered its proprietary waste-to-energy (WTE) technology and services to two WTE plants in Beijing and Yangzhou in China, supporting the cities' goals for sustainable waste management. In addition, Keppel Seghers was awarded six projects to supply its WTE technology in China, including for the plant in Shenzhen, which is set to become the world's largest WTE facility (in terms of incineration capacity) once completed.

Keppel Capital saw the first closing of two new private equity funds – the Alpha Data Centre Fund and Alpha Asia Macro Trends Fund III, with initial capital commitments of US$410 million, out of a combined target size of US$1.5 billion.

Driving Innovation
To capture opportunities in a rapidly changing environment, we continue to embrace innovation to improve our value proposition to customers.

Keppel O&M completed the acquisition of LETOURNEAU™ jackup rig designs, rig kit business as well as aftersales and aftermarket services to broaden its suite of jackup solutions. Keppel O&M also secured contracts to build its first two dual-fuel diesel Liquefied Natural Gas harbour tugs to its award-winning proprietary design.

To tap into the fast-growing e-commerce sector, Keppel Logistics acquired a stake in Singapore-based e-commerce fulfilment company, Courex, to build complementary capabilities and further improve urban connectivity.

Customer Health & Safety
The Group 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. Keppel is not aware of any violation of laws, regulations and voluntary codes pertaining to the provision, use, health and safety of our products and services in 2016.

Keppel Seghers supports China's goals for sustainable waste management by providing technology solutions and services for WTE plants across China.

Labour Practices & Human Rights

We adhere to fair employment practices, uphold human rights principles, and empower our workforce with opportunities for learning and development.

Fair Employment Practices

Our commitment to fair employment practices is supported by our Employee Code of Conduct, which sets the tone in relation to the Group's stance against discrimination on any basis. We embrace workforce diversity and respect the values and cultures of the communities in which we operate.

We adopt fair employment practices and comply with labour laws across our operations worldwide. In Singapore, Keppel adheres to the practices spelt out by The Tripartite Alliance for Fair and Progressive Employment Practices and endorses its Employers' Pledge of Fair Employment Practices.

Human Rights

Keppel respects and upholds the fundamental principles set out in the United Nations Universal Declaration of Human Rights and the International Labour Organisation Declaration on Fundamental Principles and Rights at Work. Our approach to human rights is articulated in our Corporate Statement on Human Rights, and is guided by general concepts from the United Nations Guiding Principles on Business and Human Rights.

We have zero tolerance for 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.

Our suppliers are expected to comply with the Group's Supplier Code of Conduct, which holds them accountable to responsible labour practices in their operations.

Skills Development

Our people are our most valuable resource. We aim to be an employer of choice, and adopt a holistic approach towards attracting and nurturing talent. We hope to help every employee maximise their 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.

We also offer internships to tertiary students to expose them to the different businesses across the Group.

Established in 2015, the Keppel Leadership Institute, headquartered in Singapore, offers a diverse range of leadership and professional development programmes, delivered in modular and blended approaches. The Institute grooms global Keppel leaders, equipping them with the capability and confidence to drive our businesses into the future.

Employee Engagement

We engage our employees through feedback channels and activities that forge stronger relationships.

Apart from the annual Global Keppelites Forum, a Group-wide townhall, we continue to build camaraderie among employees through various platforms, such as the yearly Keppel Games, a series of sports competitions initiated by Keppelite Recreation Club, and volunteer activities organised by Keppel Volunteers.

The Keppel Global Employee Engagement Survey in 2016 achieved a strong response rate and a high employee engagement score.

Employees at Keppel regularly participate in Group-wide activities and forge stronger bonds in the process.

Safety & Health

Safety is our core value. We are committed to provide a safe and healthy 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 formulate strategies, implement initiatives and improve safety performance.

At the annual Keppel Leadership Health, Safety and Environment (HSE) Roundtable, senior management shared insights and exchanged ideas on improving Keppel's safety performance. The action plan generated during the session was incorporated into the Group's safety roadmap.

Safety Review
We empower and train our stakeholders to ensure that they are kept updated on safety measures and best practices. Training programmes are regularly reviewed and improved to equip all personnel, from workers to frontline supervisors, with the competence to handle any situation with confidence.

To further strengthen the Group's safety culture and achieve our shared safety aspirations, we have begun to harmonise and align safety standards for High Impact Risk Activities across our global operations.

Recognising Safe Behaviour
The Keppel Group Safety Convention in 2016 saw the continuation of the Keppel Group Safety Awards, which recognises employees who have gone the extra mile to foster safe and healthy work environments.

Employees across the Group continue to develop innovative solutions to improve work processes and enhance safety in their daily work. In 2016, a total of 53 Safety Innovation Teams submitted Safety Innovation Projects – practical solutions to address safety challenges on the ground. Three Platinum, Five Gold, 12 Silver and 15 Bronze Awards were presented to the winning teams.

Incident Reduction
Despite our arduous efforts, we suffered seven fatalities globally in 2016. 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.

Every incident is preventable. The Group places emphasis on the effective dissemination of lessons learnt globally through the Group HSE Alerts system. Efforts to inculcate safety consciousness include the sharing of best practices through campaigns, newsletters and animations.

Safety Performance
The Group was conferred 35 awards at the Workplace Safety and Health (WSH) Awards 2016, organised by Singapore's Ministry of Manpower (MOM) and the WSH Council. This is the largest number of awards won by a single organisation in Singapore.

Influencing Our Supply Chain
We work closely with all stakeholders, including our contractors and subcontractors, to maintain high safety standards throughout our workforce. Our subcontract workers undergo the same safety training as direct employees.

To raise industry standards, we work closely with MOM and the WSH Council to roll out safety initiatives and to encourage our subcontractors to equip themselves with relevant safety certifications from the WSH Council.

The Keppel Group has also been a regular sponsor of annual national safety events, including the 2016 editions of the WSH Conference, National WSH Campaign and bizSAFE Convention.

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.**

Regular safety briefings are conducted by our frontline supervisors to inculcate a strong safety mindset among our employees and subcontractors.

Our Community

We aim to deliver lasting socio-economic benefit to local communities through programmes aligned with our corporate priorities.

We engage and nurture communities wherever we are, with the aim of achieving a sustainable future together.

Keppel Care Foundation
Keppel Care Foundation is the Group's philanthropic arm. The foundation supports impactful initiatives that are in line with the focus areas of protecting the environment, promoting education, arts and culture as well as caring for the underprivileged.

Keppel Volunteers
Employee volunteerism complements and enriches our community investments. Keppel Volunteers, the Group's volunteer movement, spearheads regular volunteer activities. In 2016, employees across the Group achieved over 8,000 hours of community service, an increase of 3,000 hours over the 5,000 hours in 2015.

Global Outreach
Keppel is committed to uplift communities wherever we operate. In 2016, the Group formalised overseas chapters of Keppel Volunteers in Brazil, China, the Philippines and Vietnam.

In Brazil, BrasFELS engineers lead Teach-It-Forward, a programme to benefit public school children and youth in Angra dos Reis. Classes are conducted for students in need.

In China, Keppel organised numerous charity fundraisers in aid of underprivileged children and youth in the community.

Keppel's community engagement initiatives in the Philippines include the College Scholarship programme and Apprenticeship and Technical Skills Training programme to help students with financial difficulties and empower them with skillsets. Acknowledging Keppel's efforts, the Philippines Economic Zone Authority conferred Keppel Subic Shipyard with the Outstanding Community Projects Award in 2016.

In Vietnam, Keppel supports Words on Wheels, a mobile library programme to promote reading and independent learning among 3,000 children in the rural outskirts of Ho Chi Minh City.

Arts Advocate
Keppel has provided many platforms to showcase artistic talents and expose youths to the arts over the years. In recognition of the Group's contributions, Singapore's National Arts Council presented Keppel with its ninth consecutive Distinguished Patron of the Arts Award in 2016.

The Keppel Centre for Art Education at the National Gallery Singapore is the region's first art education facility of its kind in the region. Established with a $12 million commitment from Keppel, the Centre has benefitted over 300,000 participants in 2016. Guided school tours and workshops introduce visual literacy, analytical and interpretive skills to students and support Singapore's national curriculum.

Keppel Nights, developed in partnership with Esplanade – Theatres on the Bay, provides students from heartland schools with access to world class performances and exposure to various art and cultural forms. Since its relaunch in November 2013, the programme has benefitted close to 20,000 students from 72 schools.

Conserving Biodiversity
Keppel committed $2.08 million to the establishment of Keppel Discovery Wetlands, a freshwater forest wetland ecosystem historically found in the vicinity of the Singapore Botanic Gardens. The restored 1.8 hectare forest wetlands, which is scheduled to open in 2017, will enhance the biodiversity in the area and provide opportunities for the public to experience and learn about the freshwater forest wetland habitat in the heart of the city.

Keppel Volunteers planted trees at Keppel Discovery Wetlands to signify the Group's commitment to environmental conservation.

Directors' Statement & Financial Statements

Contents

Directors' Statement

For the financial year ended 31 December 2016

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 2016.

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 114 to 181, 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 2016, 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)
Tow Heng Tan
Alvin Yeo Khirn Hai
Tan Ek Kia
Danny Teoh
Tan Puay Chiang
Till Bernhard Vestring
Veronica Eng

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)
Alvin Yeo Khirn Hai
Tan Ek Kia
Veronica Eng

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 independent 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 independent auditors annually;
- Reviewed the nature and extent of non-audit services performed by independent auditors;
- Met with independent 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 has recommended to the Board of Directors the nomination of PricewaterhouseCoopers LLP for re-appointment as independent auditors at the forthcoming Annual General Meeting of the Company.

3. Arrangements to enable directors to acquire shares or debentures

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

4. Directors' interests in shares and debentures

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

	Holdings At		
	1.1.2016 or date of appointment, if later	31.12.2016	21.1.2017
Keppel Corporation Limited			
(No. of ordinary shares)			
Lee Boon Yang	197,000	234,000	234,000
Loh Chin Hua	332,824	534,557	534,557
Loh Chin Hua (deemed interest)	38,500	38,500	38,500
Tow Heng Tan	30,888	40,888	40,888
Tow Heng Tan (deemed interest)	28,789	28,789	28,789
Alvin Yeo Khirn Hai	24,225	32,225	32,225
Alvin Yeo Khirn Hai (deemed interest)	32,000	42,000	42,000
Tan Ek Kia	16,825	26,825	26,825
Danny Teoh	44,825	56,825	56,825
Tan Puay Chiang	32,600	42,600	42,600
Tan Puay Chiang (deemed interest)	7,103	7,103	7,103
Till Bernhard Vestring	55,000	61,000	61,000
Veronica Eng	4,000	4,000	4,000
(Unvested restricted shares to be delivered after 2013)			
Loh Chin Hua	29,333	-	-
(Unvested restricted shares to be delivered after 2014)			
Loh Chin Hua	100,000	50,000	50,000
(Unvested restricted shares to be delivered after 2015)			
Loh Chin Hua	150,000	100,000	100,000
(Contingent award of restricted shares to be delivered after 2016) [1]			
Loh Chin Hua	-	180,000	180,000
(Contingent award of performance shares issued in 2013 to be delivered after 2015) [2]			
Loh Chin Hua	93,171	-	-
(Contingent award of performance shares issued in 2014 to be delivered after 2016) [2]			
Loh Chin Hua	180,000	180,000	180,000
(Contingent award of performance shares issued in 2015 to be delivered after 2017) [2]			
Loh Chin Hua	220,000	220,000	220,000
(Contingent award of performance shares issued in 2016 to be delivered after 2018) [2]			
Loh Chin Hua	-	300,000	300,000
(Contingent award of performance shares – Transformation Incentive Plan issued in 2016 to be delivered after 2020) [2]			
Loh Chin Hua	-	750,000	750,000
(3.145% Fixed Rate Notes due 2022)			
Tan Puay Chiang	$250,000	$250,000	$250,000

Directors' Statement

4. Directors' interests in shares and debentures (continued)

	Holdings At		
	1.1.2016 or date of appointment, if later	31.12.2016	21.1.2017
Subsidiary			
- Keppel Land Limited			
(3.90% Fixed Rate Notes due 2024)			
Tan Puay Chiang	$250,000	$250,000	$250,000
Associated Companies			
- Keppel REIT			
(No. of units)			
Lee Boon Yang	15,097	16,118	16,118
Loh Chin Hua	7,000	7,000	7,000
Loh Chin Hua (deemed interest)	556,160	556,160	556,160
Tow Heng Tan	5,568	5,568	5,568
Tow Heng Tan (deemed interest)	8,070	8,070	8,070
Alvin Yeo Khirn Hai	4,303	4,303	4,303
Alvin Yeo Khirn Hai (deemed interest)	210,663	210,663	210,663
Tan Ek Kia	1,939	1,939	1,939
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			
(No. of units)			
Alvin Yeo Khirn Hai	75,000	95,550	95,550
Tan Puay Chiang	75,000	100,000	100,000

1 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.

2 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 367,500 Shares issued by virtue of exercise of options and options to take up 3,428,000 Shares were cancelled during the financial year. At the end of the financial year, there were 14,025,974 Shares under option as follows:

	Number of Share Options					
Date of grant	Balance at 1.1.2016	Exercised	Cancelled	Balance at 31.12.2016	Exercise price	Date of expiry
09.02.06	80,300	-	(80,300)	-	$5.21	08.02.16
10.08.06	150,300	-	(150,300)	-	$6.36	09.08.16
13.02.07	1,628,900	-	(462,800)	1,166,100	$7.70	12.02.17
10.08.07	5,936,759	-	(1,243,000)	4,693,759	$11.17	09.08.17
14.02.08	2,355,600	-	(481,800)	1,873,800	$8.46	13.02.18
14.08.08	3,147,930	-	(488,400)	2,659,530	$8.73	13.08.18
05.02.09	471,300	(367,500)	-	103,800	$3.07	04.02.19
06.08.09	1,882,185	-	(257,400)	1,624,785	$6.86	05.08.19
09.02.10	2,168,200	-	(264,000)	1,904,200	$6.89	08.02.20
	17,821,474	(367,500)	(3,428,000)	14,025,974		

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.

After a comprehensive review of the Group's strategy in 2014/2015 where stretched performance targets were set by the Board for 2020, a transformation incentive plan under the approved KCL PSP scheme with a five-year performance period to achieve the stretched goals was implemented in 2016 (the "TIP").

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 1,185,000 under KCL PSP, 5,625,000 under KCL PSP-TIP and 5,825,645 under KCL RSP during the financial year. The number of Shares released was 133,100 under KCL PSP and 5,448,278 under KCL RSP during the financial year. 122,600 Shares under the KCL PSP and 4,630,370 Shares under KCL RSP were vested during the financial year. 125,328 Shares under the KCL RSP were cancelled during the financial year. At the end of the financial year, there were 2,562,212 contingent Shares under the KCL PSP, 5,625,000 contingent Shares under the KCL PSP-TIP and 5,726,426 contingent Shares and 4,854,898 unvested Shares under the KCL RSP as follows:

Contingent awards:

	Number of Shares					
Date of Grant	Balance at 1.1.2016	Contingent awards granted	Adjustments upon release	Released	Cancelled	Balance at 31.12.2016
KCL PSP						
28.3.2013	554,719	-	(421,619)	(133,100)	-	-
31.3.2014	577,400	-	-	-	(12,318)	565,082
31.3.2015	700,000	-	-	-	(37,295)	662,705
30.7.2015	220,000	-	-	-	-	220,000
29.4.2016	-	1,185,000	-	-	(70,575)	1,114,425
	2,052,119	1,185,000	(421,619)	(133,100)	(120,188)	2,562,212
KCL PSP-TIP						
29.4.2016	-	5,625,000	-	-	-	5,625,000
	-	5,625,000	-	-	-	5,625,000
KCL RSP						
31.3.2015	4,731,880	-	-	(4,683,980)	(47,900)	-
30.7.2015	789,603	-	-	(764,298)	(25,305)	-
29.4.2016	-	5,825,645	-	-	(99,219)	5,726,426
	5,521,483	5,825,645	-	(5,448,278)	(172,424)	5,726,426

Awards released but not vested:

	Number of Shares					
Date of Grant	Balance at 1.1.2016	Released	Vested	Cancelled	Other adjustments	Balance at 31.12.2016
KCL PSP						
28.3.2013	-	133,100	(122,600)	-	(10,500)	-
	-	133,100	(122,600)	-	(10,500)	-
KCL RSP						
28.3.2013	1,309,027	-	(1,296,338)	(7,512)	(5,177)	-
31.3.2014	2,884,098	-	(1,455,300)	(43,792)	(10,000)	1,375,006
31.3.2015	-	4,683,980	(1,622,391)	(57,024)	(14,630)	2,989,935
30.7.2015	-	764,298	(256,341)	(17,000)	(1,000)	489,957
	4,193,125	5,448,278	(4,630,370)	(125,328)	(30,807)	4,854,898

Directors' Statement

6. Share plans of the Company (continued)

The information on Directors of the Company participating in the KCL RSP, the KCL PSP and the KCL PSP-TIP and those employees of a subsidiary who receive 5% or more of the total number of contingent award of shares granted to date is as follows:

Contingent awards:

Name of Director/Employee	Contingent awards granted during the financial year	Aggregate awards granted since commencement of plans to the end of financial year	Aggregate other adjustments since commencement of plans to the end of financial year	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards not released as at the end of financial year
KCL RSP					
Director of the Company					
Loh Chin Hua	180,000	644,757	-	(464,757)	180,000
Employees of a Subsidiary					
Chow Yew Yuen	108,000	556,672	-	(448,672)	108,000
Ang Wee Gee	90,000	150,000	-	(60,000)	90,000
KCL PSP					
Director of the Company					
Loh Chin Hua	300,000	870,814	(101,014)	(69,800)	700,000
Employees of a Subsidiary					
Chow Yew Yuen	200,000	655,638	(97,138)	(68,500)	490,000
Ang Wee Gee	150,000	250,000	-	-	250,000
KCL PSP-TIP					
Director of the Company					
Loh Chin Hua	750,000	750,000	-	-	750,000
Employees of a Subsidiary					
Chow Yew Yuen	500,000	500,000	-	-	500,000
Ang Wee Gee	400,000	400,000	-	-	400,000

Awards released but not vested:

Name of Director/Employee	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
KCL RSP			
Director of the Company			
Loh Chin Hua	464,757	(314,757)	150,000
Employees of a Subsidiary			
Chow Yew Yuen	448,672	(358,672)	90,000
Ang Wee Gee	60,000	(20,000)	40,000
KCL PSP			
Director of the Company			
Loh Chin Hua	69,800	(69,800)	-
Employee of a Subsidiary			
Chow Yew Yuen	68,500	(68,500)	-

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

Name of Director/Employee	Contingent shares granted during the financial year (%)	Aggregate contingent shares granted to date (%)
Loh Chin Hua	9.7%	5.1%
Chow Yew Yuen	6.4%	3.8%
Ang Wee Gee	5.1%	1.8%

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

7. Share options and share plans of a subsidiary

The particulars of share option and share plans of a subsidiary of the Company are as follows:

Keppel Telecommunications & Transportation Ltd ("Keppel T&T")

At the end of the financial year, there were 570,000 unissued shares of Keppel Telecommunications & Transportation Ltd under option relating to Keppel T&T Share Option Scheme. In addition, there were 872,515 unvested shares and 1,142,500 contingent shares granted under Keppel T&T Restricted Share Plan, and 635,000 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.

8. Independent auditor

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

On behalf of the Board

LEE BOON YANG
Chairman

LOH CHIN HUA
Chief Executive Officer

Singapore, 24 February 2017

Independent Auditor's Report

to the Shareholders of Keppel Corporation Limited
For the financial year ended 31 December 2016

Our Opinion

In our opinion, the accompanying consolidated financial statements of Keppel Corporation Limited ("the Company") and its subsidiaries ("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 Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and changes in equity of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Group and of the Company, comprise:

- the balance sheets of the Group and of the Company as at 31 December 2016;
- the consolidated profit and loss account of the Group for the year then ended;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the statements of changes in equity of the Group and of the Company for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended 31 December 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matter	How our audit addressed the key audit matter
Downturn in the Oil and Gas industry The downturn in the Oil and Gas industry has had a significant impact on the financial statements of the Group, in particular over the following areas: i) Appropriateness of revenue recognition and recoverability of work-in progress balances in relation to Offshore and Marine construction contracts *(Refer to Note 13(a) to the financial statements)*	
As at 31 December 2016, the Group's work-in-progress balances of $4,043 million, comprised rigs/vessels under construction contracts with customers, as well as stocks for sale. With the downturn in the industry, some customers had requested for amendments to contract terms or deferral of delivery dates of the rigs/vessels. This would impact the appropriateness of revenue and margin recognised, as well as the recoverability of work-in-progress balances relating to construction contracts. Work-in-progress balances relating to construction contracts where delivery dates had been deferred and the revised delivery dates are more than 12 months from 31 December 2016 amounted to $869 million. In addition, the estimated net realisable values of stocks have also declined, impacting the recoverability of work-in-progress balances relating to stocks.	We reviewed management's assessment of the risk of customers defaulting on the contracts, and corroborated management's assessment against our understanding of the industry. We read public announcements and other externally available information that would be relevant to understanding the financial position of the major customers. Where there were requests by customers for amendments to contract terms or deferral of delivery dates, we discussed with management to understand their assessment of the impact of these modifications. We reviewed the terms of each contract as well as the terms of the modifications to assess if management's judgment on the continued recognition of revenue and associated margin was appropriate. We also reviewed management's assessment of the external valuation of each rig/vessel, to assess if the related work-in-progress balances of construction contracts and stocks would be recoverable through sale, in the event that any of the Group's customers are unable to take delivery of the rigs/vessels at the contracted or revised delivery date.

Description of key audit matter	How our audit addressed the key audit matter
We focused on this area because of the significant judgment required in: • assessing whether the Group's customers will be able to fulfill their contractual obligations and take delivery of the rigs/vessels at the contracted or revised delivery dates; and • estimating the net realisable values of stocks for sale. Arising from management's assessments relating to the above, a write-down of $54 million was made on work-in-progress – stocks.	Based on our procedures, we found that management's judgment around the recognition of revenue, including associated margin on the Group's Offshore and Marine projects for the financial year was appropriate. We also found that the work-in-progress balances on construction contracts and stocks were appropriately assessed to be recoverable.
ii) Assessment of impairment of fixed assets in relation to the Group's Offshore and Marine business *(Refer to Note 6 to the financial statements)* The Group has significant fixed assets relating to its Offshore and Marine business, which include various rigbuilding, shipbuilding and repair operations around the world. The downturn has impacted these operations and indicated that the related items of fixed assets may be impaired. Management had performed an impairment review to assess the recoverable amount of these fixed assets, with each rigbuilding, shipbuilding and repair facility identified as an individual cash-generating unit (CGU). Arising from the review, the Group recognised an impairment charge of $148 million relating to these fixed assets. We focused on this area as the assessment of the recoverable amount using value-in-use (VIU) models required management to exercise significant judgment over the estimation of forecasted cash flows and discount rates.	We reviewed management's identification of the rigbuilding, shipbuilding and repair operations which contained indicators of impairment at 31 December 2016. In respect of the CGUs where indicators of impairment were present, we obtained the VIU calculations and evaluated the reasonableness of the key inputs to these calculations considering our knowledge of the business and our understanding of the Offshore and Marine industry. As appropriate, we involved our internal valuation specialists. We also considered the adequacy of the Group's disclosures in relation to impairment of these fixed assets. Based on our procedures, we found management's assessment of the recoverable amounts of the fixed assets relating to the Group's rigbuilding, shipbuilding and repair operations to be appropriate. We also found the disclosures in the financial statements in respect of the impairment to be adequate.
iii) Assessment of impairment of investment in KrisEnergy *(Refer to Note 9 to the financial statements)* The Group has a 40% equity interest in KrisEnergy Ltd ("KrisEnergy"), a company listed on the Singapore Stock Exchange and engaged in the Oil and Gas industry. At 31 December 2016, the carrying value of the Group's investment in KrisEnergy as a CGU was higher than the fair value of the investment of $111 million, based on KrisEnergy's share price on that date. The existence of the above impairment indicator required management to estimate the recoverable amount of the Group's investment in KrisEnergy. This assessment was done on a VIU basis using a discounted cash flow model. The Group recognised an impairment charge of $46 million arising from the assessment, bringing the carrying value of the Group's investment in KrisEnergy to $347 million. We focused on this area as the assessment of the recoverable amount required management to make cash flow projections from 2017 to 2032 and to apply key estimates and assumptions such as oil prices, discount rates, production volume, lifting costs, reserves and operating costs.	We read recent public announcements made by KrisEnergy to obtain an understanding of the financial position of KrisEnergy. We evaluated the reasonableness of the estimates and assumptions in the discounted cash flow model with the key focus on the estimated future oil prices of US$59 to US$76 per barrel, which was the most sensitive input to the model. We also involved our internal valuation specialists in the evaluation of the discounted cash flow model. We considered the adequacy of the Group's disclosures in the financial statements in respect of the impairment. Based on our procedures, we found the estimates and assumptions within the discounted cash flow model to be reasonable. We also found the disclosures in the financial statements in respect of the impairment to be adequate.

Independent Auditor's Report

Description of key audit matter	How our audit addressed the key audit matter
Financial exposure in relation to contracts with Sete Brasil *(Refer to Note 2(x)(ii) to the financial statements)* The Group's customer, Sete Brasil ("Sete") filed for bankruptcy protection on 21 April 2016. Sete had previously contracted with the Group for the construction of six rigs. Sete had stopped making payments to the Group under these contracts since November 2014. The Group suspended construction of these six rigs in November 2015. The difficulties faced by Sete, as well as the uncertain economic and political conditions in Brazil, have resulted in significant uncertainty on the outcome of these contracts. In the prior year, an expected loss of $228 million was recognised. During 2016, Sete's authorised representatives had been in discussion with the Group on the eventual completion and delivery of some of the rigs. As at the date of the financial statements, management has determined that no further losses are expected. We focused on this area because of the significant judgment required in assessing if additional provision for losses on these contracts was needed for the financial year ended 31 December 2016.	We enquired with management on their assessment of the contracts with Sete, including their expectation of reasonably possible outcomes on these contracts. We reviewed the terms of each contract and correspondences with Sete or its authorised representatives to validate the assumptions applied by management. We also corroborated management's assessments against externally available information. We visited the Group's Brazilian operations and met with their management to obtain an understanding of the uncertainties in the Brazilian market. We also reviewed the Group's disclosures in the financial statements in respect of this matter. Based on our procedures, we found management's assessment in respect of these contracts to be reasonable. We also found that the disclosures in the financial statements in respect of this matter to be adequate.
Investigations in relation to contracts entered into with Petrobras and Sete Brasil *(Refer to Note 30 to the financial statements)* The Company had previously made announcements in relation to allegations in Brazil that illegal payments were made by Mr Zwi Skornicki in connection with contracts entered into between certain Keppel entities with Petrobras and/or Sete Brasil. The Group is presently cooperating with authorities in Brazil and other relevant jurisdictions investigating potential improper arrangements and payments made in connection with certain Keppel entities' transactions or other business relationships. As at the date of the financial statements, investigations are still ongoing and management has determined that it is premature to predict the eventual outcome of this matter. We focused on this area because the outcome of the matter can lead to fines, penalties or other implications to the Group.	We made enquiries of appropriate personnel within the Group and evaluated the tone set by the Board and management, and the Group's approach to managing the risks arising from the matter. We discussed with the Audit Committee and met with the Group's investigation team, comprising internal and external legal counsel and forensic specialists, to understand the scope, approach and status of the investigation. We involved our own forensic specialists in these discussions. We also reviewed the disclosure in the financial statements in relation to the matter. Based on our procedures and representations obtained from management and the Audit Committee, we found the disclosures in the financial statements in respect of this matter to be adequate.

Description of key audit matter	How our audit addressed the key audit matter
Revenue recognition using the percentage-of-completion method *(Refer to Notes 2(q) and 22 to the financial statements)* During the year, the Group recognised revenue from its rigbuilding, shipbuilding and repair, and long-term engineering contracts ("construction projects") based on the percentage-of-completion ("POC") method amounting to $2,706 million. The POC on construction projects was measured by reference to the percentage of the physical proportion of the contract work completed. We focused on this area because of the significant management judgment required in: • the estimation of the physical proportion of the contract work completed for the contracts; and • the estimation of total costs on the contracts, including contingencies that could arise from variations to original contract terms, and claims.	In respect of construction projects, we sighted certified progress reports from engineers, performed site visits, and obtained confirmations from project owners to assess the appropriateness of management's estimates of the physical proportion of work completed. We evaluated the effectiveness of management's controls over the estimation of total costs and assessed the reasonableness of key inputs in the cost estimation. We tested the appropriateness of estimated costs by comparing these against actual costs incurred. We then recomputed the revenues and costs recognised for the current financial year based on the respective POC and traced these to the accounting records. We also considered the adequacy of the Group's disclosures in respect of revenue from construction contracts. Based on our procedures, we found that assumptions made in the estimation of the percentage of work completed and of the total costs in relation to the Group's construction contracts to be reasonable. We also found the disclosures in the financial statements to be adequate.
Valuation of properties held for sale *(Refer to Note 13(c) to the financial statements)* The Group has residential properties held for sale mainly in China, Singapore, Indonesia and Vietnam. The properties held for sale stated at the lower of cost and net realisable values amounted to $5,771 million as at 31 December 2016. The determination of the estimated net realisable values of these properties is highly dependent on the Group's expectation of future selling prices and the estimated cost to complete the development project. During the financial year, the Group recognised $19 million in its profit and loss account to write down certain residential properties held for sale to their net realisable values. We focused on this area because of the significant judgment required in making estimates of future selling prices and the estimated cost to complete the development project. Continued unfavourable market conditions in certain of the markets which the Group operates might exert downward pressure on transaction volumes and residential property prices. This could lead to future trends in these markets departing from known trends based on past experience. There is therefore a risk that the estimates of carrying values at the date of the financial statements exceed future selling prices, resulting in more losses when the properties are sold.	In making estimates of future selling prices, management took into account macroeconomic and real estate price trend information. They also applied their knowledge of the business in their regular review of these estimates. We corroborated the Group's forecast selling prices by comparing the forecast selling price to, where available, recently transacted prices and prices of comparable properties located in the same vicinity as the properties held for sale. We compared management's budgeted total development costs against underlying contracts with vendors and supporting documents. We discussed with the project managers to assess the reasonableness of estimated cost to complete and corroborated the underlying assumptions made with our understanding of past completed projects. We focused on development projects with slower-than-expected sales or with low or negative margins. For projects which are expected to sell below cost, we assessed the reasonableness of the provisions made. We also considered the adequacy of the disclosures in the financial statements, in describing the provisions made for properties held for sale. Based on our procedures, we were satisfied that management's estimates and assumptions were reasonable. We also found the related disclosures in the financial statements to be adequate.

Independent Auditor's Report

Description of key audit matter	How our audit addressed the key audit matter
Valuation of investment properties *(Refer to Note 7 to the financial statements)* The Group owns a portfolio of investment properties comprising office buildings, residential property and mixed-use development projects, located primarily in China, Singapore, Indonesia and Vietnam. At 31 December 2016, investment properties stated at fair values amounting to $3,550 million were determined based on independent external valuations. We focused on this area as the valuation process involved significant judgment in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving the capitalisation rate, terminal yield, discount rate, net initial yield, replacement cost and price of comparable plots.	We evaluated the qualifications and competence of the external valuers. We considered the valuation methodologies used against those applied by other valuers for similar property types. We also considered other alternative valuation methods. We tested the reliability of inputs of the projected cash flows used in the valuation to supporting lease agreements and other documents. We corroborated the inputs such as the capitalisation rate, terminal yield, discount rate, net initial yield, replacement cost and price of comparable plots used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the inputs were outside the expected range, we undertook further procedures to understand the reasons for these and, where necessary, held further discussions with the valuers. We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions used in the estimates. This includes the relationships between the key unobservable inputs and fair values. The valuers are members of recognised professional bodies for external valuers. We found the valuation methodologies used to be in line with generally accepted market practices and the key assumptions used were within the range of market data. We also found the disclosures in the financial statements to be adequate.

Other information

Management is responsible for the other information. The other information comprises the "Directors' Statement" and other sections of the Keppel Corporation Limited Report to Shareholders 2016 ("Other Sections of the Annual Report"), but does not include the financial statements and our auditor's report thereon. We obtained the Directors' Statement prior to the date of this auditor's report. The Other Sections of the Annual Report are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in respect of the work we have described above and performed on the Directors' Statement.

When we read the Other Sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Sim Hwee Cher.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 24 February 2017

Balance Sheets

As at 31 December 2016

	Note	Group 31 December 2016 $'000	Group 31 December 2015 $'000	Company 31 December 2016 $'000	Company 31 December 2015 $'000
Share capital	3	**1,288,394**	1,288,394	**1,288,394**	1,288,394
Treasury shares	3	**(15,523)**	(49,011)	**(15,523)**	(49,011)
Reserves	4	**10,386,078**	9,856,278	**5,346,838**	5,608,423
Share capital & reserves		**11,658,949**	11,095,661	**6,619,709**	6,847,806
Non-controlling interests	5	**674,691**	830,198	**-**	-
Total equity		**12,333,640**	11,925,859	**6,619,709**	6,847,806
Represented by:					
Fixed assets	6	**2,645,456**	2,845,547	**852**	1,281
Investment properties	7	**3,550,290**	3,272,112	**-**	-
Subsidiaries	8	**-**	-	**8,154,201**	8,139,235
Associated companies	9	**5,315,078**	5,409,637	**-**	-
Investments	10	**377,704**	395,148	**14,340**	-
Long term assets	11	**814,438**	388,880	**97,557**	71,949
Intangibles	12	**140,669**	99,825	**-**	-
		12,843,635	12,411,149	**8,266,950**	8,212,465
Current assets					
Stocks & work-in-progress in excess of related billings	13	**10,025,805**	10,762,619	**-**	-
Amounts due from:					
- subsidiaries	14	**-**	-	**3,982,362**	3,445,760
- associated companies	14	**530,883**	509,041	**688**	511
Debtors	15	**3,373,841**	3,065,985	**2,965**	1,257
Derivative assets		**98,984**	53,848	**42,923**	48,938
Short term investments	16	**273,928**	225,118	**-**	-
Bank balances, deposits & cash	17	**2,087,078**	1,892,841	**542**	91
		16,390,519	16,509,452	**4,029,480**	3,496,557
Current liabilities					
Creditors	18	**4,753,492**	4,971,549	**112,471**	144,866
Derivative liabilities		**379,910**	485,232	**345,313**	293,108
Billings on work-in-progress in excess of related costs	13	**1,669,466**	1,888,468	**-**	-
Provisions	19	**81,679**	90,216	**-**	-
Amounts due to:					
- subsidiaries	14	**-**	-	**1,062,722**	993,056
- associated companies	14	**111,543**	137,376	**-**	-
Term loans	20	**1,835,321**	856,735	**692,311**	631,879
Taxation	26	**339,108**	352,595	**17,263**	15,867
		9,170,519	8,782,171	**2,230,080**	2,078,776
Net current assets		**7,220,000**	7,727,281	**1,799,400**	1,417,781
Non-current liabilities					
Term loans	20	**7,217,721**	7,401,934	**3,325,600**	2,500,000
Deferred taxation	21	**331,175**	373,173	**-**	-
Other non-current liabilities	18	**181,099**	437,464	**121,041**	282,440
		7,729,995	8,212,571	**3,446,641**	2,782,440
Net assets		**12,333,640**	11,925,859	**6,619,709**	6,847,806

The accompanying notes form an integral part of these financial statements.

Consolidated Profit and Loss Account

For the financial year ended 31 December 2016

	Note	2016 $'000	2015 $'000
Revenue	22	**6,767,264**	10,296,473
Materials and subcontract costs		**(4,204,065)**	(7,023,337)
Staff costs	23	**(1,155,382)**	(1,600,010)
Depreciation and amortisation		**(236,475)**	(220,037)
Other operating (expenses)/income		**(376,129)**	60,542
Operating profit	24	**795,213**	1,513,631
Investment income	25	**15,179**	14,966
Interest income	25	**124,093**	119,320
Interest expenses	25	**(224,549)**	(154,844)
Share of results of associated companies	9	**344,986**	504,321
Profit before tax		**1,054,922**	1,997,394
Taxation	26	**(233,147)**	(404,429)
Profit for the year		**821,775**	1,592,965
Attributable to:			
Shareholders of the Company		**783,928**	1,524,622
Non-controlling interests	5	**37,847**	68,343
		821,775	1,592,965
Earnings per ordinary share	27		
- basic		**43.2 cts**	84.0 cts
- diluted		**42.9 cts**	83.5 cts

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2016

	2016 $'000	2015 $'000
Profit for the year	**821,775**	1,592,965
Items that may be reclassified subsequently to profit and loss account:		
Available-for-sale assets		
- Fair value changes arising during the year	**40,516**	(10,868)
- Realised and transferred to profit and loss account	**10,918**	(21,925)
Cash flow hedges		
- Fair value changes arising during the year	**198,255**	(482,205)
- Realised and transferred to profit and loss account	**195,565**	188,860
Foreign exchange translation		
- Exchange difference arising during the year	**(121,569)**	100,615
- Realised and transferred to profit and loss account	**792**	16,633
Share of other comprehensive income of associated companies		
- Available-for-sale assets	**536**	5,111
- Cash flow hedges	**(14,352)**	19,198
- Foreign exchange translation	**(40,599)**	(29,374)
Other comprehensive income for the year, net of tax	**270,062**	(213,955)
Total comprehensive income for the year	**1,091,837**	1,379,010
Attributable to:		
Shareholders of the Company	**1,075,567**	1,272,232
Non-controlling interests	**16,270**	106,778
	1,091,837	1,379,010

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2016

	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	Total Equity $'000
Group								
2016								
As at 1 January	1,288,394	(49,011)	(383,540)	10,379,320	(139,502)	11,095,661	830,198	11,925,859
Total comprehensive income for the year								
Profit for the year	-	-	-	783,928	-	783,928	37,847	821,775
Other comprehensive income *	-	-	432,924	-	(141,285)	291,639	(21,577)	270,062
Total comprehensive income for the year	-	-	432,924	783,928	(141,285)	1,075,567	16,270	1,091,837
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid	-	-	-	(544,654)	-	(544,654)	-	(544,654)
Share-based payment	-	-	36,031	-	-	36,031	379	36,410
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(77,263)	(77,263)
Purchase of treasury shares	-	(3,069)	-	-	-	(3,069)	-	(3,069)
Treasury shares reissued pursuant to share plans and share option scheme	-	36,557	(35,428)	-	-	1,129	-	1,129
Transfer of statutory, capital and other reserves to revenue reserves	-	-	(38,503)	38,503	-	-	-	-
Cash subscribed by/ (return of capital to) non-controlling shareholders	-	-	-	9,403	-	9,403	(62,080)	(52,677)
Contributions to defined benefits plans	-	-	109	-	-	109	49	158
Total contributions by and distributions to owners	-	33,488	(37,791)	(496,748)	-	(501,051)	(138,915)	(639,966)
Changes in ownership interests in subsidiaries								
Acquisition of subsidiaries	-	-	-	-	-	-	514	514
Acquisition of additional interest in subsidiaries	-	-	(107)	(74)	-	(181)	(8,176)	(8,357)
Disposal of interest in subsidiaries	-	-	-	-	-	-	(36,247)	(36,247)
Other adjustments	-	-	-	(11,047)	-	(11,047)	11,047	-
Total change in ownership interests in subsidiaries	-	-	(107)	(11,121)	-	(11,228)	(32,862)	(44,090)
Total transactions with owners	-	33,488	(37,898)	(507,869)	-	(512,279)	(171,777)	(684,056)
As at 31 December	1,288,394	(15,523)	11,486	10,655,379	(280,787)	11,658,949	674,691	12,333,640

* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

The accompanying notes form an integral part of these 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	Total Equity $'000
Group								
2015								
As at 1 January	1,287,595	(48,665)	(89,335)	9,422,754	(191,587)	10,380,762	4,346,879	14,727,641
Total comprehensive income for the year								
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)
Total comprehensive income for the year	-	-	(304,475)	1,524,622	52,085	1,272,232	106,778	1,379,010
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
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
Total contributions by and distributions to owners	799	(346)	15,314	(876,594)	-	(860,827)	(86,599)	(947,426)
Changes in ownership interests in subsidiaries								
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)
Total change in ownership interests in subsidiaries	-	-	(5,044)	308,538	-	303,494	(3,536,860)	(3,233,366)
Total transactions with owners	799	(346)	10,270	(568,056)	-	(557,333)	(3,623,459)	(4,180,792)
As at 31 December	1,288,394	(49,011)	(383,540)	10,379,320	(139,502)	11,095,661	830,198	11,925,859

* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

The accompanying notes form an integral part of these financial statements.

	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Total $'000
Company					
2016					
As at 1 January	**1,288,394**	**(49,011)**	**199,713**	**5,408,710**	**6,847,806**
Total comprehensive income for the year					
Profit for the year	**-**	**-**	**-**	**269,666**	**269,666**
Other comprehensive income	**-**	**-**	**14,340**	**-**	**14,340**
Total comprehensive income for the year	**-**	**-**	**14,340**	**269,666**	**284,006**
Transactions with owners, recognised directly in equity					
Dividends paid	**-**	**-**	**-**	**(544,654)**	**(544,654)**
Share-based payment	**-**	**-**	**34,491**	**-**	**34,491**
Purchase of treasury shares	**-**	**(3,069)**	**-**	**-**	**(3,069)**
Treasury shares reissued pursuant to share plans and share option scheme	**-**	**36,557**	**(35,428)**	**-**	**1,129**
Total transactions with owners	**-**	**33,488**	**(937)**	**(544,654)**	**(512,103)**
As at 31 December	**1,288,394**	**(15,523)**	**213,116**	**5,133,722**	**6,619,709**
Company					
2015					
As at 1 January	1,287,595	(48,665)	191,294	4,400,277	5,830,501
Profit/Total comprehensive income for the year	-	-	-	1,880,900	1,880,900
Transactions with owners, recognised directly in equity					
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
Total transactions with owners	799	(346)	8,419	(872,467)	(863,595)
As at 31 December	1,288,394	(49,011)	199,713	5,408,710	6,847,806

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2016

	Note	2016 $'000	2015 $'000
Operating activities			
Operating profit		**795,213**	1,513,631
Adjustments:			
Depreciation and amortisation		**236,475**	220,037
Share-based payment expenses		**39,969**	55,221
Profit on sale of fixed assets		**(6,170)**	(3,251)
Adjustment to gain on disposal of data centres		**(26,963)**	-
Gain on disposal of subsidiaries		**(11,853)**	(218,770)
Loss on disposal of associated companies		**-**	18,823
Impairment/write-off of fixed assets		**121,934**	8,018
Impairment of intangibles		**-**	1,472
Impairment/(write-back of impairment) of investments and associated company		**119,971**	(16,728)
Loss/(gain) associated with restructuring of operations and others		**1,637**	(65,876)
Fair value gain on investment properties		**(63,745)**	(128,874)
Loss/(profit) on sale of investments		**4,172**	(54,975)
Operational cash flow before changes in working capital		**1,210,640**	1,328,728
Working capital changes:			
Stocks & work-in-progress		**450,992**	(1,000,672)
Debtors		**(781,902)**	(728,391)
Creditors		**(223,853)**	(253,491)
Investments		**(12,467)**	164,602
Intangibles		**(2,401)**	(40)
Amount due to/from associated companies		**10,708**	39,741
		651,717	(449,523)
Interest received		**132,685**	115,566
Interest paid		**(231,359)**	(149,141)
Net income taxes paid		**(223,020)**	(302,399)
Net cash from/(used in) operating activities		**330,023**	(785,497)
Investing activities			
Acquisition of subsidiaries	A	**(137,028)**	(2,559)
Acquisition and further investment in associated companies		**(326,304)**	(567,812)
Acquisition of fixed assets and investment properties		**(466,226)**	(1,158,417)
Disposal of subsidiaries	B	**80,218**	1,261,262
Proceeds from disposal of associated companies and return of capital		**174,964**	237,791
Proceeds from disposal of fixed assets and investment properties		**19,208**	5,307
Advances to/from associated companies		**(58,423)**	80,494
Dividends received from investments and associated companies		**403,660**	350,525
Net cash (used in)/from investing activities		**(309,931)**	206,591
Financing activities			
Acquisition of additional interest in subsidiaries		**(8,357)**	(3,227,301)
Proceeds from share issues		**-**	779
Proceeds from reissuance of treasury shares pursuant to share option scheme		**1,129**	8,115
Return of capital to non-controlling shareholders of subsidiaries		**(52,677)**	(2,574)
Proceeds from term loans		**1,729,729**	2,616,325
Repayment of term loans		**(912,372)**	(1,692,712)
Purchase of treasury shares		**(3,069)**	(49,367)
Dividend paid to shareholders of the Company		**(544,654)**	(872,479)
Dividend paid to non-controlling shareholders of subsidiaries		**(77,263)**	(83,225)
Net cash from/(used in) financing activities		**132,466**	(3,302,439)
Net increase/(decrease) in cash and cash equivalents		**152,558**	(3,881,345)
Cash and cash equivalents as at beginning of year		**1,859,118**	5,712,351
Effects of exchange rate changes on the balance of cash held in foreign currencies		**7,096**	28,112
Cash and cash equivalents as at end of year	C	**2,018,772**	1,859,118

The accompanying notes form an integral part of these financial statements.

Notes to Consolidated Statement of Cash Flows

A. Acquisition of Subsidiaries

During the financial year, net assets of subsidiaries acquired at their fair values were as follows:

	2016 $'000	2015 $'000
Fixed assets	**14,439**	85
Intangibles	**44,831**	3,245
Stocks and work-in-progress	**78,373**	-
Debtors and other assets	**11,132**	2,970
Bank balances and cash	**30**	2,433
Creditors	**(9,790)**	(3,381)
Borrowings	**(235)**	(222)
Current and deferred taxation	**(1,208)**	(763)
Total identifiable net assets at fair value	**137,572**	4,367
Non-controlling interests measured at non-controlling interests' proportionate share of the net assets	**(514)**	(1,224)
Amount previously accounted for as associated companies	**-**	(490)
Goodwill arising from acquisition	**-**	2,339
Net assets acquired	**137,058**	4,992
Total purchase consideration	**137,058**	4,992
Less: Bank balances and cash acquired	**(30)**	(2,433)
Cash flow on acquisition	**137,028**	2,559

During the year, significant acquisition of subsidiaries mainly relates to the acquisition of 59.6% interest in Courex Pte Ltd and acquisition of Cameron International Corporation's (Cameron) offshore product division, which comprises the LeTourneau™ jackup rig designs, rig kit business, as well as its aftersales and aftermarket service. 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 2016.

In the prior year, the Group acquired 75% interest in Array Real Estate Pte. Ltd. and additional interest of 50.1% in OWEC Tower (AS), increasing our interest to 100%.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Notes to Consolidated Statement of Cash Flows (continued)

B. Disposal of Subsidiaries

During the financial year, the book values of net assets of subsidiaries disposed were as follows:

	2016 $'000	2015 $'000
Fixed assets	(18,512)	(27)
Investment properties	(74,062)	(21,592)
Long term investments	(54)	-
Stocks and work-in-progress	(49,047)	-
Debtors and other assets	(63,458)	(1,283)
Bank balances and cash	(19,095)	(8,281)
Assets classified as held for sale*	-	(1,607,677)
Creditors and other liabilities	45,026	3,317
Borrowings	45,176	-
Current and deferred taxation	5,380	683
Liabilities directly associated with assets classified as held for sale*	-	394,868
Non-controlling interests deconsolidated	36,247	7,414
	(92,399)	(1,232,578)
Amount accounted for as associated company	-	(40,498)
Net assets disposed of	(92,399)	(1,273,076)
Net profit on disposal	(11,853)	(218,770)
Realisation of foreign currency translation reserve and capital reserve	4,939	(10,053)
Sale proceeds	(99,313)	(1,501,899)
Less: Bank balances and cash disposed	19,095	240,637
Cash flow on disposal	(80,218)	(1,261,262)

* Breakdown of assets classified as held for sale and liabilities directly associated with assets classified as held for sale:

	2015 $'000
Assets classified as held for sale	
Fixed assets	(1,168,222)
Stocks & work-in-progress in excess of related billings	(27,843)
Debtors	(179,256)
Bank balances, deposits & cash	(232,356)
	(1,607,677)
Liabilities directly associated with assets classified as held for sale	
Creditors	207,611
Deferred taxation	187,257
	394,868

Significant disposal of subsidiaries during the year include the sale of 60% interest in Keppel CT Developments Pte Ltd, sale of 70% interest in Quang Ba Royal Park Joint Venture Co Ltd, sale of 45% interest in Keppel Thai Properties Public Company Ltd, sale of 95% interest in Jiangyin Yangtze International Country Club, sale of 60% interest in Belwynn Hung Phu Joint Venture Limited Liability and sale of 100% interest in Fernland Investment Pte Ltd.

Significant disposals in the prior year include the sale of 51% interest in Keppel Merlimau Cogen Pte Ltd and disposal of 80% interest in BG Junction in Surabaya.

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:

	2016 $'000	2015 $'000
Bank balances, deposits and cash	2,087,078	1,892,841
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	(68,306)	(33,723)
	2,018,772	1,859,118

The accompanying notes form an integral part of these financial statements.

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
- investments and asset management.

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 2016 and the balance sheet and statement of changes in equity of the Company at 31 December 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 24 February 2017.

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 2016. 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:

- 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*, 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*

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.

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 obtaining control or ceasing control. 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 transferred, 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.

Notes to the Financial Statements

2. Significant accounting policies (continued)

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 based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(c) Fixed Assets

Fixed assets are initially stated at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment loss, if any. The cost initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent expenditure is added to the carrying amount only when it is probable that future economic benefits will flow to the entity and the cost can be measured reliably. 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 60 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.

The cost of major renovations or improvements is capitalised and the carrying amounts of the replaced components 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. 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.

Investments in subsidiaries are 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 net identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition measured at their fair values 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 identifiable assets, liabilities and contingent liabilities measured at their fair values over the cost of acquisition, after reassessment, is recognised immediately in the profit and loss account as a bargain purchase gain.

(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 the net identifiable assets acquired and the liabilities assumed measured at their fair values at acquisition date. 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.

Notes to the Financial Statements

2. Significant accounting policies (continued)

Management Rights
Management rights acquired is initially recognised at cost and subsequently carried at cost less accumulated impairment losses, if any. 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, customer contracts and customer relationships initially recognised at cost and subsequently carried at cost less accumulated amortisation. 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 20 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. Transaction costs for investments held for trading are recognised immediately as expenses. Investments are subsequently carried 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 and accumulated in the fair value reserve, 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 prices are 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 and accumulated in the hedging reserve, 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 Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

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 electricity future contracts is determined based on the Uniform Singapore Energy Price quarterly base load electricity futures prices quoted on the Singapore Exchange. The fair value of interest rate caps and interest rate swaps are based on valuations provided by the Group's bankers.

(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. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

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 (including work-in-progress), consumable materials and supplies are stated at the lower of cost and net realisable value, cost being principally determined on the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

For work-in-progress in relation to construction contract, when contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as work-in-progress (billings in excess of costs). Amounts received before the related work is performed are included in the statement of financial position, as a liability, as work-in-progress (billings in excess of costs). Amounts billed for work performed but not yet paid by the customer are included in the balance sheet under debtors. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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 development.

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.

(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

In addition to the objective evidence of impairment described in the preceeding paragraph, 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 equity investments, impairment losses previously recognised in the profit and loss account are not reversed through the profit and loss account in a subsequent period.

Notes to the Financial Statements

2. Significant accounting policies (continued)

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 ("CGU"s) 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 CGU, including goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU 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 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 CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) 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 carried 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. Provisions are not recognised for future operating losses.

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.

(o) Leases

When a group company is the lessee

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

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;
- Sale of goods and services;
- Rental income from investment properties;
- Investment and fee income; and
- Dividend 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 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.

Notes to the Financial Statements

2. Significant accounting policies (continued)

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, sales returns, rebates and discounts, and after eliminating sales within the Group.

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 is recognised in the profit and loss account 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.

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, or to the treasury shares account when treasury shares are re-issued to the employee.

(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.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset/ liability is realised/settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheets date, and based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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. Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the foreign subsidiaries and associated companies. Exchange differences due to such currency translation are recognised in other comprehensive income and accumulated in Foreign Exchange Translation Account until disposed.

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 from equity 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.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(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 and any directly attributable transaction cost 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 Judgments

(i) Critical judgments 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 judgments which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations and as follows:

<u>Control over Keppel REIT</u>

The Group has approximately 45% (2015: approximately 46%) gross ownership interest of units in Keppel REIT as at 31 December 2016. 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.

<u>Control over KrisEnergy</u>

The Group has approximately 40% (2015: approximately 40%) gross ownership interest of shares in KrisEnergy Limited ("KrisEnergy") as at 31 December 2016. 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 37% (2015: approximately 38%) 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:

<u>Impairment of loans and receivables</u>

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 2016, 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.

<u>Impairment of available-for-sale investments</u>

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. Management performed impairment tests on these non-financial assets as at 31 December 2016. Refer to Note 6, 7, 8, 9 and 12 for more details.

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 22.

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.

The Group had previously entered into contracts with Sete Brasil ("Sete") for the construction of six rigs for which progress payments from Sete had ceased since November 2014. During the financial year ended 31 December 2015, an expected loss of $228,000,000 was recognised, taking into consideration cost of completion, cost of discontinuance, salvage cost and unpaid invoices with regards to these rigs.

In April 2016, Sete filed for bankruptcy protection and its authorised representatives had been in discussion with the Group on the eventual completion and delivery of some of the rigs. As at the balance sheet date, management had performed an evaluation of the reasonably possible outcomes on these contracts and concluded that no further loss on these contracts is currently expected.

Appropriateness of revenue recognition and recoverability of construction balances in relation to Offshore & Marine projects
As at 31 December 2016, the Group had several rigs/vessels that were under construction for customers or had been completed and were awaiting delivery to the customers. With the downturn in the industry, some of the Group's customers had requested for amendments to contract terms or deferral of delivery dates of the rigs/vessels.

Management assesses each construction project individually to ensure that the recognition of revenue and margin on these projects is appropriate, and the related work-in-progress (cost in excess of billings) balances are recoverable. This assessment requires management to make judgment as to whether the Group's customers will be able to fulfil their contractual obligations and take delivery of the rigs/vessels at the contracted or revised delivery date.

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.

Notes to the Financial Statements

3. Share capital

	Group and Company			
	Number of Ordinary Shares ("Shares")			
	Issued Share Capital		Treasury Shares	
	2016	2015	2016	2015
Balance at 1 January	1,817,910,180	1,817,768,227	(6,762,980)	(5,932,000)
Issue of shares under the share option scheme	-	139,900	-	-
Issue of shares under KCL RSP	-	2,053	-	-
Treasury shares transferred pursuant to share option scheme	-	-	367,500	1,388,230
Treasury shares transferred pursuant to KCL PSP	-	-	122,600	323,400
Treasury shares transferred pursuant to KCL RSP	-	-	4,630,370	4,265,390
Treasury shares purchased	-	-	(590,000)	(6,808,000)
Balance at 31 December	1,817,910,180	1,817,910,180	(2,232,510)	(6,762,980)

	Amount (S$'000)			
	Issued Share Capital		Treasury Shares	
	2016	2015	2016	2015
Balance at 1 January	1,288,394	1,287,595	(49,011)	(48,665)
Issue of shares under the share option scheme	-	779	-	-
Issue of shares under KCL RSP	-	20	-	-
Treasury shares transferred pursuant to share option scheme	-	-	2,555	11,396
Treasury shares transferred pursuant to KCL PSP	-	-	877	2,653
Treasury shares transferred pursuant to KCL RSP	-	-	33,125	34,972
Treasury shares purchased	-	-	(3,069)	(49,367)
Balance at 31 December	1,288,394	1,288,394	(15,523)	(49,011)

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends declared by the Company.

In the prior year, the Company issued 139,900 Shares at an average weighted price of $5.57 per Share for cash upon exercise of options under the KCL Share Option Scheme.

During the financial year, 122,600 (2015: 323,400) Shares under the KCL Performance Share Plan ("KCL PSP") and 4,630,370 (2015: 4,267,443) Shares under the KCL Restricted Share Plan ("KCL RSP") were vested.

During the financial year, the Company transferred 5,120,470 (2015: 5,977,020) treasury shares to employees under vesting of shares released under the KCL Share Option Scheme and KCL Share Plans. The Company also purchased 590,000 (2015: 6,808,000) treasury shares in the Company in the open market during the financial year. The total amount paid was $3,069,000 (2015: $49,367,000). 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:

Till Bernhard Vestring (Chairman)
Lee Boon Yang
Danny Teoh
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 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:

	2016		2015	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance at 1 January	**17,821,474**	**$8.81**	19,570,504	$8.60
Exercised	**(367,500)**	**$3.07**	(1,528,130)	$5.82
Cancelled	**(3,428,000)**	**$8.97**	(220,900)	$11.04
Balance at 31 December	**14,025,974**	**$8.92**	17,821,474	$8.81
Exercisable at 31 December	**14,025,974**	**$8.92**	17,821,474	$8.81

The weighted average share price at the date of exercise for options exercised during the financial year was $5.87 (2015: $8.87). The options outstanding at the end of the financial year had a weighted average exercise price of $8.92 (2015: $8.81) and a weighted average remaining contractual life of 1.4 years (2015: 2.3 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.

After a comprehensive review of the Group's strategy in 2014/2015 where stretched performance targets were set by the Board for 2020, a transformation incentive plan under the approved KCL PSP scheme with a five-year performance period to achieve the stretched goals was implemented in 2016 (the "TIP"). Executives will only benefit from the TIP if the Group meets the stretched financial and non-financial targets linked to the Group 2020 Scorecard, and if the executives meet or exceed their individual performance targets. In order to align the interests of the executives with those of shareholders, the TIP is directly linked to total shareholder return where the total shareholder return conditions must be satisfied before any vesting shall occur.

Details of the KCL RSP and the KCL PSP are as follows:

	KCL RSP	**KCL PSP**	**KCL PSP-TIP**
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	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a five-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 (MXAPJIN)	(a) Absolute Total Shareholder's Return (b) Corporate Scorecard Achievement comprising pre-determined stretched financial and non-financial targets for the Group (c) Individual Performance Achievement
Final Award	0% to 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	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	If pre-determined targets are achieved, awards will vest at the end of the five-year performance period subject to fulfilment of service requirements

Notes to the Financial Statements

3. Share capital (continued)

Movements in the number of shares under the KCL RSP and the KCL PSP are as follows:

	2016			2015	
	KCL RSP	**KCL PSP**	**KCL PSP-TIP**	KCL RSP	KCL PSP
Contingent awards					
Balance at 1 January	**5,521,483**	**2,052,119**	**-**	4,639,784	1,748,725
Granted	**5,825,645**	**1,185,000**	**5,625,000**	5,652,889	920,000
Adjustments upon released	**-**	**(421,619)**	**-**	-	(240,406)
Released	**(5,448,278)**	**(133,100)**	**-**	(4,585,541)	(376,200)
Cancelled	**(172,424)**	**(120,188)**	**-**	(185,649)	-
Balance at 31 December	**5,726,426**	**2,562,212**	**5,625,000**	5,521,483	2,052,119

	2016		2015	
	KCL RSP	**KCL PSP**	KCL RSP	KCL PSP
Awards released but not vested:				
Balance at 1 January	**4,193,125**	**-**	3,993,440	-
Released	**5,448,278**	**133,100**	4,585,541	376,200
Vested	**(4,630,370)**	**(122,600)**	(4,267,443)	(323,400)
Cancelled	**(125,328)**	**-**	(118,413)	-
Other adjustments	**(30,807)**	**(10,500)**	-	(52,800)
Balance at 31 December	**4,854,898**	**-**	4,193,125	-

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 2016, there were 4,854,898 (2015: 4,193,125) shares under the KCL RSP that were released but not vested. At the end of the financial year, the number of contingent Shares granted but not released was 5,726,426 (2015: 5,521,483) under the KCL RSP, 2,562,212 (2015: 2,052,119) under the KCL PSP and 5,625,000 (2015: Nil) under the KCL PSP-TIP. Depending on the achievement of pre-determined performance targets, the actual number of Shares to be released could range from zero to a maximum of 5,726,426 under the KCL RSP, zero to a maximum of 3,843,318 under the KCL PSP and zero to a maximum of 8,437,500 under the KCL PSP-TIP.

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 29 April 2016 (2015: 31 March 2015), the Company granted contingent awards of 5,825,645 (2015: 4,863,286) Shares under the KCL RSP, 1,185,000 (2015: 700,000) Shares under the KCL PSP and 5,625,000 (2015: Nil) Shares under the KCL PSP-TIP. The estimated fair value of the shares granted amounts to $4.85 (2015: $8.29) under the KCL RSP, $3.05 (2015: $4.72) under the KCL PSP and $0.78 (2015: Nil) under the KCL PSP-TIP.

In the prior year, on 30 July 2015, the Company granted contingent awards of 789,603 Shares under the KCL RSP and 220,000 Shares under the KCL PSP. The estimated fair value of the shares granted amounts to $7.14 under the KCL RSP and $3.04 under the KCL PSP. The significant inputs into the model are as follows:

	2016		
	KCL RSP	**KCL PSP**	**KCL PSP-TIP**
Date of grant	**29.04.2016**	**29.04.2016**	**29.04.2016**
Prevailing share price at date of grant	**$5.40**	**$5.40**	**$5.40**
Expected volatility:			
Company	**21.89%**	**21.89%**	**21.89%**
MXAPJIN	**#**	**14.96%**	**#**
Correlation with MXAPJIN	**#**	**68.0%**	**#**
Expected term	**0.83 – 2.83 years**	**2.83 years**	**5.83 years**
Risk free rate	**0.81% - 1.15%**	**1.15%**	**1.55%**
Expected dividend yield	*****	*****	*****

	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	*	*	*	*

\# This input is not required for the valuation of shares granted under the KCL RSP and KCL PSP-TIP.
* 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 and share plans of a subsidiary
Keppel Telecommunications & Transportation Ltd ("Keppel T&T")

Details of share option and share plans granted by Keppel T&T are disclosed in its annual report.

4. Reserves

	Group		Company	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Capital Reserves				
Share option and share plan reserve	**207,139**	215,979	**184,593**	194,972
Fair value reserve	**126,014**	73,049	**14,340**	-
Hedging reserve	**(410,797)**	(790,756)	**-**	-
Bonus issue by subsidiaries	**40,000**	40,000	**-**	-
Others	**49,130**	78,188	**14,183**	4,741
	11,486	(383,540)	**213,116**	199,713
Revenue Reserves	**10,655,379**	10,379,320	**5,133,722**	5,408,710
Foreign Exchange Translation Account	**(280,787)**	(139,502)	**-**	-
	10,386,078	9,856,278	**5,346,838**	5,608,423

Movements in the Group's and the Company's reserves are set out in the Statements of Changes in Equity.

Notes to the Financial Statements

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	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000
Beijing Aether Property Development Limited	**49%**	49%	**217,340**	215,634	**6,910**	5,336
Keppel Telecommunications & Transportation Ltd	**20%**	20%	**163,173**	146,907	**9,750**	18,155
Other subsidiaries with immaterial NCI			**294,178**	467,657	**21,187**	44,852
Total			**674,691**	830,198	**37,847**	68,343

Summarised financial information before inter-group elimination

	Beijing Aether Property Development Limited		Keppel Telecommunications & Transportation Ltd	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Non-current assets	**930,180**	948,489	**1,240,751**	1,228,775
Current assets	**3,418**	2,662	**482,115**	270,792
Non-current liabilities	**136,606**	132,324	**337,291**	202,303
Current liabilities	**353,186**	350,778	**477,548**	472,742
	443,806	468,049	**908,027**	824,522
Less: NCI	**-**	-	**(111,363)**	(102,013)
Net assets	**443,806**	468,049	**796,664**	722,509
Revenue	**-**	-	**194,622**	200,566
Profit for the year	**14,104**	10,889	**113,323**	105,986
Total comprehensive income	**(18,824)**	32,551	**97,455**	112,671
Net cash flow (used in)/from operations	**(4,625)**	(1,939)	**48,935**	49,988
Dividends paid to NCI	**-**	-	**5,357**	18,689

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:

	2016 $'000	2015 $'000
Amounts paid on changes in ownership interest in subsidiaries	**(8,357)**	(3,227,301)
Non-controlling interest acquired	**8,176**	3,530,670
Others	**-**	125
Total amount recognised in equity reserves	**(181)**	303,494

6. Fixed assets

	Freehold Land & Buildings $'000	Leasehold Land & Buildings $'000	Vessels & Floating Docks $'000	Plant, Machinery, Equipment & Others [1] $'000	Capital Work-in-Progress $'000	Total $'000
Group						
2016						
Cost						
At 1 January	122,438	2,108,739	466,254	1,959,971	464,747	5,122,149
Additions	478	25,251	3,206	26,388	153,038	208,361
Disposals	(1,057)	(3,771)	(22,685)	(21,810)	(220)	(49,543)
Write-off	-	(5,229)	(2,679)	(14,153)	(1,193)	(23,254)
Subsidiaries acquired	-	-	-	14,439	-	14,439
Subsidiaries disposed	-	(22,056)	-	(7,096)	(20)	(29,172)
Reclassification						
- Stocks and other assets	-	(157)	-	(754)	-	(911)
- Investment properties (Note 7)	-	(77,661)	-	-	-	(77,661)
- Other fixed assets categories	702	149,951	68,196	105,016	(323,865)	-
Exchange differences	(921)	(24,580)	4,150	13,835	19,492	11,976
At 31 December	121,640	2,150,487	516,442	2,075,836	311,979	5,176,384
Accumulated Depreciation & Impairment Losses						
At 1 January	55,515	847,556	207,121	1,166,410	-	2,276,602
Depreciation charge	4,755	55,229	25,784	144,319	-	230,087
Disposals	-	(707)	(14,577)	(20,331)	-	(35,615)
Write-back of impairment loss	-	(54,886)	-	(14,539)	-	(69,425)
Impairment loss	-	46,955	37,153	39,503	60,104	183,715
Write-off	-	(552)	(2,679)	(12,379)	-	(15,610)
Subsidiaries disposed	-	(4,362)	-	(6,298)	-	(10,660)
Reclassification						
- Stocks and other assets	-	(82)	-	429	-	347
- Investment properties (Note 7)	-	(27,621)	-	-	-	(27,621)
- Other fixed assets categories	-	(291)	-	291	-	-
Exchange differences	(534)	(10,389)	2,328	7,378	325	(892)
At 31 December	59,736	850,850	255,130	1,304,783	60,429	2,530,928
Net Book Value	61,904	1,299,637	261,312	771,053	251,550	2,645,456

Included in freehold land & buildings are freehold land amounting to $8,758,000 (2015: $8,913,000).

Certain fixed assets with carrying amount of $273,363,000 (2015: $260,809,000) are mortgaged to banks for loan facilities (Note 20).

Interest capitalised during the financial year amounted to $2,792,000 (2015: $5,417,000).

The Group has significant fixed assets in relation to its various rigbuilding, shipbuilding and repair operations around the world. The downturn in the Offshore industry has impacted these operations, giving rise to the recognition of impairment loss amounting to $148,043,000 (2015: Nil) during the financial year. These losses are presented within other operating expenses in the profit and loss account and within Offshore & Marine Division's results.

Each rigbuilding, shipbuilding and repair facilities has been identified as individual cash generating units (CGUs). The recoverable amounts of these CGUs were determined using value-in-use models that incorporated cash flow projections based on financial forecasts approved by management. Management had determined the forecasted cash flows based on past performance and its current expectations of market development. These cash flows were discounted at discount rates ranging from 6% to 14% (2015: Nil) per annum, depending on the location of the facilities.

Notes to the Financial Statements

6. Fixed assets (continued)

The Group also recognised impairment losses amounting to $35,672,000 (2015: $7,537,000) relating to the Infrastructure Division's assets in China, of which $26,972,000 was for certain land and buildings. Sustained losses as a result of weaker economic outlook had adversely affected the fair values and expected returns on these assets. The recoverable amounts of these fixed assets are assessed based on fair value less costs to sell using direct comparison method based on certain estimates and assumptions, such as price of comparable land plots ranging from $33 to $175 per square metre, gross development value and total development cost. The fair value is within Level 3 of the fair value hierarchy.

	Freehold Land & Buildings $'000	Leasehold Land & Buildings $'000	Vessels & Floating Docks $'000	Plant, Machinery, Equipment & Others [1] $'000	Capital Work-in-Progress $'000	Total $'000
Group						
2015						
Cost						
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
Accumulated Depreciation & Impairment Losses						
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	-	-	-	7,537	-	7,537
Write-off	-	(126)	-	(13,255)	-	(13,381)
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
Net Book Value	66,923	1,261,183	259,133	793,561	464,747	2,845,547

[1] Others comprise furniture, fittings and office equipment, cranes and small equipment and tools.

	Freehold Land & Buildings $'000	Plant, Machinery, Equipment & Others [2] $'000	Total $'000
Company			
2016			
Cost			
At 1 January	**1,233**	**8,490**	**9,723**
Additions	**-**	**443**	**443**
Disposals	**-**	**(363)**	**(363)**
At 31 December	**1,233**	**8,570**	**9,803**
Accumulated Depreciation			
At 1 January	**1,141**	**7,301**	**8,442**
Depreciation charge	**79**	**793**	**872**
Disposals	**-**	**(363)**	**(363)**
At 31 December	**1,220**	**7,731**	**8,951**
Net Book Value	**13**	**839**	**852**
2015			
Cost			
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
Accumulated Depreciation			
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
Net Book Value	92	1,189	1,281

[2] Others comprise furniture, fittings and office equipment.

Notes to the Financial Statements

7. Investment properties

	Group	
	2016 **$'000**	2015 $'000
At 1 January	**3,272,112**	1,987,515
Development expenditure	**257,865**	729,391
Fair value gain		
- Attributable to the Group (Note 24)	**63,745**	128,874
- Attributable to third parties under a contractual agreement	**6,673**	7,853
Subsidiary disposed	**(74,062)**	(21,592)
Reclassification		
- Stocks and work-in-progress	**89,131**	404,761
- Fixed assets (Note 6)	**50,040**	146
Exchange differences	**(115,214)**	35,164
At 31 December	**3,550,290**	3,272,112

The Group's investment properties (including integral plant and machinery) are stated at Management's 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 2016:

- Colliers International Consultancy & Valuation (Singapore) Pte Ltd and Savills Valuation and Professional Services (S) Pte Ltd for properties in Singapore;
- Colliers International (Hong Kong) Limited and Colliers International Property Services (Beijing) Co., Ltd for properties in China;
- Savills Vietnam Co. Ltd for a property in Vietnam;
- CBRE Limited for a property in the Netherlands;
- Savills (UK) Limited for a property in United Kingdom; and
- KJPP Willson dan Rekan (an affiliate of Knight Frank) for properties in Indonesia

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 $12,143,000 (2015: $6,006,000).

The Group has mortgaged certain investment properties of up to an aggregate amount of $517,726,000 (2015: $434,567,000) to banks for loan facilities (Note 20).

During the year, the Group reclassified $89,131,000 (2015: $404,761,000) from property held for sale and $50,040,000 (2015: $146,000) from fixed assets to investment properties as there is a change in use of the properties arising from the commencement of operating leases to another party.

8. Subsidiaries

	Company 2016 $'000	Company 2015 $'000
Quoted shares, at cost		
Market value: $766,654,000 (2015: $649,287,000)	**398,140**	398,140
Unquoted shares, at cost	**7,919,131**	7,772,165
	8,317,271	8,170,305
Provision for impairment	**(163,070)**	(31,070)
	8,154,201	8,139,235

Movements in the provision for impairment of subsidiaries are as follows:

	Company 2016 $'000	Company 2015 $'000
At 1 January	**31,070**	72,070
Charge/(credit) to profit and loss account	**132,000**	(41,000)
At 31 December	**163,070**	31,070

Impairment of $132,000,000 made during the year mainly related to an investment holding subsidiary that holds equity investments in the Oil & Gas segment. Due to the economic downturn in that segment, recoverable amount of the equity investments, based on a value-in-use ("VIU") calculation, was projected to be below the Company's cost of investment. Cash flows in the VIU calculation was discounted at 10% per annum.

Information relating to significant subsidiaries consolidated in the financial statements is given in Note 35.

9. Associated companies

	Group 2016 $'000	Group 2015 $'000
Quoted shares, at cost		
Market value: $2,978,817,000 (2015: $2,830,012,000)	**3,080,800**	2,993,194
Unquoted shares, at cost	**1,640,502**	1,578,241
	4,721,302	4,571,435
Provision for impairment	**(150,845)**	(83,871)
	4,570,457	4,487,564
Share of reserves	**499,621**	677,073
	5,070,078	5,164,637
Notes issued by an associated company	**245,000**	245,000
	5,315,078	5,409,637

Notes issued by an associated company are unsecured and mature in 2040. Interest is charged at 17.5% (2015: 17.5%) per annum.

Movements in the provision for impairment of associated companies are as follows:

	Group 2016 $'000	Group 2015 $'000
At 1 January	**83,871**	98,430
Impairment loss/(Write-back of impairment loss)	**66,504**	(16,728)
Exchange differences	**470**	2,169
At 31 December	**150,845**	83,871

Notes to the Financial Statements

9. Associated companies (continued)

Impairment loss made during the year mainly relates to the shortfall between the carrying amount of the costs of investment and the recoverable amount of certain associated companies.

In the prior year, arising from the sale of certain assets in an associated company, the Group wrote back an impairment loss on investment in associated companies.

	Group	
	2016 $'000	2015 $'000
The Group's share of net profit of associated companies is as follows:		
Share of profit before tax	**344,986**	504,321
Share of taxation (Note 26)	**(72,361)**	(68,415)
Share of net profit	**272,625**	435,906

The summarised financial information of associated companies, not adjusted for the Group's proportionate share, is as follows:

	2016 $'000	2015 $'000
Total assets	**27,548,402**	27,509,336
Total liabilities	**13,557,616**	13,163,355
Revenue	**5,530,224**	4,977,640
Net profit	**951,985**	1,419,800

The carrying amount of the Group's material associated companies, all of which are equity accounted for and whose activities are strategic to the Group's activities, are as follows:

	2016 $'000	2015 $'000
Keppel REIT	**1,844,738**	1,825,893
Keppel Infrastructure Trust	**284,320**	292,403
KrisEnergy Limited	**347,397**	489,835
Keppel DC REIT	**392,834**	299,609
Other associated companies (individually immaterial)	**2,445,789**	2,501,897
	5,315,078	5,409,637

The summarised financial information of the material associated companies, 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	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Current assets	**290,193**	163,949	**516,723**	479,298
Non-current assets	**7,245,132**	7,261,469	**3,601,919**	3,636,180
Total assets	**7,535,325**	7,425,418	**4,118,642**	4,115,478
Current liabilities	**59,869**	89,945	**937,324**	203,453
Non-current liabilities	**2,576,898**	2,557,625	**1,727,348**	2,311,239
Total liabilities	**2,636,767**	2,647,570	**2,664,672**	2,514,692
Net assets	**4,898,558**	4,777,848	**1,453,970**	1,600,786
Less: Non-controlling interests	**(151,841)**	(151,827)	**(198,580)**	(240,998)
	4,746,717	4,626,021	**1,255,390**	1,359,788
Proportion of the Group's ownership	**45%**	46%	**18%**	18%
Group's share of net assets	**2,128,798**	2,122,418	**228,607**	247,617
Other adjustments	**(284,060)**	(296,525)	**55,713**	44,786
Carrying amount of the investment	**1,844,738**	1,825,893	**284,320**	292,403
Revenue	**161,252**	170,347	**581,117**	427,852
Profit after tax	**257,787**	338,848	**6,121**	(1,603)
Other comprehensive income/(loss)	**9,217**	(47,713)	**(6,695)**	37,806
Total comprehensive income	**267,004**	291,135	**(574)**	36,203
Fair value of ownership interest (if listed) **	**1,505,741**	1,372,384	**333,622**	358,204
Dividends received	**90,922**	73,717	**26,128**	39,451

	KrisEnergy Limited *		Keppel DC REIT	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Current assets	**183,440**	248,013	**338,312**	91,230
Non-current assets	**1,236,024**	1,333,712	**1,244,687**	1,119,941
Total assets	**1,419,464**	1,581,725	**1,582,999**	1,211,171
Current liabilities	**273,951**	248,202	**35,144**	51,567
Non-current liabilities	**546,346**	450,888	**473,987**	346,116
Total liabilities	**820,297**	699,090	**509,131**	397,683
Net assets	**599,167**	882,635	**1,073,868**	813,488
Less: Non-controlling interests	**-**	-	**(343)**	(374)
	599,167	882,635	**1,073,525**	813,114
Proportion of the Group's ownership	**40%**	40%	**35%**	35%
Group's share of net assets	**239,607**	354,378	**375,841**	284,661
Other adjustments	**107,790**	135,457	**16,993**	14,948
Carrying amount of the investment	**347,397**	489,835	**392,834**	299,609
Revenue	**182,474**	67,161	**99,139**	103,494
(Loss)/profit after tax	**(262,322)**	66,781	**50,943**	104,937
Other comprehensive income/(loss)	**300**	(501)	**(7,656)**	(32,241)
Total comprehensive (loss)/income	**(262,022)**	66,280	**43,287**	72,696
Fair value of ownership interest (if listed) **	**110,679**	99,312	**466,534**	313,709
Dividends received	**-**	-	**17,595**	9,461

* As at the date of approval of these financial statements, the most recent available financial information on which equity accounting for the current year can be practically applied are those financial information 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 2016, the fair value of Keppel REIT is below the carrying amount 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 2017 to 2032 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$59 to US$76 per barrel (for 2017 to 2032), is determined by taking reference from external information sources. The discount rate used is 10%. The Group has recognised an impairment charge of $46,000,000 during the financial year. The estimates and assumptions used 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 Group would have recognised a further impairment charge of $40,000,000.

In addition, the Group carried out a review of the recoverable amount of an associated company held by its Offshore & Marine Division, in consideration of the fact that the fair value of the investment is significantly below its carrying amount as at the balance sheet date. The recoverable amount of the associated company was determined based on a value-in-use calculation where cash flow projections were based on financial forecasts by management. Management had determined the forecasted cash flows based on past performance and their current expectations of market development. Cash inflows were based on revenue projections from existing order books with an estimate of the terminal growth rate of 2.0% after seven years and a discount rate of 7.6% per annum on the cash flows. An impairment charge of $21,640,000 was recognised in the profit and loss account within other operating expense as a result of the above review.

Aggregate information about the Group's investments in associated companies that are not individually material are as follows:

	2016 $'000	2015 $'000
Share of profit before tax	**287,995**	280,778
Share of taxation	**(50,309)**	(49,233)
Share of other comprehensive (loss)/income	**(62,221)**	23,502
Share of total comprehensive income	**175,465**	255,047

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 35.

Notes to the Financial Statements

10. Investments

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Available-for-sale investments:				
Carried at fair value				
- Quoted equity shares	**12,878**	11,732	**-**	-
- Unquoted equity shares	**47,736**	34,725	**14,340**	-
- Unquoted property funds	**174,154**	162,663	**-**	-
- Unquoted - others	**11,788**	10,544	**-**	-
Total – Carried at fair value	**246,556**	219,664	**14,340**	-
Carried at cost				
- Unquoted equity shares	**116,446**	130,439	**-**	-
- Unquoted - others	**5,729**	45,045	**-**	-
Total – Carried at cost	**122,175**	175,484	**-**	-
Total available-for-sale investments	**368,731**	395,148	**14,340**	-
Investments at fair value through profit or loss:				
- Unquoted equity shares	**8,973**	-	**-**	-
Total investments	**377,704**	395,148	**14,340**	-

Unquoted investments included a bond amounting to $41,700,000 (2015: $41,031,000) bearing interest at 4% (2015: 4%) per annum which is maturing in 2027. During the financial year, an impairment loss of $35,971,000 (2015: Nil) was recorded based on cash flow projections using financial forecasts approved by the management.

During the financial year, the Group recognised an impairment loss of $17,496,000 (2015: Nil) for certain unquoted equity securities whose net asset values had been below cost for a prolonged period.

11. Long term assets

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Staff loans	**1,395**	1,586	**504**	486
Derivative assets	**125,508**	71,624	**97,199**	71,569
Call option	**120,600**	114,600	**-**	-
Long term receivables and others	**569,334**	214,786	**-**	-
	816,837	402,596	**97,703**	72,055
Less: Amounts due within one year and included in debtors (Note 15)	**(2,399)**	(13,716)	**(146)**	(106)
	814,438	388,880	**97,557**	71,949

Included in staff loans are interest-free advances to directors of related corporations amounting to $221,000 (2015: $262,000) under an approved car loan scheme.

The call option granted to the Group is in connection with the disposal of its 87.51% equity interest in Ocean Properties Pte. Ltd. that was held by a subsidiary to an associated company in 2011. As at 31 December 2016, the fair value was determined by reference to the difference in valuations obtained from an independent professional valuer for the underlying investment property based on the remaining 845-year leasehold and 94-year leasehold (2015: based on the remaining 846-year leasehold and 95-year leasehold). The details of the valuation techniques and inputs used for the call option are disclosed in Note 32.

Long term receivables are unsecured, largely repayable after five years (2015: five years) and bears effective interest ranging from 2.00% to 11.00% (2015: 4.00% to 11.00%) per annum.

The carrying amounts of the long term receivables of the Group and Company approximate their fair values.

Included in the long term receivables is a secured, interest-bearing US$ loan amounting to $285,167,000 (2015: Nil) which is repayable on 2025 by an associated company. In accordance with the Group's accounting policy, this loan was recorded at its fair value on initial recognition. The fair value was determined using the future cash flows of the instrument discounted at a market borrowing rate of 3.64%. A loss of $42,656,000, representing the difference between the fair value and principal of the loan on initial recognition, was recognised in the profit and loss account and presented within interest expense. The loan is secured and cross-secured over several vessels together with other borrowings of the associated company.

12. Intangibles

	Goodwill $'000	Development Expenditure $'000	Management Rights $'000	Customer Contracts $'000	Customer Relationships $'000	Total $'000
Group						
2016						
At 1 January	**59,270**	**7,145**	**16,757**	**16,653**	**-**	**99,825**
Additions	**-**	**838**	**-**	**-**	**1,563**	**2,401**
Amortisation	**-**	**(3,232)**	**-**	**(1,464)**	**(1,692)**	**(6,388)**
Subsidiary acquired	**-**	**15,533**	**-**	**-**	**29,298**	**44,831**
Reclassification						
- Other intangible assets categories	**-**	**495**	**-**	**(495)**	**-**	**-**
At 31 December	**59,270**	**20,779**	**16,757**	**14,694**	**29,169**	**140,669**
Cost	**59,270**	**38,274**	**16,757**	**24,963**	**30,937**	**170,201**
Accumulated amortisation	**-**	**(17,495)**	**-**	**(10,269)**	**(1,768)**	**(29,532)**
	59,270	**20,779**	**16,757**	**14,694**	**29,169**	**140,669**
2015						
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

For the purpose of impairment testing, goodwill is allocated to cash-generating units.

Out of the total goodwill of $59,270,000, goodwill allocated to the Infrastructure Division amounted to $57,178,000 (2015: $57,178,000). 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 6.5% (2015: 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.

Notes to the Financial Statements

13. Stocks & work-in-progress

		Group	
		2016 $'000	2015 $'000
Work-in-progress:			
- Construction contracts		3,316,559	3,285,931
- Stocks		727,092	555,181
	(a)	4,043,651	3,841,112
Consumable materials and supplies		125,727	141,052
Finished products for sale		85,889	5,462
Properties held for sale	(c)	5,770,538	6,774,993
		10,025,805	10,762,619
Construction contracts			
- Billings on work-in-progress in excess of related costs	(b)	(1,669,466)	(1,888,468)

(a) Work-in-progress

	Group	
	2016 $'000	2015 $'000
Costs incurred and attributable profits (less foreseeable losses)	14,529,093	13,918,026
Provision for loss on work-in-progress	(59,839)	(4,498)
	14,469,254	13,913,528
Less: Progress billings	(10,425,603)	(10,072,416)
	4,043,651	3,841,112

Included in the balance above is an amount of $868,535,000 relating to certain rig building contracts where the scheduled delivery dates of the rigs had been deferred and the revised delivery dates are more than twelve months from 31 December 2016.

In the prior year, an expected loss of $228,000,000 was recognised in the work-in-progress in excess of related billings with regards to certain rig building contracts.

Movements in the provision for loss on work-in-progress are as follows:

	Group	
	2016 $'000	2015 $'000
At 1 January	4,498	4,498
Charge to profit and loss account	54,106	-
Exchange differences	(29)	-
Amount written off	(361)	-
Reclassification	1,625	-
At 31 December	59,839	4,498

During the financial year ended 31 December 2016, there was a write-down of $54,106,000 (2015: Nil) on work-in-progress - stocks.

(b) Billings on work-in-progress in excess of related costs

	Group	
	2016 $'000	2015 $'000
Costs incurred and attributable profits	15,425,636	14,632,362
Less: Progress billings	(17,095,102)	(16,520,830)
	(1,669,466)	(1,888,468)

(c) Properties held for sale

	Group 2016 $'000	Group 2015 $'000
Properties under development		
Land cost	**3,039,080**	3,873,471
Development cost incurred to date	**842,811**	1,406,564
Related overhead expenditure and recognised profits	**282,593**	603,972
Progress billings	**(189,417)**	(483,283)
	3,975,067	5,400,724
Completed properties held for sale	**1,867,887**	1,458,228
	5,842,954	6,858,952
Provision for properties held for sale	**(72,416)**	(83,959)
	5,770,538	6,774,993

Movements in the provision for properties held for sale are as follows:

	Group 2016 $'000	Group 2015 $'000
At 1 January	**83,959**	34,260
Charge to profit and loss account	**19,008**	55,471
Exchange differences	**(400)**	80
Amount written off	**(15,155)**	(5,852)
Subsidiary disposed	**(14,996)**	-
At 31 December	**72,416**	83,959

The provision for properties held for sale is estimated taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and the prevailing market conditions. The estimated total construction costs include contracted amounts plus estimated costs to be incurred based on historical trends. The provision is progressively reversed for those residential units sold above their carrying amounts.

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:

	Group 2016 $'000	Group 2015 $'000
Aggregate amount of costs incurred and recognised profit (less recognised losses) to date	**1,414,377**	2,578,392
Less: Progress billings	**(189,417)**	(483,283)
At 31 December	**1,224,960**	2,095,109

Interest capitalised during the financial year amounted to $54,982,000 (2015: $56,441,000) at rates ranging from 0.93% to 3.91% (2015: 1.16% to 3.30%) per annum for Singapore properties and 0.05% to 15.00% (2015: 0.05% to 15.00%) per annum for overseas properties.

Certain properties held for sale with carrying amount of $2,019,439,000 (2015: $1,760,257,000) are mortgaged to banks for loan facilities (Note 20).

Notes to the Financial Statements

14. Amounts due from/to

	Company	
	2016 $'000	2015 $'000
Subsidiaries		
Amounts due from		
- trade	**86,001**	482,912
- advances	**3,902,961**	2,969,448
	3,988,962	3,452,360
Provision for doubtful debts	**(6,600)**	(6,600)
	3,982,362	3,445,760
Amounts due to		
- trade	**900,632**	111,063
- advances	**162,090**	881,993
	1,062,722	993,056
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 up to 4.00% (2015: up to 4.00%) per annum on interest-bearing advances.

	Group		Company	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Associated Companies				
Amounts due from				
- trade	**61,117**	110,047	**688**	511
- advances	**470,897**	399,040	**-**	-
	532,014	509,087	**688**	511
Provision for doubtful debts	**(1,131)**	(46)	**-**	-
	530,883	509,041	**688**	511
Amounts due to				
- trade	**16,094**	54,316	**-**	-
- advances	**95,449**	83,060	**-**	-
	111,543	137,376	**-**	-
Movements in the provision for doubtful debts are as follows:				
At 1 January	**46**	46	**-**	-
Charge to profit and loss account	**1,085**	-	**-**	-
At 31 December	**1,131**	46	**-**	-

Advances to and from associated companies are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.13% to 8.90% (2015: 0.13% to 8.00%) per annum on interest-bearing advances.

15. Debtors

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade debtors	2,672,847	2,047,864	-	-
Provision for doubtful debts	(15,723)	(8,759)	-	-
	2,657,124	2,039,105	-	-
Long term receivables due within one year (Note 11)	2,399	13,716	146	106
Sundry debtors	199,867	111,101	2,173	504
Prepaid project cost & prepayments	88,321	61,843	168	167
Tax recoverable	22,693	4,274	-	-
Goods & Services Tax receivable	35,317	41,538	-	-
Interest receivable	12,314	20,906	32	58
Deposits paid	25,104	36,440	446	422
Advance land payments	-	20,559	-	-
Recoverable accounts	150,507	187,557	-	-
Accrued receivables	38,101	261,000	-	-
Advances to subcontractors	86,132	153,220	-	-
Advances to non-controlling shareholders of subsidiaries	69,789	147,414	-	-
	730,544	1,059,568	2,965	1,257
Provision for doubtful debts	(13,827)	(32,688)	-	-
	716,717	1,026,880	2,965	1,257
Total	3,373,841	3,065,985	2,965	1,257

Movements in the provision for doubtful debts are as follows:

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
At 1 January	41,447	29,495	-	-
Charge to profit and loss account	11,435	12,242	-	-
Amount written off	(23,504)	(261)	-	-
Subsidiary disposed	-	(56)	-	-
Exchange differences	172	27	-	-
At 31 December	29,550	41,447	-	-

16. Short term investments

	Group	
	2016 $'000	2015 $'000
Available-for-sale investments:		
Quoted equity shares	77,264	77,121
Unquoted equity shares	-	1,315
Unquoted equity funds	49,610	47,167
Total available-for-sale investments	126,874	125,603
Investments held for trading:		
Quoted equity shares	147,054	99,515
Total short term investments	273,928	225,118

Notes to the Financial Statements

17. Bank balances, deposits and cash

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Bank balances and cash	**437,654**	617,846	**542**	91
Fixed deposits with banks	**1,436,485**	1,116,777	**-**	-
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**68,306**	33,723	**-**	-
Amounts held under project accounts, withdrawals from which are restricted to payments for expenditures incurred on projects	**144,633**	124,495	**-**	-
	2,087,078	1,892,841	**542**	91

Fixed deposits with banks of the Group mature on varying periods, substantially between 1 day to 3 months (2015: 1 day to 3 months). This comprises Singapore dollar fixed deposits of $10,051,000 (2015: $45,053,000) at interest rates ranging from 0.15% to 0.85% (2015: 0.00% to 2.70%) per annum, and foreign currency fixed deposits of $1,426,434,000 (2015: $1,071,724,000) at interest rates ranging from 0.03% to 14.21% (2015: 0.00% to 14.22%) per annum.

18. Creditors

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade creditors	**589,834**	596,857	**-**	-
Customers' advances and deposits	**64,788**	66,228	**-**	-
Proceeds received from sale of properties	**424,376**	342,162	**-**	-
Sundry creditors	**1,277,276**	1,226,701	**3,591**	2,828
Accrued operating expenses	**1,955,100**	2,262,589	**86,458**	123,634
Advances from non-controlling shareholders	**209,726**	215,617	**-**	-
Retention monies	**194,673**	216,519	**-**	-
Interest payables	**37,719**	44,876	**22,422**	18,404
	4,753,492	4,971,549	**112,471**	144,866
Other non-current liabilities:				
Accrued operating expenses	**112,885**	142,421	**54,409**	59,802
Derivative liabilities	**68,214**	295,043	**66,632**	222,638
	181,099	437,464	**121,041**	282,440

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 2.03% to 4.31% (2015: 1.20% to 4.50%) per annum on interest-bearing advances.

19. Provisions

	Warranties $'000
Group	
2016	
At 1 January	**90,216**
Net write-back to profit and loss account	**(1,450)**
Amount utilised	**(7,153)**
Exchange differences	**66**
At 31 December	**81,679**
2015	
At 1 January	149,526
Net write-back to profit and loss account	(48,564)
Amount utilised	(7,804)
Exchange differences	(2,942)
At 31 December	90,216

20. Term loans

		2016		2015	
		Due within one year $'000	**Due after one year $'000**	Due within one year $'000	Due after one year $'000
Group					
Keppel Corporation Medium Term Notes	(a)	**-**	**1,700,000**	-	1,700,000
Keppel Land Medium Term Notes	(b)	**99,964**	**786,873**	-	880,700
Keppel Telecommunications & Transportation Medium Term Notes	(c)	**-**	**120,000**	-	120,000
Keppel GMTN Floating Rate Notes	(d)	**-**	**286,600**	-	282,000
Bank and other loans					
- secured	(e)	**391,046**	**744,449**	11,764	1,216,914
- unsecured	(f)	**1,344,311**	**3,579,799**	844,971	3,202,320
		1,835,321	**7,217,721**	856,735	7,401,934
Company					
Keppel Corporation Medium Term Notes	(a)	**-**	**1,700,000**	-	1,700,000
Unsecured bank loans	(f)	**692,311**	**1,625,600**	631,879	800,000
		692,311	**3,325,600**	631,879	2,500,000

(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 (2015: $1,700,000,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due from 2020 to 2042 (2015: from 2020 to 2042) with interest rates ranging from 3.10% to 4.00% (2015: 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 $357,691,000 (2015: $351,753,000). The fixed rate notes denominated in Singapore Dollars, due in 2019, are unsecured and carried an interest rate of 3.26% (2015: 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 $529,146,000 (2015: $528,947,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due from 2017 to 2024 (2015: 2017 to 2024) with interest rates ranging from 2.83% to 3.90% (2015: 2.83% to 3.90%) per annum.

(c) 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 (2015: $120,000,000). The fixed rates notes, due in 2019, are unsecured and carried an interest rate of 2.63% (2015: 2.63%) per annum from August 2012 to August 2017, and at 3.83% (2015: 3.83%) per annum from August 2017 to August 2019.

Notes to the Financial Statements

20. Term loans (continued)

(d) 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 $286,600,000 (2015: $282,000,000). 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 1.21% to 1.75% (2015: 1.12% to 1.21%) per annum.

(e) The secured bank loans consist of:

- A term loan of $175,874,000 (2015: $289,580,000) 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 1.28% to 2.68% (2015: 1.30% to 2.17%) per annum.

- A term loan of $53,121,000 (2015: $53,121,000) 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 1.21% to 2.94% (2015: 1.19% to 2.62%) per annum.

- A term loan of $351,557,000 (2015: $395,409,000) 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 0.93% to 2.30% (2015: 1.16% to 2.30%) per annum.

- A term loan of $50,000,000 (2015: Nil) drawn down by a subsidiary. The term loan is repayable between one to five years and is secured on certain assets of the subsidiary. Interest is fixed at 2.62% (2015: Nil) per annum.

- Other secured bank loans comprised $504,943,000 (2015: $490,568,000) of foreign currency loans. They are repayable between one to seventeen (2015: one to seventeen) 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 1.60% to 10.89% (2015: 1.71% to 16.70%) per annum.

(f) The unsecured bank and other loans of the Group totalling $4,924,110,000 (2015: $4,047,291,000) comprised $3,136,786,000 (2015: $2,243,506,000) of loans denominated in Singapore dollar and $1,787,324,000 (2015: $1,803,785,000) of foreign currency loans. They are repayable between one to fifteen (2015: one to sixteen) years. Interest on loans denominated in Singapore dollar is based on money market rates ranging from 0.84% to 3.38% (2015: 1.05% to 2.90%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.25% to 13.76% (2015: 0.60% to 13.80%) per annum.

The unsecured bank loans of the Company totalling $2,317,911,000 (2015: $1,431,879,000) comprise $1,707,350,000 (2015: $972,620,000) of loans denominated in Singapore dollar and $610,561,000 (2015: $459,259,000) of foreign currency loans. They are repayable within one to seven years (2015: one to six years). Interest on loans denominated in Singapore dollar is based on money market rates ranging from 0.84% to 3.38% (2015: 1.32% to 2.21%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.41% to 2.30% (2015: 0.79% to 2.57%) per annum.

The Group has mortgaged certain properties and assets of up to an aggregate amount of $2,810,528,000 (2015: $2,455,633,000) to banks for loan facilities.

The fair values of term loans for the Group and Company are $9,055,975,000 (2015: $8,269,763,000) and $4,024,498,000 (2015: $3,127,116,000) 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	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Years after year-end:				
After one but within two years	**1,839,458**	1,087,608	**400,000**	-
After two but within five years	**3,027,749**	3,870,282	**1,000,000**	500,000
After five years	**2,350,514**	2,444,044	**1,925,600**	2,000,000
	7,217,721	7,401,934	**3,325,600**	2,500,000

21. Deferred taxation

	Group 2016 $'000	Group 2015 $'000
Deferred tax liabilities:		
Accelerated tax depreciation	**115,424**	123,573
Investment properties valuation	**152,751**	148,684
Offshore income & others	**96,334**	137,972
	364,509	410,229
Deferred tax assets:		
Provisions	**(29,711)**	(26,981)
Unutilised tax benefits	**(3,623)**	(10,075)
	(33,334)	(37,056)
Net deferred tax liabilities	**331,175**	373,173

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 $86,814,000 (2015: $81,145,000) 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 $740,332,000 (2015: $759,758,000) 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. Tax losses amounting to $363,106,000 (2015: $355,968,000) can be carried forward for a period of one to five years subsequent to the year of the loss, while the remaining tax losses have no expiry date.

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 comprehensive income $'000	Subsidiaries disposed $'000	Subsidiaries acquired $'000	Reclassification $'000	Exchange differences $'000	At 31 December $'000
Group								
2016								
Deferred Tax Liabilities								
Accelerated tax depreciation	**123,573**	**(9,212)**	**-**	**-**	**1,208**	**-**	**(145)**	**115,424**
Investment properties valuation	**148,684**	**9,662**	**-**	**(4,380)**	**-**	**-**	**(1,215)**	**152,751**
Offshore income & others	**137,972**	**(39,261)**	**(14)**	**(853)**	**-**	**-**	**(1,510)**	**96,334**
Total	**410,229**	**(38,811)**	**(14)**	**(5,233)**	**1,208**	**-**	**(2,870)**	**364,509**
Deferred Tax Assets								
Other provisions	**(26,981)**	**(2,650)**	**-**	**(50)**	**-**	**(55)**	**25**	**(29,711)**
Unutilised tax benefits	**(10,075)**	**6,292**	**-**	**-**	**-**	**-**	**160**	**(3,623)**
Total	**(37,056)**	**3,642**	**-**	**(50)**	**-**	**(55)**	**185**	**(33,334)**
Net Deferred Tax Liabilities	**373,173**	**(35,169)**	**(14)**	**(5,283)**	**1,208**	**(55)**	**(2,685)**	**331,175**
2015								
Deferred Tax Liabilities								
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
Deferred Tax Assets								
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)
Net Deferred Tax Liabilities	302,493	78,552	(2,216)	(650)	558	(5,973)	409	373,173

Notes to the Financial Statements

22. Revenue

	Group 2016 $'000	Group 2015 $'000
Revenue from construction contracts	**2,705,985**	6,201,379
Sale of property		
- Recognised on completion of construction method	**1,064,540**	1,069,553
- Recognised on percentage of completion method	**797,071**	536,628
Sale of goods	**118,808**	23,667
Rental income from investment properties	**59,718**	76,625
Revenue from services rendered	**2,017,761**	2,323,868
Profit on sale of investments	**-**	59,780
Dividend income from quoted shares	**3,163**	4,796
Others	**218**	177
	6,767,264	10,296,473

23. Staff costs

	Group 2016 $'000	Group 2015 $'000
Wages and salaries	**909,671**	1,259,855
Employer's contribution to Central Provident Fund	**80,687**	106,631
Share options and share plans granted to Directors and employees	**39,969**	55,221
Other staff benefits	**125,055**	178,303
	1,155,382	1,600,010

24. Operating profit

Operating profit is arrived at after charging/(crediting) the following:

	Group 2016 $'000	Group 2015 $'000
Included in direct costs:		
Fair value (gain)/loss on		
- investments	**(4,236)**	13,465
- forward foreign exchange contracts	**(23,366)**	14,985
Cost of stocks & properties held for sale recognised as expense	**1,376,888**	1,161,273
Direct operating expenses		
- investment properties that generated rental income	**20,975**	22,746
Included in staff costs:		
Key management's emoluments		
(including executive directors' remuneration)		
- short-term employee benefits	**13,618**	14,933
- post-employment benefits	**102**	78
- share options and share plans granted	**6,956**	6,707

	Group 2016 $'000	Group 2015 $'000
Included in other operating expense/(income):		
Rental expense		
- operating leases	**105,618**	109,627
Impairment/write-off of fixed assets	**121,934**	8,018
Impairment/(write-back of impairment) of investments and associated company	**119,971**	(16,728)
Provision for stocks and work-in-progress	**74,532**	59,064
Provision for doubtful debts	**11,435**	12,242
Fair value gain on investment properties (Note 7)	**(63,745)**	(128,874)
Fair value loss on		
- investments	**15,914**	21,883
- forward foreign exchange contracts	**1,289**	8,350
(Gain)/loss on differences in foreign exchange	**(26,150)**	3,092
Profit on sale of fixed assets	**(6,170)**	(3,251)
Loss on sale of investments	**4,123**	4,805
Gain on disposal of subsidiaries	**(11,853)**	(218,770)
Loss on disposal of associated companies	**-**	18,823
Adjustment to gain on disposal of data centres	**(26,963)**	-
Loss/(gain) associated with restructuring of operations and others	**1,637**	(65,876)
Fees and other remuneration to Directors of the Company	**2,139**	2,519
Contracts for services rendered by Directors or with a company in which a Director has a substantial financial interest	**2,973**	2,589
Auditor's remuneration		
- auditors of the Company	**2,357**	1,495
- other auditors of subsidiaries	**2,463**	4,405
Non-audit fees paid to		
- auditors of the Company	**54**	75
- other auditors of subsidiaries	**245**	572

25. Investment income, interest income and interest expenses

	Group 2016 $'000	Group 2015 $'000
Investment income from:		
Shares - quoted outside Singapore	**103**	1,866
Shares - unquoted	**15,076**	13,100
	15,179	14,966
Interest income from:		
Bonds, debentures and deposits	**74,546**	91,879
Associated companies	**49,547**	27,441
	124,093	119,320
Interest expenses on notes, loans and overdrafts	**(225,760)**	(160,950)
Fair value gain on interest rate caps and swaps	**1,211**	6,106
	(224,549)	(154,844)

Notes to the Financial Statements

26. Taxation

(a) Income tax expense

	Group 2016 $'000	Group 2015 $'000
Tax expense comprised:		
Current tax	**243,458**	265,299
Adjustment for prior year's tax	**(39,419)**	(66,456)
Share of taxation of associated companies (Note 9)	**72,361**	68,415
Others	**(8,084)**	58,619
Deferred tax movement:		
Movements in temporary differences (Note 21)	**(35,169)**	78,552
	233,147	404,429

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 2016 $'000	Group 2015 $'000
Profit before tax	**1,054,922**	1,997,394
Tax calculated at tax rate of 17% (2015: 17%)	**179,337**	339,557
Income not subject to tax	**(108,737)**	(217,668)
Expenses not deductible for tax purposes	**199,795**	294,996
Utilisation of previously unrecognised tax benefits	**(10,860)**	(6,007)
Effect of different tax rates in other countries	**13,031**	60,007
Adjustment for prior year's tax	**(39,419)**	(66,456)
	233,147	404,429

(b) Movement in current income tax liabilities

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
At 1 January	**352,595**	462,699	**15,867**	14,000
Exchange differences	**(2,044)**	1,759	**-**	-
Tax expense	**243,458**	265,299	**7,700**	9,500
Adjustment for prior year's tax	**(39,419)**	(66,456)	**(6,931)**	(6,978)
Net income taxes (paid)/received	**(223,020)**	(302,399)	**627**	(655)
Subsidiary acquired	**-**	205	**-**	-
Subsidiaries disposed	**(97)**	(33)	**-**	-
Reclassification				
- tax recoverable and others	**7,635**	(8,479)	**-**	-
At 31 December	**339,108**	352,595	**17,263**	15,867

27. Earnings per ordinary share

	Group			
	2016 $'000		2015 $'000	
	Basic	**Diluted**	Basic	Diluted
Net profit attributable to shareholders	**783,928**	**783,928**	1,524,622	1,524,622
Adjustment for dilutive potential ordinary shares of subsidiaries and associated companies	**-**	**(443)**	-	(443)
Adjusted net profit	**783,928**	**783,485**	1,524,622	1,524,179
	Number of Shares '000		Number of Shares '000	
Weighted average number of ordinary shares (excluding treasury shares)	**1,814,792**	**1,814,792**	1,814,546	1,814,546
Adjustment for dilutive potential ordinary shares	**-**	**11,566**	-	10,479
Weighted average number of ordinary shares used to compute earnings per share (excluding treasury shares)	**1,814,792**	**1,826,358**	1,814,546	1,825,025
Earnings per ordinary share	**43.2 cts**	**42.9 cts**	84.0 cts	83.5 cts

28. Dividends

A final cash dividend of 12.0 cents per share tax exempt one-tier (2015: final cash dividend of 22.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2016 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 8.0 cents per share tax exempt one-tier (2015: 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 2016 will be 20.0 cents per share (2015: 34.0 cents per share).

During the financial year, the following distributions were made:

	$'000
A final cash dividend of 22.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the previous financial year	399,411
An interim cash dividend of 8.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the current financial year	145,243
	544,654

Notes to the Financial Statements

29. Commitments

(a) Capital commitments

	Group 2016 $'000	Group 2015 $'000
Capital expenditure/commitments not provided for in the financial statements:		
In respect of contracts placed:		
- for purchase and construction of investment properties	**261,950**	32,703
- for purchase of other fixed assets	**46,730**	85,065
- for purchase/subscription of shares mainly in property development companies	**376,308**	196,059
- for commitments to private funds	**169,953**	22,694
Amounts approved by Directors in addition to contracts placed:		
- for purchase and construction of investment properties	**108,422**	119,204
- for purchase of other fixed assets	**313,196**	402,812
- for purchase/subscription of shares in other companies	**-**	6,733
	1,276,559	865,270
Less: Non-controlling shareholders' shares	**(34,584)**	(11,436)
	1,241,975	853,834

There was no significant future capital expenditure/commitment for 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 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Years after year-end:				
Within one year	**94,214**	92,057	**121**	129
From two to five years	**326,154**	295,390	**40**	171
After five years	**806,359**	834,417	**-**	-
	1,226,727	1,221,864	**161**	300

(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 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Years after year-end:				
Within one year	**104,100**	180,740	**-**	-
From two to five years	**212,861**	165,622	**-**	-
After five years	**81,721**	67,295	**-**	-
	398,682	413,657	**-**	-

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.

30. Contingent liabilities and guarantees (unsecured)

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Guarantees in respect of banks and other loans granted to subsidiaries and associated companies	**470,035**	195,231	**1,715,102**	1,428,160
Bank guarantees	**4,556**	7,583	**-**	-
Others	**327**	378	**-**	-
	474,918	203,192	**1,715,102**	1,428,160

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.

The Company refers to its earlier announcements on 9 February 2015, 23 February 2016, 29 April 2016, 5 May 2016, 24 July 2016, 3 August 2016, and 3 October 2016 in relation to allegations in Brazil that illegal payments were made by Mr Zwi Skornicki in connection with contracts entered into between certain Keppel entities with Petrobras and/or Sete Brasil.

The Group continues to cooperate with authorities in Brazil and other relevant jurisdictions investigating potential improper arrangements and payments made in connection with certain Keppel entities' transactions or other business relationships.

At the date of these financial statements, investigations are still ongoing and it is premature to predict the eventual outcome. Accordingly, the potential for any fines, penalties or other consequences cannot currently be assessed. It is also not yet possible to identify the timescale in which these issues might be resolved.

31. 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.

32. 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 $7,865,165,000 (2015: $8,444,817,000). The net negative fair value of forward foreign exchange contracts is $270,025,000 (2015: net negative fair value of $398,172,000) comprising assets of $138,169,000 (2015: $117,644,000) and liabilities of $408,194,000 (2015: $515,816,000). 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 $7,716,396,000 (2015: $8,425,838,000). The net negative fair value of forward foreign exchange contracts is $265,342,000 (2015: net negative fair value of $395,239,000) comprising assets of $137,860,000 (2015: $120,507,000) and liabilities of $403,202,000 (2015: $515,746,000). These amounts are recognised as derivative assets and derivative liabilities.

Notes to the Financial Statements

32. Financial risk management (continued)

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:

	2016			2015		
	USD $'000	Euro $'000	Others $'000	USD $'000	Euro $'000	Others $'000
Group						
Financial Assets						
Debtors	**157,984**	**1,910**	**84,893**	653,801	10,116	259,838
Investments	**248,108**	**-**	**56,334**	224,929	-	49,237
Bank balances, deposits & cash	**324,295**	**190**	**118,732**	493,705	4,436	168,233
Financial Liabilities						
Creditors	**67,650**	**853**	**23,340**	58,880	354	75,099
Term loans	**504,611**	**17,105**	**193,176**	1,383,672	-	89,487
Company						
Financial Assets						
Debtors	**40**	**-**	**67**	30	-	99
Bank balances, deposits & cash	**97**	**-**	**538**	50	-	784

Sensitivity analysis for currency risk
If the relevant foreign currency change against SGD by 5% (2015: 5%) with all other variables held constant, the effects will be as follows:

	Profit before tax		Equity	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Group				
USD against SGD				
- Strengthened	**(4,524)**	(14,858)	**12,466**	11,326
- Weakened	**4,524**	14,858	**(12,466)**	(11,326)
Euro against SGD				
- Strengthened	**(795)**	705	**-**	-
- Weakened	**795**	(705)	**-**	-
Company				
USD against SGD				
- Strengthened	**7**	3	**-**	-
- Weakened	**(7)**	(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 20). As at the end of the financial year, the Group has interest rate swap agreements with notional amount totalling $1,678,235,000 (2015: $1,711,435,000) whereby it receives variable rates equal to SIBOR, LIBOR and SHIBOR (2015: SIBOR, LIBOR and SHIBOR) and pays fixed rates of between 1.27% and 4.90% (2015: 0.85% and 4.90%) on the notional amount.

The net negative fair value of interest rate swaps for the Group is $10,605,000 (2015: net negative fair value of $1,959,000) comprising assets of $2,703,000 (2015: $3,475,000) and liabilities of $13,308,000 (2015: $5,434,000). These amounts are recognised as derivative assets and derivative liabilities.

Sensitivity analysis for interest rate risk
If interest rates increase/decrease by 0.5% (2015: 0.5%) with all other variables held constant, the Group's profit before tax would have been lower/higher by $19,060,000 (2015: $10,681,000) 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 $579,270,000 (2015: $687,042,000) and $Nil (2015: $7,030,000) respectively. The net positive fair value of HSFO forward contracts for the Group is $57,122,000 (2015: net negative fair value of $257,618,000) comprising assets of $83,215,000 (2015: $70,000) and liabilities of $26,093,000 (2015: $257,688,000). The net fair value of Dated Brent forward contracts for the Group is $Nil (2015: net negative fair value of $1,337,000). 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 $6,964,000 (2015: $15,955,000). The net negative fair values of electricity futures contracts is $124,000 (2015: net positive fair value of $4,283,000) comprising assets of $405,000 (2015: $4,283,000) and liabilities of $529,000 (2015: $Nil). These amount are recognised as derivative assets and derivative liabilities.

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% (2015: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been higher/lower by $31,820,000 (2015: $21,471,000) and $Nil (2015: $285,000) respectively as a result of fair value changes on cash flow hedges.

If prices for electricity futures contracts increase/decrease by 5% (2015: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been lower/higher by $15,000 (2015: $584,000) as a result of fair value changes on cash flow hedges.

If prices for quoted investments increase/decrease by 5% (2015: 5%) with all other variables held constant, the Group's profit before tax would have been higher/lower by $7,353,000 (2015: $4,976,000) 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 $4,507,000 (2015: $4,443,000) 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. 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.

Notes to the Financial Statements

32. Financial risk management (continued)

(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 2016 $'000	Group 2015 $'000
Past due zero to three months but not impaired	**120,531**	490,383
Past due three to six months but not impaired	**74,905**	99,625
Past due over six months and partially impaired	**1,262,615**	575,680
	1,458,051	1,165,688

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 Department 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 20.

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
Group				
2016				
Gross-settled forward foreign exchange contracts				
- Receipts	**5,417,222**	**1,419,776**	**681,250**	**-**
- Payments	**(5,688,831)**	**(1,402,107)**	**(663,117)**	**-**
Net-settled HSFO forward contracts				
- Receipts	**55,851**	**25,690**	**1,673**	**-**
- Payments	**(17,390)**	**(7,354)**	**(1,349)**	**-**
Net-settled electricity futures contracts				
- Receipts	**513**	**-**	**-**	**-**
- Payments	**(495)**	**(142)**	**-**	**-**
Borrowings	**(1,542,315)**	**(2,011,240)**	**(3,415,261)**	**(2,794,455)**
2015				
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)

	Within one year $'000	Within one to two years $'000	Within two to five years $'000	After five years $'000
Company				
2016				
Gross-settled forward foreign exchange contracts				
- Receipts	**5,286,287**	**1,405,221**	**675,651**	**-**
- Payments	**(5,559,747)**	**(1,387,357)**	**(657,486)**	**-**
Borrowings	**(312,060)**	**(486,119)**	**(1,230,036)**	**(2,262,454)**
2015				
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)

In addition to the above, creditors (Note 18) of the Group and the Company have a maturity profile of within one year from the balance sheet date.

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 undertakings for the financial year ended 31 December 2016. Externally imposed capital undertakings 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 total equity not exceeding ratios ranging from 2.00 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 equity. Net borrowings are calculated as bank balances, deposits & cash (Note 17) less total term loans (Note 20).

	Group	
	2016 $'000	2015 $'000
Net debt	**6,965,964**	6,365,828
Total equity	**12,333,640**	11,925,859
Net gearing ratio	**0.56x**	0.53x

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.

Notes to the Financial Statements

32. Financial risk management (continued)

The following table presents the assets and liabilities measured at fair value.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2016				
Financial assets				
Derivative financial instruments	**-**	**224,492**	**-**	**224,492**
Call option	**-**	**-**	**120,600**	**120,600**
Investments				
- Available-for-sale investments	**12,878**	**11,788**	**221,890**	**246,556**
- Investments at fair value through profit or loss	**-**	**-**	**8,973**	**8,973**
Short term investments				
- Available-for-sale investments	**77,264**	**49,610**	**-**	**126,874**
- Investments held for trading	**147,054**	**-**	**-**	**147,054**
	237,196	**285,890**	**351,463**	**874,549**
Financial liabilities				
Derivative financial instruments	**-**	**448,124**	**-**	**448,124**
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	**-**	**-**	**1,639,368**	**1,639,368**
- Commercial, under construction	**-**	**-**	**1,910,922**	**1,910,922**
	-	**-**	**3,550,290**	**3,550,290**
2015				
Financial assets				
Derivative financial instruments	-	125,472	-	125,472
Call option	-	-	114,600	114,600
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
	188,368	183,183	311,988	683,539
Financial liabilities				
Derivative financial instruments	-	780,275	-	780,275
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	-	-	1,382,322	1,382,322
- Commercial, under construction	-	-	1,889,790	1,889,790
	-	-	3,272,112	3,272,112
Company				
2016				
Financial assets				
Derivative financial instruments	**-**	**140,122**	**-**	**140,122**
Investments				
- Available-for-sale investments	**-**	**-**	**14,340**	**14,340**
	-	**140,122**	**14,340**	**154,462**
Financial liabilities				
Derivative financial instruments	**-**	**411,945**	**-**	**411,945**
2015				
Financial assets				
Derivative financial instruments	-	120,507	-	120,507
Financial liabilities				
Derivative financial instruments	-	515,746	-	515,746

There have been no transfers between Level 1, Level 2 and Level 3 for the Group and Company in 2016 and 2015.

The following table presents the reconciliation of financial instruments measured at fair value based on significant unobservable inputs (Level 3).

	Group		Company	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
At 1 January	**311,988**	264,840	**-**	-
Purchases	**56,200**	34,854	**-**	-
Sales	**(53,629)**	(16,711)	**-**	-
Impairment loss	**(183)**	(1,646)	**-**	-
Fair value gain recognised in other comprehensive income	**30,955**	25,462	**14,340**	-
Fair value gain recognised in profit or loss	**5,962**	5,100	**-**	-
Exchange differences	**170**	89	**-**	-
At 31 December	**351,463**	311,988	**14,340**	-

The following table presents the reconciliation of investment properties measured at fair value based on significant unobservable inputs (Level 3).

	Group	
	2016 $'000	2015 $'000
At 1 January	**3,272,112**	1,987,515
Development expenditure	**257,865**	729,391
Fair value gain	**70,418**	136,727
Disposal	**-**	-
Subsidiary disposed	**(74,062)**	(21,592)
Reclassification		
- Stocks and work-in-progress	**89,131**	404,761
- Fixed assets	**50,040**	146
Exchange differences	**(115,214)**	35,164
At 31 December	**3,550,290**	3,272,112

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.

Notes to the Financial Statements

32. Financial risk management (continued)

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 2016 $'000	Valuation Techniques	Unobservable Inputs	Range of Unobservable Inputs
Investments	230,863	Net asset value and/or discounted cash flow	Net asset value * Discount rate	Not applicable 11%
Call option	120,600	Direct comparison method and investment method	Transacted price of comparable properties (psf) Capitalisation rate	$3,000 to $3,400 3.5% to 3.75%
Investment Properties - Commercial and residential, completed	1,526,498	Direct comparison method, investment method, income capitalisation method, cost replacement method and/or discounted cash flow method	Discount rate Occupancy rate Terminal yield Capitalisation rate Price of comparable land plots (psm) Transacted price of comparable properties (psf)	4.30% to 13.70% 95% 7.25% to 7.70% 7.70% to 12.50% $9,513 to $13,213 $1,296 to $1,532
- Commercial, under construction	1,910,922	Direct comparison method, and/or residual method	Price of comparable land plots (psm) Gross development value ($'million)	$9,513 to $13,213 $3,788

Description	Fair value as at 31 December 2015 $'000	Valuation Techniques	Unobservable Inputs	Range of Unobservable Inputs
Investments	197,388	Net asset value and/or discounted cash flow	Net asset value * Discount rate	Not applicable 12%
Call option	114,600	Direct comparison method and investment method	Transacted price of comparable properties (psf) Capitalisation rate	$3,000 to $3,400 3.5% to 3.75%
Investment Properties - Commercial and residential, completed	1,263,322	Direct comparison method, investment method, income capitalisation method and/or discounted cash flow method	Discount rate Occupancy rate Terminal yield Capitalisation rate Monthly effective rental (psm) Transacted price of comparable properties (psf)	4.25% to 14.00% 95% to 99% 7.25% to 11.00% 7.00% to 12.50% $21 to $79 $1,346 to $1,680
- Commercial, under construction	1,889,790	Direct comparison method, residual method, cost replacement method and/or income capitalisation method	Price of comparable land plots (psm) Gross development value ($'million) Construction costs incurred ($'million) Capitalisation rate Occupancy rate	$8,152 to $12,738 $3,182 $91 6.00% 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.

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.

33. 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 fund management, KrisEnergy Limited, M1 Limited, k1 Ventures Ltd, Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited and equities.

Prior to 2016, the Group had presented the contribution of its asset management businesses within the Infrastructure Division and the Property Division accordingly. Following the consolidation of the interests in the Group's four asset management businesses under its wholly-owned subsidiary, Keppel Capital Holdings Pte. Ltd. ("KCH"), the contributions from these businesses are presented in the Investments Division from 2016. The 2015 segment information has been restated to align to the current reportable segment presentation.

In addition, profit on sale of the asset management business from the Infrastructure Division and Property Division to KCH has been excluded from the segment results of these divisions.

Notes to the Financial Statements

33. Segment analysis (continued)

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
2016						
Revenue						
External sales	2,853,509	2,035,435	1,744,075	134,245	-	6,767,264
Inter-segment sales	405	6,445	24,537	67,188	(98,575)	-
Total	2,853,914	2,041,880	1,768,612	201,433	(98,575)	6,767,264
Segment Results						
Operating profit	134,972	504,744	93,766	48,429	13,302	795,213
Investment income	940	12,031	(6)	2,214	-	15,179
Interest income	58,180	26,845	45,729	251,312	(257,973)	124,093
Interest expenses	(151,718)	(62,036)	(18,347)	(237,119)	244,671	(224,549)
Share of results of associated companies	47,384	277,277	1,900	18,425	-	344,986
Profit before tax	89,758	758,861	123,042	83,261	-	1,054,922
Taxation	(40,911)	(132,631)	(23,005)	(36,600)	-	(233,147)
Profit for the year	48,847	626,230	100,037	46,661	-	821,775
Attributable to:						
Shareholders of Company	28,491	620,281	98,856	36,300	-	783,928
Non-controlling interests	20,356	5,949	1,181	10,361	-	37,847
	48,847	626,230	100,037	46,661	-	821,775
Other information						
Segment assets	10,321,883	16,043,419	3,338,699	6,873,596	(7,343,443)	29,234,154
Segment liabilities	8,418,854	6,901,118	1,833,488	7,090,497	(7,343,443)	16,900,514
Net assets	1,903,029	9,142,301	1,505,211	(216,901)	-	12,333,640
Investment in associated companies	587,366	2,709,067	993,847	1,024,798	-	5,315,078
Additions to non-current assets	93,434	388,564	311,650	1,283	-	794,931
Depreciation and amortisation	164,775	27,888	42,076	1,736	-	236,475
Impairment loss/(write-back of impairment loss)	278,643	(50,398)	34,548	46,000	-	308,793

Geographical information

	Singapore $'000	China $'000	Brazil $'000	Other Far East & ASEAN countries $'000	Other countries $'000	Elimination $'000	Total $'000
External sales	4,405,789	1,101,948	390,663	478,099	390,765	-	6,767,264
Non-current assets	6,089,036	3,068,712	316,728	1,412,271	764,746	-	11,651,493

Other than Singapore and China, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2016.

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 2016.

Note: Pricing of inter-segment goods and services is at fair market value.

	Offshore & Marine $'000	Property $'000	Infrastructure $'000	Investments $'000	Elimination $'000	Total $'000
2015						
Revenue						
External sales	6,240,549	1,823,104	2,037,285	195,535	-	10,296,473
Inter-segment sales	799	4,833	32,538	63,992	(102,162)	-
Total	6,241,348	1,827,937	2,069,823	259,527	(102,162)	10,296,473
Segment Results						
Operating profit	596,784	580,394	208,344	114,023	14,086	1,513,631
Investment income	3,340	10,223	(400)	1,803	-	14,966
Interest income	69,783	28,538	24,428	158,340	(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	305,721	36,025	90,562	-	504,321
Profit before tax	698,495	848,268	243,235	207,396	-	1,997,394
Taxation	(181,986)	(174,543)	(31,214)	(16,686)	-	(404,429)
Profit for the year	516,509	673,725	212,021	190,710	-	1,592,965
Attributable to:						
Shareholders of Company	481,470	660,945	197,410	184,797	-	1,524,622
Non-controlling interests	35,039	12,780	14,611	5,913	-	68,343
	516,509	673,725	212,021	190,710	-	1,592,965
Other information						
Segment assets	10,063,097	15,974,497	3,005,808	7,011,771	(7,134,572)	28,920,601
Segment liabilities	8,692,893	7,184,724	1,930,793	6,320,904	(7,134,572)	16,994,742
Net assets	1,370,204	8,789,773	1,075,015	690,867	-	11,925,859
Investment in associated companies	568,116	2,739,462	928,650	1,173,409	-	5,409,637
Additions to non-current assets	212,100	895,909	505,869	112,391	-	1,726,269
Depreciation and amortisation	147,691	33,292	37,243	1,811	-	220,037
Impairment loss/(write-back of impairment loss)	3,606	55,476	(7,737)	-	-	51,345

Geographical information

	Singapore $'000	China $'000	Brazil $'000	Other Far East & ASEAN countries $'000	Other countries $'000	Elimination $'000	Total $'000
External sales	6,930,287	1,157,686	1,011,602	580,618	616,280	-	10,296,473
Non-current assets	5,916,298	3,291,552	288,560	1,168,113	962,598	-	11,627,121

Other than Singapore and China, 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. 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*
- FRS 116 *Leases*
- Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*
- Amendments to FRS 7 *Disclosure Initiative*
- Amendments to FRS 102 *Share-based Payments*

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 five-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, FRS 109 *Financial Instruments* was issued which replaces FRS 39 *Financial Instruments: Recognition and Measurement*. The standard introduces new requirements for classification and measurement of financial instruments, impairment of financial assets, 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.

FRS 116 *Leases*

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The standard will affect primarily the accounting for the Group's operating leases. The future minimum rental expense payable under significant non-cancellable leases is disclosed in Note 29. FRS 116 will take effect from financial years beginning on or after 1 January 2019. However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

35. 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 2016 %	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Cost of Investment 2016 $'000	Cost of Investment 2015 $'000	Country of Incorporation /Operation	Principal Activities
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
Keppel AmFELS, LLC (1a)	100	100	100	#	#	USA	Construction and repair of offshore drilling rigs and offshore production facilities
Keppel FELS Baltech Ltd (1a)	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 Letourneau USA, Inc (n)(1a)	100	100	-	#	-	USA	Design and license of various offshore rigs and platforms
Keppel Offshore & Marine Engineering Services Mumbai Pte Ltd (1a)	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
Keppel Offshore & Marine USA Inc (1a)	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 Verolme BV (1a)	100	100	100	#	#	Netherlands	Construction and repair of offshore drilling rigs and shiprepairs

Significant Subsidiaries and Associated Companies

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
	2016 %	2016 %	2015 %	2016 $'000	2015 $'000		
KV Enterprises BV (3)	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
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
Associated Companies							
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 (2)	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 (2)	49	49	49	#	#	Isle of Man	Owning and leasing of multi-purpose self-elevating platforms
Marine							
Subsidiaries							
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
Blastech Abrasives Pte Ltd	100	100	100	#	#	Singapore	Painting, blasting, shot blasting, process and sale of slag
Keppel Nantong Heavy Industry Co Ltd (1a)	100	100	100	#	#	China	Engineering and construction of specialised vessels
Keppel Nantong Shipyard Company Ltd (1a)	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 (3)	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	24	24	24	#	#	Singapore	Investment holding
Nakilat - Keppel Offshore & Marine Ltd (1a)	20	20	20	#	#	Qatar	Ship repairing
PT Limin KST	49	25	25	#	#	Indonesia	Provision of towage services
PV Keez Pte Ltd	20	20	20	#	#	Singapore	Chartering of ships, barges and boats with crew

	Gross Interest 2016 %	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Cost of Investment 2016 $'000	Cost of Investment 2015 $'000	Country of Incorporation /Operation	Principal Activities
PROPERTY							
Subsidiaries							
Keppel Land Ltd	100	100	99	4,716,367	4,716,367	Singapore	Holding, management and investment company
Keppel Land China Ltd	100	100	99	#	#	Singapore	Investment holding
Keppel Bay Pte Ltd	100	100	100+	#	626	Singapore	Property development
Keppel Philippines Properties Inc (1a)	80+	80+	79+	493	493	Philippines	Investment holding
Aether Ltd (2)	51	51	51	#	#	HK	Investment holding
Agathese Pte Ltd	100	100	99	#	#	Singapore	Investment holding
Aintree Assets Ltd (3)	100	100	99	#	#	BVI/Asia	Investment holding
Bayfront Development Pte Ltd	100	100	99	#	#	Singapore	Investment holding
Beijing Aether Property Development Ltd (2)	51	51	51	#	#	China	Property investment
Beijing Kingsley Property Development Co Ltd (1a)	100	100	99	#	#	China	Property development
Broad Elite Investments Ltd (3)	100	100	99	#	#	BVI/China	Investment holding
Changzhou Fushi Housing Development Pte Ltd (1a)	100	100	99	#	#	China	Property development
Chengdu Hillstreet Development Co Ltd (1a)	100	100	99	#	#	China	Property development
Chengdu Hilltop Development Co Ltd (1a)	100	100	99	#	#	China	Property development
Chengdu Shengshi Jingwei Real Estate Co Ltd (1a)	100	100	99	#	#	China	Property development
Dattson Pte Ltd	100	100	99	#	#	Singapore	Investment holding
DC REIT Holdings Pte Ltd	100	100	99	#	#	Singapore	Investment holding
Double Peak Holdings Ltd (3)	100	100	99	#	#	BVI/Singapore	Investment holding
Estella JV Co Ltd(1a)	98	98	97	#	#	Vietnam	Property development
Evergro Properties Ltd	100	100	99	#	#	Singapore	Investment holding
First King Properties Ltd (3)	100	100	99	#	#	Jersey	Investment holding
Floraville Estate Pte Ltd	100	100	99	#	#	Singapore	Investment holding
Greenfield Development Pte Ltd	100	100	99	#	#	Singapore	Investment holding
Harbourfront One Pte Ltd	100	100	100+	#	#	Singapore	Property investment
Harvestland Development Pte Ltd	100	100	99	#	#	Singapore	Property development
Hillsvale Resort Pte Ltd	100	100	99	#	#	Singapore	Investment holding
Hillwest Pte Ltd	100	100	99	#	#	Singapore	Investment holding
Jencity Ltd (3)	90	90	89	#	#	BVI/Vietnam	Investment holding
Jiangyin Evergro Properties Co Ltd (1a)	99	99	98	#	#	China	Property development
KeplandeHub Ltd	100	100	99	#	#	Singapore	Investment holding
Keppel Bay Property Development (Shenyang) Co Ltd (1a)	100	100	99	#	#	China	Property development
Keppel China Marina Holdings Pte Ltd	100	100	99	#	#	Singapore	Investment holding
Keppel China Township Development Pte Ltd	100	100	99	#	#	Singapore	Investment holding

Significant Subsidiaries and Associated Companies

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
	2016 %	2016 %	2015 %	2016 $'000	2015 $'000		
Keppel Digihub Holdings Ltd	100	100	99	#	#	Singapore	Investment, management and holding company
Keppel Heights (Wuxi) Property Development Co Ltd (1a)	100	100	99	#	#	China	Property development
Keppel Hong Da (Tianjin Eco-City) Property Development Co Ltd (2)	100+	100+	100+	#	#	China	Property development
Keppel Hong Yuan (Tianjin Eco-City) Property Development Co Ltd (1a)	100+	100+	100+	#	#	China	Property development
Keppel Lakefront (Nantong) Property Development Co Ltd (1a)	100	100	99	#	#	China	Property development
Keppel Lakefront (Wuxi) Property Development Co Ltd (1a)	100	100	99	#	#	China	Property development
Keppel Land (Saigon Centre) Ltd (1a)	100	100	99	#	#	HK	Investment holding
Keppel Land Financial Services Pte Ltd	100	100	99	#	#	Singapore	Financial services
Keppel Land International Ltd	100	100	99	#	#	Singapore	Property services
Keppel Land Properties Pte Ltd	100	100	99	#	#	Singapore	Investment holding
Keppel Land Realty Pte Ltd	100	100	99	#	#	Singapore	Property development
Keppel Land Watco IV Co Ltd (1a)	68	68	68	#	#	Vietnam	Property investment and development
Keppel Land Watco V Co Ltd (1a)	68	68	68	#	#	Vietnam	Property investment and development
Keppel REIT Investment Pte Ltd	100	100	99	#	#	Singapore	Investment holding
Keppel REIT Property Management Pte Ltd	100	100	99	#	#	Singapore	Property management services
Keppel Tianjin Eco-City Holdings Pte Ltd	100+	100+	100+	#	#	Singapore	Investment holding
Keppel Tianjin Eco-City Investments Pte Ltd	100+	100+	100+	126,137	126,137	Singapore	Investment holding
Keppel Township Development (Shenyang) Co Ltd (1a)	100	100	99	#	#	China	Property development
Kingsdale Development Pte Ltd	86	86	85	#	#	Singapore	Investment holding
Kingsley Investment Pte Ltd	100	100	99	#	#	Singapore	Investment holding
Krystal Investments Pte Ltd (n)	100	100	-	#	-	Singapore	Investment holding
Main Full Ltd (1a)	100	100	99	#	#	HK	Investment holding
Mansfield Developments Pte Ltd	100	100	99	#	#	Singapore	Property development
Merryfield Investment Pte Ltd	100	100	99	#	#	Singapore	Investment holding
Ocean & Capital Properties Pte Ltd	100	100	99	#	#	Singapore	Property and investment holding
Oceansky Pte Ltd	100	100	99	#	#	Singapore	Investment holding
OIL (Asia) Pte Ltd	100	100	99	#	#	Singapore	Investment holding
Parksville Development Pte Ltd	100	100	99	#	#	Singapore	Property investment
Pasir Panjang Realty Pte Ltd	100	100	99	#	#	Singapore	Investment holding
Pembury Properties Ltd (3)	100	100	99	#	#	BVI/Singapore	Investment holding
Portsville Pte Ltd	100	100	99	#	#	Singapore	Investment holding
PT Harapan Global Niaga (1a)	100	100	99	#	#	Indonesia	Property development
PT Kepland Investama (1a)	100	100	99	#	#	Indonesia	Property investment and development
PT Puri Land Development (1a)	100	100	99	#	#	Indonesia	Property development
PT Ria Bintan (1a)	100	46	46	#	#	Indonesia	Golf course ownership and operation

	Gross Interest 2016 %	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Cost of Investment 2016 $'000	Cost of Investment 2015 $'000	Country of Incorporation /Operation	Principal Activities
PT Sentral Tanjungan Perkasa (1a)	80	80	79	#	#	Indonesia	Property development
PT Straits-CM Village (1a)	100	39	39	#	#	Indonesia	Hotel ownership and operations
Riviera Cove JV LLC (1a)	100	100	60	#	#	Vietnam	Property development
Riviera Point LLC (1a)	75	75	74	#	#	Vietnam	Property development
Saigon Centre Investment Ltd (3)	100	100	99	#	#	BVI/HK	Investment holding
Saigon Sports City Ltd (1a)	100	90	89	#	#	Vietnam	Property development
Shanghai Floraville Land Co Ltd (1a)	99	99	98	#	#	China	Property development
Shanghai Hongda Property Development Co Ltd (1a)	100	99	99	#	#	China	Property development
Shanghai Ji Xiang Land Co Ltd (2)	100	100	99	#	#	China	Property development
Shanghai Jinju Real Estate Development Co Ltd (1a)	100	99	99	#	#	China	Property development
Shanghai Maowei Investment Consulting Co Ltd (1a)	100	99	99	#	#	China	Investment holding
Shanghai Merryfield Land Co Ltd (1a)	99	99	98	#	#	China	Property development
Shanghai Pasir Panjang Land Co Ltd (1a)	99	99	98	#	#	China	Property development
Sherwood Development Pte Ltd	70	70	69	#	#	Singapore	Property development
Spring City Golf & Lake Resort Co Ltd (1a)	80	69	68	#	#	China	Golf club operations and development and property development
Spring City Resort Pte Ltd	100	100	99	#	#	Singapore	Investment holding
Straits Greenfield Ltd (2)	100	100	99	#	#	Myanmar	Hotel ownership and operations
Straits Properties Ltd	100	100	99	#	#	Singapore	Property development
Straits Property Investments Pte Ltd	100	100	99	#	#	Singapore	Investment holding
Success View Enterprises Ltd (3)	100+	100+	100+	#	#	BVI/China	Investment holding
Sunsea Yacht Club (Zhongshan) Co Ltd (1a)	100	80	79	#	#	China	Development of marina lifestyle cum residential properties
Sunseacan Investment (HK) Co Ltd (1a)	80	80	79	#	#	HK	Investment holding
Third Dragon Development Pte Ltd	100	100	99	#	#	Singapore	Investment holding and marketing agent
Tianjin Fulong Property Development Co Ltd (1a)	100	100	99	#	#	China	Property development
Tianjin Fushi Property Development Co Ltd (2)	100	100	99	#	#	China	Property development
Tianjin Keppel Hong Hui Procurement Headquarter Co Ltd (1a)	100	100	99	#	#	China	Trading of construction materials
Triumph Jubilee Ltd (3)	100	100	99	#	#	BVI/China	Investment holding
West Gem Properties Ltd (3)	100	100	99	#	#	Jersey	Investment holding
Wiseland Investment (Myanmar) Ltd (1a)	100	100	99	#	#	Myanmar	Hotel ownership and operations
Atlantic Marina Services (Asia-Pacific) Pte Ltd	100+	100+	100+	1,460	1,460	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+	98+	48	48	Singapore	Investment holding
Keppel Houston Group LLC (3)	100+	100+	100+	#	#	USA	Property investment

Significant Subsidiaries and Associated Companies

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
	2016 %	2016 %	2015 %	2016 $'000	2015 $'000		
Keppel Kunming Resort Ltd (1a)	100+	100+	98+	4	4	HK	Property investment
Keppel Point Pte Ltd	100+	100+	100+	122,785	122,785	Singapore	Property development and investment
Petro Tower Ltd (1a)	76	74	74	#	#	Vietnam	Property investment
Associated Companies							
Bellenden Investments Ltd (3)	67	67	66	#	#	BVI/Vietnam	Investment holding
Chengdu Taixin Real Estate Development Co Ltd (2)	35	35	35	#	#	China	Property investment
CityOne Development (Wuxi) Co Ltd (2)	50	50	50	#	#	China	Property development
CityOne Township Development Pte Ltd (2)	50	50	50	#	#	Singapore	Investment holding
City Square Office Co Ltd (2)	40	40	40	#	#	Myanmar	Property investment and development
Davinelle Ltd (3)	67	67	66	#	#	BVI/Vietnam	Investment holding
Dong Nai Waterfront City LLC (1a)	50	50	50	#	#	Vietnam	Property development
Empire City Limited LLC (n)(2)	40	40	-	#	-	Vietnam	Property development
EM Services Pte Ltd	25	25	25	#	#	Singapore	Property management
Equity Rainbow II Pte Ltd (2)	43	43	43	#	#	Singapore	Investment holding
Keppel Land Watco I Co Ltd (1a)	68	68	68	#	#	Vietnam	Property investment and development
Keppel Land Watco II Co Ltd (1a)	68	68	68	#	#	Vietnam	Property investment and development
Keppel Land Watco III Co Ltd (1a)	68	68	68	#	#	Vietnam	Property investment and development
Keppel REIT	45	45	46	#	#	Singapore	Real estate investment trust
Nam Long Investment Corporation (1a)	5	5	5	#	#	Vietnam	Trading of development properties
PT Pulomas Gemala Misori (2)	25	25	25	#	#	Indonesia	Property development
PT Purimas Straits Resorts (2)	25	25	25	#	#	Indonesia	Development of holiday resort
Raffles Quay Asset Management Pte Ltd (2)	33	33	33	#	#	Singapore	Property management
Renown Property Holdings (M) Sdn Bhd (1a)	40	40	40	#	#	Malaysia	Property investment
Quoc Loc Phat Joint Stock Company (n)(2)	45	45	-	#	-	Vietnam	Property Development
SAFE Enterprises Pte Ltd (2)	25	25	25	#	#	Singapore	Investment holding
South Rach Chiec LLC (1a)	42	42	42	#	#	Vietnam	Property development
Suzhou Property Development Pte Ltd (2)	25	25	25	#	#	Singapore	Property development
Vietcombank Tower 198 Ltd (2)	30	30	30	#	#	Vietnam	Property investment
INFRASTRUCTURE							
Subsidiaries							
Keppel Infrastructure Holdings Pte Ltd	100	100	100	445,892	445,892	Singapore	Investment holding
Energy Infrastructure							
Subsidiaries							
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

	Gross Interest 2016 %	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Cost of Investment 2016 $'000	Cost of Investment 2015 $'000	Country of Incorporation /Operation	Principal Activities
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
Associated Companies							
Keppel Merlimau Cogen Pte Ltd (2)	49	49	49	#	#	Singapore	Commercial power generation
Environmental Infrastructure							
Subsidiaries							
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
Keppel Seghers Belgium NV (1a)	100	100	100	#	#	Belgium	Provider of services and solutions to the environmental industry related to solid waste treatment
Associated Companies							
Tianjin Eco-City Energy Investment & Construction Co Ltd (2)	20	20	20	#	#	China	Investment and implementation of energy and utilities related infrastructure
Tianjin Eco-City Environmental Protection Co Ltd (2)	20	20	20	#	#	China	Investment, construction and operation of infrastructure for environmental protection
Infrastructure Services							
Subsidiaries							
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
Investments							
Subsidiaries							
Keppel Integrated Engineering Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Prince Engineering Pty Ltd (1a)	100	100	100	#	#	Australia	Metal fabrication
Keppel XTE Investments Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Associated Companies							
Keppel Infrastructure Trust (2)	18	18	18	#	#	Singapore	Infrastructure business trust
GE Keppel Energy Services Pte Ltd (2)	50	50	50	#	#	Singapore	Precision engineering, repairing, services and agencies
Logistics & Data Centres							
Subsidiaries							
Keppel Telecommunications & Transportation Ltd	80	80	80	397,647	397,647	Singapore	Investment, management and holding company
Keppel Logistics Pte Ltd	100	80	80	#	#	Singapore	Integrated logistics services and supply chain solutions
Keppel Logistics (Foshan) Ltd (2)	70	56	56	#	#	China	Integrated logistics port operations, warehousing and distribution
Keppel Logistics (Foshan Sanshui Port) Co Ltd (2)	60	33	33	#	#	China	Integrated logistics port operations and warehousing

Significant Subsidiaries and Associated Companies

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
	2016 %	2016 %	2015 %	2016 $'000	2015 $'000		
Jilin Sino-Singapore Food Zone International Logistics Co Ltd (2)	70	56	56	#	#	China	Integrated logistics services, warehousing and distribution
Keppel Wanjiang International Coldchain Logistics Park (Anhui) Co Ltd (2)	60	48	48	#	#	China	Integrated logistics services, food trading hub, warehousing and distribution
Courex Pte Ltd (n)(2)	60	47	-	#	-	Singapore	Warehousing and distribution
Keppel Data Centres Pte Ltd	100	80	80	#	#	Singapore	Investment holding
Keppel Data Centres Holding Pte Ltd	100+	86+	86+	#	#	Singapore	Investment holding
Keppel DC Singapore 1 Ltd (formerly known as Keppel Digihub Ltd)	100+	86+	86+	#	#	Singapore	Data centre facilities management
Keppel DC Singapore 2 Pte Ltd (formerly known as Keppel Datahub Pte Ltd)	100+	86+	86+	#	#	Singapore	Data centre facilities management
Keppel DC Investment Holdings Pte Ltd	100	80	80	#	#	Singapore	Investment holding
Keppel Communications Pte Ltd	100	80	80	#	#	Singapore	Trading and provision of communications systems and accessories
Keppel Telecoms Pte Ltd	100	80	80	#	#	Singapore	Investment holding
Associated Companies							
Asia Airfreight Terminal Company Ltd (2)	10	8	8	#	#	HK	Operation of an air cargo handling terminal
Computer Generated Solutions Inc (2)	21	16	16	#	#	USA	IT consulting and outsourcing provider
Keppel DC REIT (2)	35+	29+	29+	#	#	Singapore	Data centre real estate investment trust
Radiance Communications Pte Ltd	50	40	40	#	#	Singapore	Distribution and maintenance of communications equipment and systems
SVOA Public Company Ltd (2)	32	25	25	#	#	Thailand	Distribution of IT products and telecommunications services
Wuhu Sanshan Port Co Ltd (2)	50	40	40	#	#	China	Integrated logistics services and port operations
INVESTMENTS							
Subsidiaries							
Keppel Capital Holdings Pte Ltd	100	100	100	783,000	-	Singapore	Investment holding
Alpha Investment Partners Ltd	100	100	99	#	#	Singapore	Fund management
Keppel DC REIT Management Pte Ltd	100+	90+	80	#	#	Singapore	Real estate investment trust management and investment holding
Keppel Infrastructure Fund Management Pte Ltd	100	100	100	#	#	Singapore	Trust management
Keppel REIT Management Ltd	100	100	99	#	#	Singapore	Investment advisory and property management
Keppel Philippines Holdings Inc (1a)	65+	64+	59+	-	-	Philippines	Investment holding
Alpha Real Estate Securities Fund	99	99	98	#	#	Singapore	Investment holding
Kephinance Investment Pte Ltd	100	100	100	90,000	90,000	Singapore	Investment holding
Kepinvest Singapore Pte Ltd (formerly known as Keppel Real Estate Investment Pte Ltd)	100	100	100	18,425	764,400	Singapore	Investment holding

	Gross Interest	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
	2016 %	2016 %	2015 %	2016 $'000	2015 $'000		
Kepital Management Ltd (1a)	100	100	100	#	#	HK	Investment company
Keppel Group Eco-City Investments Pte Ltd	100+	100+	100+	126,744	126,744	Singapore	Investment holding
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	594,922	484,355	Singapore	Investment holding
KI Investments (HK) Ltd (1a)	100	100	100	#	#	HK	Investment company
Primero Investments Pte Ltd	100	100	100	#	#	Singapore	Investment company
Singapore Tianjin Eco-City Investment Holdings Pte Ltd	90+	90+	90+	#	#	Singapore	Investment holding
Substantial Enterprises Ltd (3)	100+	100+	100+	#	#	BVI	Investment holding
Travelmore Pte Ltd	100	100	100	265	265	Singapore	Travel agency
Associated Companies							
k1 Ventures Ltd (2)	36	36	36	#	#	Singapore	Investment holding
KrisEnergy Ltd (2)	40	40	40	#	#	Cayman Islands	Exploration for, and the development and production of oil and gas
M1 Ltd (2)	19	15	15	#	#	Singapore	Telecommunications services
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd (2)	50	45	45	#	#	China	Property development
Total							
Subsidiaries				**8,307,153**	**8,160,187**		

Notes:

(i) All the companies are audited by PricewaterhouseCoopers LLP, Singapore except for the following:

(1a) Audited by overseas practice of PricewaterhouseCoopers LLP;

(2) Audited by other firms of auditors; and

(3) 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 243 significant subsidiaries and associated companies as at 31 December 2016. 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

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 19 April 2016. 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)	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000
Transaction for the Sale of Goods and Services				
CapitaMalls Asia Group	**-**	-	**-**	200,000
Mapletree Investments Group	**-**	225,717	**-**	104
Neptune Orient Lines Group	**-**	-	**389**	1,360
PSA International Group	**-**	-	**1,482**	4,871
SATS Group	**-**	-	**-**	39,354
SembCorp Marine Group	**-**	-	**4,635**	4,881
Singapore Airlines Group	**-**	-	**-**	5,600
Singapore Power Group	**-**	-	**1,567**	12,300
Singapore Technologies Engineering Group	**280**	-	**899**	342
Singapore Telecommunications Group	**-**	-	**-**	182
Temasek Holdings Group	**-**	-	**16,938**	415
Transaction for the Purchase of Goods and Services				
Certis CISCO Security Group	**-**	-	**474**	1,267
CapitaMalls Asia Group	**-**	-	**-**	161
Gas Supply Pte Ltd	**-**	-	**-**	80,000
Mapletree Investments Group	**-**	180,926	**-**	24,436
Pavilion Gas Pte Ltd	**-**	-	**50,000**	-
PSA International Group	**-**	-	**208**	143
SembCorp Marine Group	**-**	-	**55**	77
Singapore Power Group	**-**	-	**526**	-
Singapore Technologies Engineering Group	**-**	-	**5,437**	29,064
Singapore Telecommunications Group	**-**	-	**1,160**	2,439
Temasek Holdings Group	**-**	-	**1,810**	-
Total Interested Person Transactions	**280**	406,643	**85,580**	406,996

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, 51
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, Keppel Telecommunications & Transportation Ltd, KrisEnergy Ltd and Keppel Capital Holdings Pte 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, 62
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.

He is a Director on the Boards of Keppel Offshore & Marine Technology Centre Pte Ltd, FloaTEC LLC, Keppel FELS Limited, Keppel Shipyard Limited, Keppel Infrastructure Holdings Pte Ltd and Keppel Capital Holdings Pte Ltd and is also the Chairman of Keppel FELS Brasil SA, 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.

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

Michael Chia Hock Chye, 64
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 the Executive Director of Keppel FELS Limited from 2002 to 2009 with overall responsibility of the business management of the company. Subsequently, Mr Chia was also Deputy Chairman of Keppel Integrated Engineering Ltd from 2009 to 2011 and Chief Executive Officer from 2009 to 2010. He was Director (Group Strategy & Development) of Keppel Corporation Limited from January 2011 to January 2013. 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 served 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, 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.

Chris Ong Leng Yeow, 42
Bachelor and Master Degree in Electrical and Electronics Engineering from National University of Singapore.

Mr Ong is the Managing Director of Keppel FELS with effect from 5 July 2016. Prior to this appointment, he was the Deputy Managing Director of Keppel FELS. Mr Ong's career began in Keppel FELS since 1999 as a Commissioning Superintendent (E&I) and he has held appointments as Project Engineer, Section Manager, Deputy Engineering Manager, Assistant General Manager (Engineering), General Manager (Engineering), Acting Executive Director (Operation) and Executive Director (Commercial).

In addition to his current appointment, he is also board member of The Institute of Technical Education Board of Governors (BOG), a member of the Association of Singapore Marine Industries, a member of the Workplace Safety & Health (WSH) Council Marine Industries Committee and a member of the U EnTech Steering Committee.

Mr Ong 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 Ong is the Chairman of Bennett Offshore LLC, Keppel LeTourneau USA Inc, Bintan Offshore Fabricators Pte Ltd and Keppel SLP LLC and a director of various subsidiaries or associated companies of Keppel Offshore & Marine Ltd.

Past principal directorships in the last five years
Mod Prefab Private Limited.

Chor How Jat, 55
Master of Science in Marine Technology, University of Newcastle Upon Tyne; Bachelor of Engineering (Honours) in Naval Architect & Shipbuilding, 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 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 Keppel Philippines Marine Inc., Keppel Batangas Shipyard, Keppel Subic Shipyard Inc., 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 (TMTC), ClassNK Singapore Technical Committee of Nippon Kaiji Kyokai, Lloyd's Register South East Asia Technical Committee (SEATC) and Singapore Maritime Foundation (SMF) Advisory Panel.

Past principal directorships in the last five years
KSI Production Pte Ltd.

Abu Bakar Bin Mohd Nor, 51
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 Safety 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 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 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, Gas Technology Development Pte Ltd and FueLNG Pte Ltd.

He sits on the Bureau Veritas South East Asia Technical Committee as well as the Workplace Safety and Health Council (Marine Industries) Committee. He is also on 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 the Ministry of Defence, Singapore 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 the Chief of Staff (NEEX Liaison Officer) of HQ2 PDF Comd, 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.

In recognition of his contributions to the SAF and community, he received the Formation NSmen of the Year award in 1998 and the SAF NSmen of the Year award in 1999. He was also awarded the Commendation Medal (Military) in 2002, the Public Service Medal (Pingat Bakti Masyarakat) in 2009, and the Public Administration Medal Bronze (Military) in 2015.

Past principal directorships in the last five years
Nil.

Key Executives

Ang Wee Gee, 55
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 which is listed on the Philippine Stock Exchange and Chairman of Keppel Thai Properties Public Company Limited which was listed on The Stock Exchange of Thailand. Mr Ang was also the Group's Country Head for Vietnam as well as Head of Keppel Land Hospitality Management Pte Ltd. He previously held various positions in business and project development for Singapore and overseas markets, and corporate planning in the Group's hospitality management arm.

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.

Mr Ang is currently a member of the Board of the Building and Construction Authority of Singapore.

Past principal directorships in the last five years
Various subsidiaries and associated companies of Keppel Land Limited.

Tan Swee Yiow, 56
Bachelor of Science (First Class Honours) in Estate Management, National University of Singapore; Master of Business Administration in Accountancy, Nanyang Technological University.

Mr Tan was appointed CEO and Executive Director of Keppel REIT Management Limited, the Manager of Keppel REIT, with effect from 20 March 2017.

Prior to his current appointment, Mr Tan was President, Singapore, in Keppel Land and concurrently Head, Keppel Land Hospitality Management. He had oversight of the Keppel Land Group's Investment and development operations in Singapore, as well as its hospitality management arm. Mr Tan has been with the Keppel Land Group since 1990. He was the CEO of the Manager when Keppel REIT was listed in April 2006, a role that he held till 2009.

Mr Tan is a Board Member and President of Singapore Green Building Council and a Member of World Green Building Council's Corporate Advisory Board. He also serves as Honorary Treasurer on the Management Council of Real Estate Developers' Association of Singapore and sits on the Workplace Safety Health Council (Construction and Landscape Committee).

Past principal directorships in the last five years
Keppel Thai Properties Public Company Ltd, Keppel REIT Management Ltd and other subsidiaries and associated companies of Keppel Land Limited.

Ben Lee Siew Keong, 44
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.

Linson Lim Soon Kooi, 55
Bachelor of Engineering, Monash University, Australia; Member of the Institute of Engineers, Malaysia.

Mr Lim joined Keppel Land Group in 1995, and is currently President, Vietnam, Keppel Land International. He was appointed Country Representative, Vietnam for Keppel Corporation in August 2016.

In 2005, Mr Lim was conferred Certificate of Merit by H.E. Phan Van Khai then Prime Minister of Vietnam and H.E. Dao Dinh Binh, then Minister of Transport for his contribution to the joint ventures of Sedona Suites, Royal Park in Hanoi, and Saigon Centre in Ho Chi Minh City ("HCMC") respectively. In 2008, he was conferred Insignia of HCMC by H.E. Le Hoang Quan, then Chairman of HCMC People's Committee for his contribution and relationship with the city.

He is concurrently the General Director of Keppel Land Vietnam. He is also a Director of a number of subsidiaries and associates in the Keppel Land Group. Mr Lim is also a Board Director of Nam Long Group

Past principal directorships in the last five years
Keppel Philippines Properties Inc (Chairman).

Ong Tiong Guan, 58
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), Keppel Seghers Pte Ltd, Keppel Capital Holdings Pte Ltd and Energy Studies Institute.

Past principal directorships in the last five years
Keppel Merlimau Cogen Pte Ltd and GE Keppel Energy Services Pte Ltd.

Tan Boon Leng, 52
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.

Key Executives

Nicholas Lai Garchun, 49
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, Energy Infrastructure of Keppel Infrastructure Holdings Pte Ltd and continues to drive value in the power and gas, and district heating and cooling 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.

Alan Tay Teck Loon, 47
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 Keppel Infrastructure Fund Management Pte Ltd (the Trustee-Manager of Keppel Infrastructure Trust).

Past principal directorships in the last five years
J.P. Morgan Asset Management Real Assets (Singapore) Pte Ltd, Eco Management Korea Holdings Inc. and GE Keppel Energy Services Pte Ltd.

Thomas Pang Thieng Hwi, 52
Bachelor of Arts (Engineering) and Master of Arts (Honorary Award), University of Cambridge (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, associated companies and joint venture companies. He is also a director on the boards of Keppel Capital Holdings Pte Ltd and Keppel DC REIT Management Pte Ltd (Manager of Keppel DC REIT).

Past principal directorships in the last five years
Various subsidiaries and associated companies of Keppel Telecommunications & Transportation Ltd, Keppel DC REIT and Keppel Infrastructure Trust.

Wong Wai Meng, 48
Bachelor of Engineering (Electrical and Electronic Engineering), Nanyang Technological University

Mr Wong is the Chief Executive Officer of Keppel Data Centres. He has more than 20 years of experience in the Information and Communications Technology (ICT) industry. Prior to joining Keppel Telecommunications & Transportation Ltd, 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 is currently the Second Vice Chairman in the Executive Committee Council of Singapore IT Federation (SiTF) and a committee member in the Technology Strategy Committee of Mount Alvernia Hospital.

Past principal directorships in the last five years
E&E Technology Pte Ltd (Taiwan); Green House Group Pte Ltd; Frontline Solutions Pte Ltd; iASPire.Net Pte Ltd; BT Singapore Pte Ltd; BT Global Solutions Pte Ltd; BT Global Services Technologies Pte Ltd; Frontline Technologies Corporation Ltd.

Desmond Gay Kah Meng, 56
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 Telecommunications & Transportation Ltd, which offers integrated third-party logistics solutions. Mr Gay is also a Director of a number of subsidiaries and associated companies of the group including Courex Pte. Ltd, Keppel Logistics (Foshan) Limited, Keppel Logistics (Tianjin Eco-City) Limited, PT Keppel Puninar Logistics and Indo-Trans Keppel Logistics Vietnam Co. Ltd.

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.

Christina Tan Hua Mui, 51
Bachelor of Accountancy (Honours), National University of Singapore; CFA® charterholder.

Ms Tan is the CEO of Keppel Capital Holdings Pte Ltd (Keppel Capital) and Managing Director of Alpha Investment Partners Limited (Alpha).

Keppel Capital is the Keppel Group's asset management arm, which includes the asset managers Keppel REIT Management, Keppel Infrastructure Fund Management, Keppel DC REIT Management and Alpha. Ms Tan is a founding member of Alpha, and has been actively involved in all phases of the firm's development since 2003. As Managing Director, she sits on the Investment Committee for all Alpha-managed funds and is instrumental in developing as well as implementing the portfolio strategy for all the funds.

Ms Tan has over 20 years of expertise and experience in investing and fund management across the US, Europe and Asia. She previously served as the 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, she was the Treasury Manager with Chartered Industries of Singapore, managing the group's cash positions and investments. Ms Tan started her career with Ernst & Young before joining the Government of Singapore Investment Corporation (GIC).

Ms Tan holds a Bachelor of Accountancy (Honours) from the National University of Singapore and is a CFA® charterholder.

Ms Tan's principal directorships include Keppel Capital, Alpha, Keppel REIT Management Limited (the manager of Keppel REIT), Keppel DC REIT Management Pte Ltd (the manager of Keppel DC REIT) and Keppel Infrastructure Fund Management Pte Ltd (the trustee-manager of Keppel Infrastructure Trust).

Past principal directorships in the last five years
Nil.

Key Executives

Khor Un-Hun, 47
Bachelor of Accountancy (First Class Honours), Nanyang Technological University.

Mr Khor 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. He is concurrently the Director (Group Mergers & Acquisitions) of Keppel Corporation Limited.

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.

Chua Hsien Yang, 39
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 more than 15 years of experience in mergers and acquisitions, real estate investments, fund management, business development and asset management in the real estate sector within the Asia Pacific region.

Prior to joining Keppel DC REIT Management Pte Ltd, Mr Chua headed the investment team of Keppel REIT Management Limited for six years. 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.

Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Completed properties					
Keppel REIT	45%	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 82,962 sqm
		One Raffles Quay Singapore	Land area: 15,496 sqm Two office towers of 50-storey and 29-storey	99 years leasehold	Commercial office building with rentable area of 123,636 sqm
		Marina Bay Financial Centre (Phase 1) Marina Boulevard, Singapore	Land area: 33,219 sqm Two office towers of 33-storey and 50-storey with ancillary retail space	99 years leasehold	Commercial office building with rentable area of 161,553 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 124,488 sqm
		275 George Street Brisbane, Australia	Land area: 3,655 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 45,920 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
		David Malcolm Justice Centre (f.k.a. Office Tower on the Old Treasury Building site) Perth, Australia	Land area: 2,947 sqm 33-storey office tower	99 years leasehold	Commercial office building with rentable area of 31,176 sqm
Keppel DC REIT	29%	Keppel DC Singapore 1 (f.k.a. 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 10,192 sqm
		Keppel DC Singapore 2 (f.k.a. 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 3,447 sqm
		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
		Keppel DC Dublin 1 (f.k.a. Citadel 100 Data Centre) Dublin, Ireland	Land area: 20,275 sqm	40 years leasehold	Data centre with rentable area of 6,328 sqm

Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Keppel DC Singapore 3 Pte Ltd (f.k.a. Keppel Datahub 2 Pte Ltd) #	86%	Keppel DC Singapore 3 (f.k.a. 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
Mansfield Development Pte Ltd	100%	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
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
	100%	Corals at Keppel Bay Singapore	Land area: 38,830 sqm	99 years leasehold	A 366-unit waterfront condominium development
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
Sherwood Development Pte Ltd	70%	The Glades Tanah Merah, Singapore	Land area: 31,882 sqm	99 years leasehold	A 726-unit condominium development
DC REIT Holdings	22%	I12 Katong, East Coast Road and Joo Chiat Road, Singapore	Land area: 7,261 sqm	99 years leasehold	A 6-storey shopping mall
Spring City Golf & Lake Resort Co (owned by Kingsdale Development Pte Ltd)	69%	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	100%	Serenity Villa Tianjin, China	Land area: 128,685 sqm	70 years leasehold	A 340-unit residential development in Tianjin Eco-City
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
Shanghai Pasir Panjang Land Co Ltd	99%	Eight Park Avenue Shanghai, China	Land area: 33,432 sqm	70 years leasehold	A 918-unit residential development
Shanghai Ji Xiang Land Co Ltd	100%	Seasons Residence Shanghai, China	Land area: 71,621 sqm	70 years leasehold	A 1,102-unit residential development in Nanxiang, Jiading District
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	100%	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
	100%	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
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 10,536 sqm office and 89 units of serviced apartments

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Straits Greenfield Ltd	100%	Sedona Hotel Yangon Yangon, Myanmar	Land area: 40,516 sqm	50 years BOT with option for another two 10-years	A 5-star hotel in Yangon with 797 rooms
First King Properties Ltd	100%	Office Development 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
Properties under development					
Keppel Bay Pte Ltd	100%	Keppel Bay Plot 6 Singapore	Land area: 43,701 sqm	99 years leasehold	A proposed 86-unit waterfront condominium development
Keppel DC Singapore 4 Pte Ltd	86%	Keppel DC Singapore 4 Tampines, Singapore	Land area: 6,805 sqm	30 years lease with option for another 30 years	Data centre *(2017)
Harvestland Development Pte Ltd	100%	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 *(2019)
Shanghai Floraville Land Co Ltd	99%	Park Avenue Central Shanghai, China	Land area: 28,488 sqm	70 years leasehold	An office and retail development *(2021)
Shanghai Jinju Real Estate Development Co Ltd	99%	Sheshan Riviera Shanghai, China	Land area: 175,191 sqm	70 years leasehold	A 217-unit landed development in Sheshan *(2017 Phase 1)
Chengdu Taixin Real Estate Development Co Ltd	35%	V-City Chengdu, China	Land area: 167,000 sqm	70 years lease (residential) 40 years lease (commercial)	A 5,761-unit residential development with retail facilities *(2018 Phase 2)
Spring City Golf & Lake Resort	69%	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	100%	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 Liangxi District *(2017 Phase 1)
Keppel Lakefront (Wuxi) Property Development Co Ltd	100%	Waterfront Residence Wuxi, China	Land area: 215,230 sqm	70 years lease (residential) 40 years lease (commercial)	A 1,486-unit residential development with commercial and SOHO facilities in Binhu District *(2017 Phase 7A)
Keppel Township Development (Shenyang) Co Ltd	100%	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 4,294-unit residential development with office and retail space *(2018)
Tianjin Fulong Property Development Co Ltd	100%	Waterfront Residence Tianjin, China	Land area: 103,683 sqm	70 years leasehold	A 341-unit landed development in Tianjin Eco-City *(2017 Phase 3)

Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Chengdu Hillstreet Development Co Ltd	100%	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 Phase 3B)
Chengdu Hilltop Development Co Ltd	100%	Hill Crest Villa Chengdu, China	Land area: 249,330 sqm	70 years leasehold	A 274-unit landed development in Xinjin County *(2020 Phase 2)
Chengdu Shengshi Jingwei Real Estate Co Ltd	100%	Serenity Villa Chengdu, China	Land area: 286,667 sqm	70 years leasehold	A 573-unit landed development in Xinjin County *(2020 Phase 2)
Sunsea Yacht Club (Zhongshan) Co Ltd	80%	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 *(2018 Phase 2)
Jiangyin Evergro Properties Co Ltd	99%	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 *(2019 Phase 3C & 3D)
Keppel Lakefront (Nantong) Property Development Co Ltd	100%	Waterfront Residence Nantong, China	Land area: 172,215 sqm	70 years leasehold	A 1,199-unit residential development
MIP 59th and Third Development LLC	83%	Residential Development New York, United States	Land area: 13,100 sqm	Freehold	A residential-cum-retail development at Upper East Side in Manhattan
PT Harapan Global Niaga	100%	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 *(2019)
Tinterland Pte Ltd	40%	Junction City Tower Yangon, Myanmar	Land area: 26,406 sqm	50 years BOT with option for another two 10-years	A mix-used development in CBD *(2017)
Keppel Land Watco II & III Co Ltd	68%	Saigon Centre (Phase 2 & 3) Ho Chi Minh City, Vietnam	Land area: 8,355 sqm	50 years leasehold	Commercial building with rentable area of 37,551 sqm retail, 35,859 sqm office and 195 units of serviced apartments *(2017)
Saigon Sports City Ltd	90%	Saigon Sports City Ho Chi Minh City, Vietnam	Land area: 640,477 sqm	50 years leasehold	A 3,900-unit residential township, commercial complexes and public sports facilities *(2020 Phase 1)
South Rach Chiec LLC	42%	Palm City (South Rach Chiec) Ho Chi Minh City, Vietnam	Land area: 302,093 sqm	50 years leasehold	A 6,100-unit residential township and commercial space *(2017 Phase 1, 2019 Phase 2)
Estella JV Co Ltd	98%	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 7,850-unit residential township with commercial space in Long Thanh District *(2021 Phase 1)
Industrial Properties					
Keppel FELS Limited	100%	Jurong, Pioneer, Crescent and Tuas South Yard, Singapore	Land area: 742,834 sqm buildings, workshops, building berths, drydocks and wharves	16 - 30 years leasehold	Oil rigs, offshore and marine construction, repair, fabrication, assembly and storage

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
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
# Divested to Keppel DC REIT on 20 January 2017

Group Five-Year Performance

	2012	2013	2014	Restated 2015	**2016**
Selected Profit & Loss Account Data ($ million)					
Revenue	13,965	12,380	13,283	10,296	**6,767**
Operating profit	2,621	2,134	2,373	1,514	**795**
Profit before tax	3,256	2,794	2,889	1,997	**1,055**
Net profit attributable to shareholders of the Company	2,237	1,846	1,885	1,525	**784**
Selected Balance Sheet Data ($ million)					
Fixed assets & properties	8,760	5,986	4,661	6,118	**6,196**
Investments	5,909	6,192	5,718	6,030	**5,967**
Stocks, debtors, cash & long term assets	14,428	17,792	19,851	16,672	**16,931**
Intangibles	110	86	102	100	**141**
Assets classified as held for sale	-	-	1,259	-	**-**
Total assets	29,207	30,056	31,591	28,920	**29,235**
Less:					
Creditors	8,059	8,700	8,579	8,362	**7,336**
Borrowings	7,208	7,100	7,383	8,259	**9,053**
Other liabilities	362	567	451	373	**512**
Liabilities directly associated with assets classified as held for sale	-	-	450	-	**-**
Net assets	13,578	13,689	14,728	11,926	**12,334**
Share capital & reserves	9,246	9,701	10,381	11,096	**11,659**
Non-controlling interests	4,332	3,988	4,347	830	**675**
Total Equity	13,578	13,689	14,728	11,926	**12,334**
Per Share					
Earnings (cents) (Note 1):					
Before tax	148.5	120.5	123.9	104.6	**55.2**
After tax	124.8	102.3	103.8	84.0	**43.2**
Total distribution (cents)	73.6	49.5	48.0	34.0	**20.0**
Net assets ($)	5.14	5.37	5.73	6.13	**6.42**
Net tangible assets ($)	5.08	5.32	5.67	6.07	**6.34**
Financial Ratios					
Return on shareholders' funds (%) (Note 2):					
Profit before tax	31.4	23.0	22.4	17.7	**8.8**
Net profit	26.4	19.5	18.8	14.2	**6.9**
Dividend cover (times)	1.7	2.1	2.2	2.5	**2.2**
Net cash/(gearing) (times)	(0.23)	(0.11)	(0.11)	(0.53)	**(0.56)**
Employees					
Average headcount (number)	36,070	38,878	39,049	36,153	**28,879**
Wages & salaries ($ million)	1,628	1,748	1,859	1,662	**1,282**

Notes:
1. Earnings per share are calculated based on the Group profit by reference to the weighted average number of shares in issue during the year.
2. In calculating return on shareholders' funds, average shareholders' funds has been used.

2016
Group revenue of $6,767 million for 2016 was $3,529 million or 34% lower than that for the full year of 2015. The Offshore & Marine Division's revenue of $2,854 million was 54% below the $6,241 million for 2015 because of lower volume of work, deferment of some projects and the suspension of the Sete Brasil contracts. Major jobs completed in 2016 include four jackup rigs, a land rig, a derrick lay vessel, an accommodation semisubmersible and two FPSO conversions. The Property Division saw its revenue increase by 12% to $2,035 million due mainly to higher revenue from Singapore and China. Revenue from the Infrastructure Division contracted by $293 million to $1,744 million as a result of a drop in revenue recorded by the power and gas business from lower prices and volume.

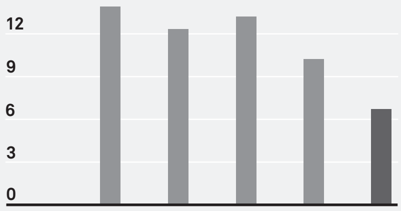
The Group's pre-tax profit for the current year was $1,055 million, $942 million or 47% below the previous year. The Offshore & Marine Division reported a $609 million drop in pre-tax profit to $90 million due mainly to lower operating results arising from lower revenue, lower share of associated companies' profits and impairment of assets. Impairment of assets in the year amounted to $277 million and comprises impairment of fixed assets, stocks & work-in-progress and investments. The negative variance was partially offset by the absence of provision for losses for the Sete Brasil rig building contracts of about $230 million in 2015. The Property Division's profit of $759 million for 2016 was $89 million or 11% lower than 2015 due mainly to lower fair value gains on investment properties, lower contribution from Singapore property trading, lower share of associated companies' profits and the absence of cost write-back upon finalisation of project cost for Reflections at Keppel Bay in 4Q2015, partially offset by reversal of impairment of hospitality assets. The lower share of associated companies' profits was due mainly to lower share of fair value gains on investment properties, partly offset by share of profits arising from divestment of the stake in Life Hub @ Jinqiao and 77 King Street. Profit from the Infrastructure Division decreased by $120 million to $123 million due mainly to lower fair value gains on data centres and the absence of gains recognised in 2015. In 2015, there were gains from disposal of the 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, which were partially offset by the losses following finalisation of the cost to complete the Doha North Sewage Treatment Plant. Pre-tax profit of the Investments Division decreased by $124 million to $83 million due mainly to share of losses and impairment losses of an associated company, and the absence of gain from sale of investments last year, partially offset by share of profits from Sino-Singapore Tianjin Eco-City.

Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $784 million, $741 million or 49% lower than last year. The Property Division was the largest contributor to Group net profit at 79%, followed by the Infrastructure Division's 13%, the Investments Division's and the Offshore & Marine Division's at 4% each.

2015
Group revenue of $10,296 million for 2015 was $2,987 million or 22% lower than that for the full year of 2014. The 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 semisubmersible, one FPSO conversion, one depletion compression platform, one floating crane and an FPSO integration. The Property Division saw its revenue increase by 12% to $1,823 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 $877 million to $2,037 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 Engineering, Procurement and Construction (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.

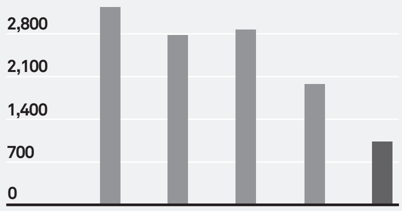
The Group's pre-tax profit for the current year was $1,997 million, $892 million or 31% below the previous year. The Offshore & Marine Division reported a $666 million drop in pre-tax profit to $699 million. Lower operating results arising from lower revenue, provision for losses for Sete Brasil rig 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 $848 million for 2015 was $122 million or 13% 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 $192 million to $243 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.

Revenue ($ billion)



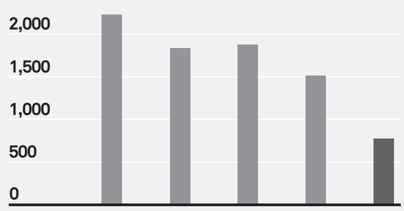
2012	2013	2014	2015	**2016**
14.0	12.4	13.3	10.3	**6.8**

Pre-Tax Profit ($ million)



2012	2013	2014	2015	**2016**
3,256	2,794	2,889	1,997	**1,055**

Net Profit ($ million)



2012	2013	2014	2015	**2016**
2,237	1,846	1,885	1,525	**784**

Group Five-Year Performance

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 43%, followed by the Offshore & Marine Division's 32%, the Infrastructure Division's 13% and the Investments Division's at 12%.

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 S$7,126 million for 2013, driven mainly by progress from on-going jobs. Major jobs completed in 2014 include 7 jackup rigs, 3 FPSO upgrades, 2 FPSO conversions, one FPSO integration and one semi upgrade. Revenue from the Infrastructure Division decreased by $538 million to $2,914 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 $1,629 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 $365 million to $435 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 $970 million for 2014 was $407 million or 30% 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.

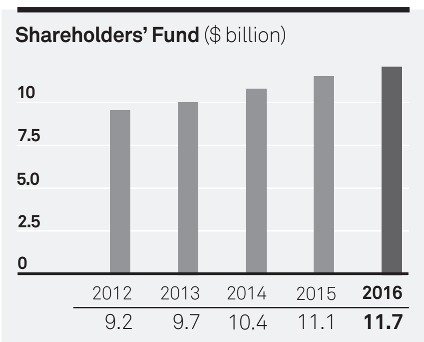
Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $1,885 million, $39 million or 2% higher than last year. The Offshore & Marine Division was the largest contributor to Group net profit at 55%, followed by the Property Division's 25%, the Infrastructure Division's 16% and the Investments Division's at 4%.

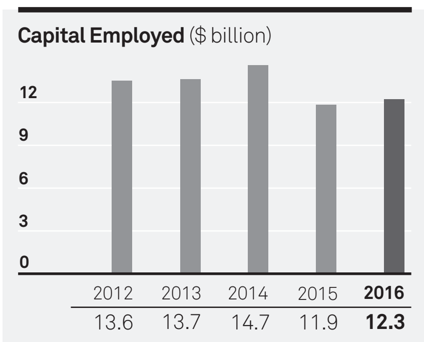
2013

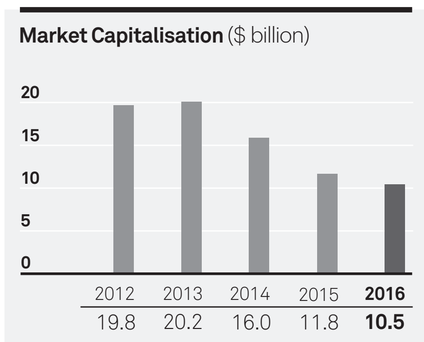
Group revenue was $12,380 million as compared to $13,965 million for 2012. Many jobs started during the year have not reached the stage of revenue recognition resulting in the revenue of Offshore & Marine Division falling by 11% to $7,126 million. In 2013, 22 major new builds, comprising 20 jackups, 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 $620 million to $3,452 million due to higher revenue contributed by the co-generation power plant in Singapore. Property Division saw its revenue weakened by 43% to $1,711 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 21% to $70 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 $1,377 million was 22% lower than profit of $1,757 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 $144 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 43%.







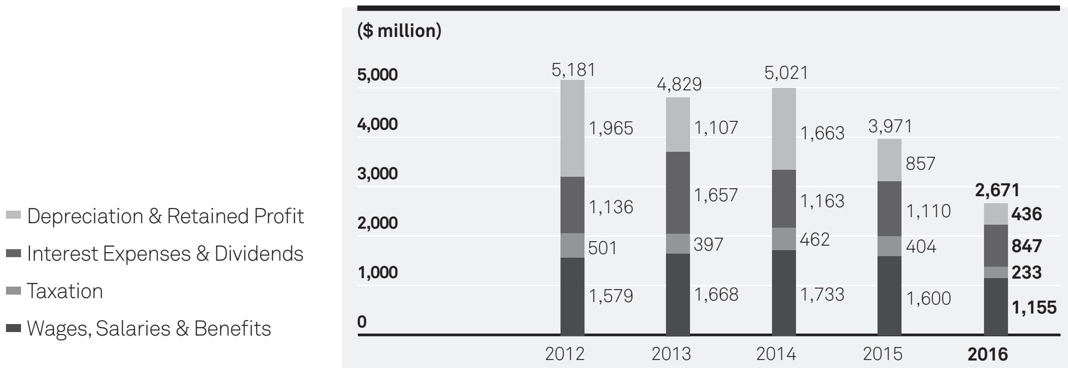
2012
Group revenue of $13,965 million was 39% higher than 2011. Revenue from Offshore & Marine Division of $7,963 million was 40% above that of the previous year due to higher volume of work. The Division completed and delivered two semisubmersible rigs, one semisubmersible rig upgrade, four jack-up 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 $2,831 million. Lower revenue from EPC contracts was partly offset by higher revenue generated from the co-generation power plant in Singapore. Revenue from Property Division of $2,979 million was 103% 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 rigbuilding contracts. Profit from Infrastructure Division increased by 64% to $58 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 $1,757 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.

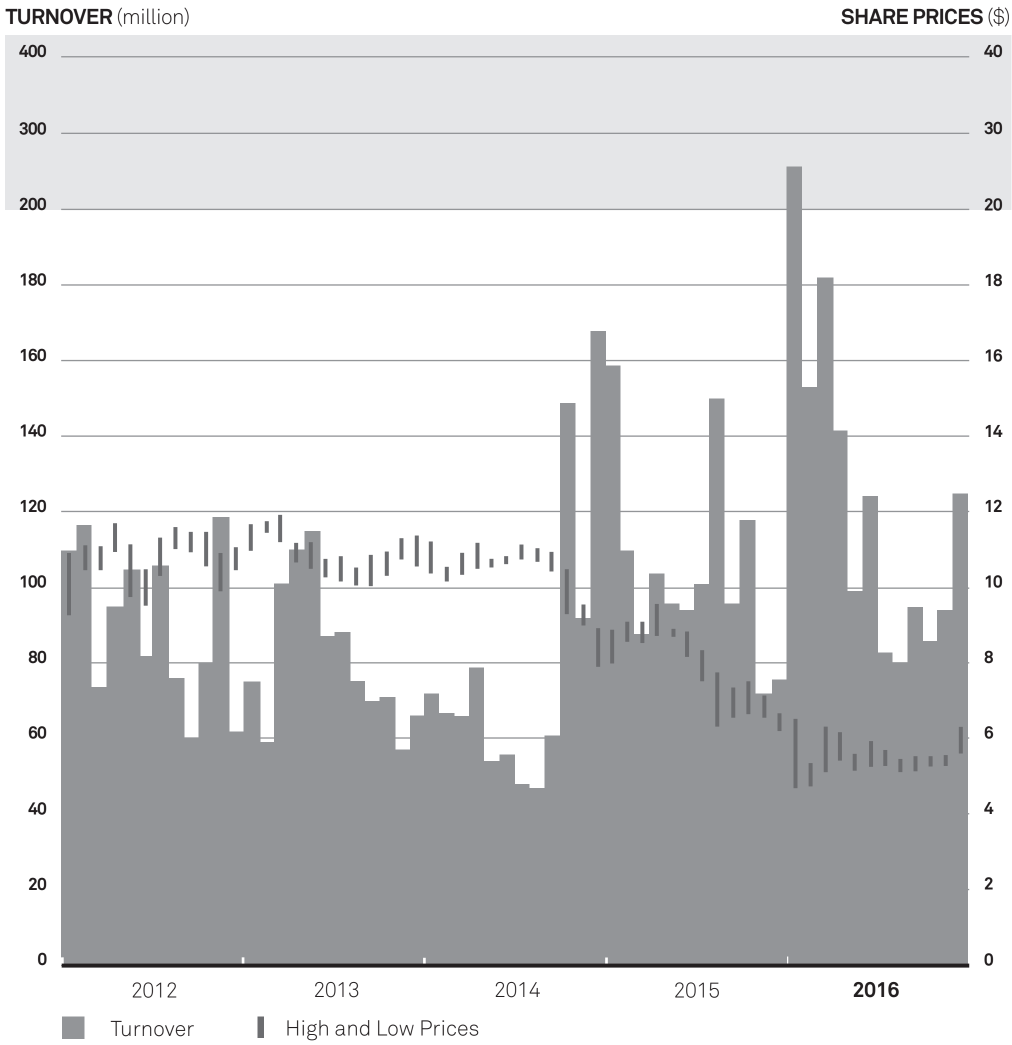
Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $2,237 million, $291 million or 15% higher than last year. The Property Division was the largest contributor to Group net profit at 48%, followed by the Offshore & Marine Division's 42%.

Group Value-Added Statements

($ million)	2012	2013	2014	2015	2016
Value added from:					
Revenue earned	13,965	12,380	13,283	10,296	**6,767**
Less: purchases of materials and services	(9,779)	(8,696)	(9,474)	(7,365)	**(4,393)**
Gross value added from operation	4,186	3,684	3,809	2,931	**2,374**
In addition:					
Interest and investment income	167	158	145	134	**139**
Share of associated companies' profits	603	626	504	504	**345**
Other operating (expenses)/income	225	361	563	402	**(187)**
	5,181	4,829	5,021	3,971	**2,671**
Distribution of Group's value added:					
To employees in wages, salaries and benefits	1,579	1,668	1,733	1,600	**1,155**
To government in taxation	501	397	462	404	**233**
To providers of capital on:					
Interest on borrowings	135	125	134	155	**225**
Dividends to our partners in subsidiaries	212	175	266	83	**77**
Dividends to our shareholders	789	1,357	763	872	**545**
	1,136	1,657	1,163	1,110	**847**
Total Distribution	3,216	3,722	3,358	3,114	**2,235**
Balance retained in the business:					
Depreciation & amortisation	211	242	265	220	**236**
Non-controlling interests share of profits in subsidiaries	306	376	276	(15)	**(39)**
Retained profit for the year	1,448	489	1,122	652	**239**
	1,965	1,107	1,663	857	**436**
	5,181	4,829	5,021	3,971	**2,671**
Average headcount (number)	36,070	38,878	39,049	36,153	**28,879**
Productivity data:					
Gross value added per employee ($'000)	116	95	98	81	**82**
Gross value added per dollar employment cost ($)	2.65	2.21	2.20	1.83	**2.06**
Gross value added per dollar sales ($)	0.30	0.30	0.29	0.28	**0.35**



Share Performance



	2012	2013	2014	2015	2016
Share Price ($) *					
Last transacted (Note 3)	11.00	11.19	8.85	6.51	**5.79**
High	11.67	11.93	11.24	9.54	**6.56**
Low	9.32	10.01	7.91	6.20	**4.64**
Volume weighted average (Note 2)	10.75	10.87	10.01	7.92	**5.46**
Per Share					
Earnings (cents) (Note 1)	124.8	102.3	103.8	84.0	**43.2**
Total distribution (cents)	73.6	49.5	48.0	34.0	**20.0**
Distribution yield (%) (Note 2)	6.9	4.6	4.8	4.3	**3.7**
Net price earnings ratio (Note 2)	8.6	10.6	9.6	9.4	**12.6**
Net assets backing ($)	5.08	5.32	5.70	6.07	**6.34**
At Year End					
Share price ($)	11.00	11.19	8.85	6.51	**5.79**
Distribution yield (%) (Note 3)	6.7	4.4	5.4	5.2	**3.5**
Net price earnings ratio (Note 3)	8.8	10.9	8.5	7.8	**13.4**
Net price to book ratio (Note 3)	2.2	2.1	1.6	1.1	**0.9**

Notes:
1. 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.
2. Volume weighted average share price is used in calculating distribution yield and net price earnings ratio.
3. 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

As at 3 March 2017

Issued and Fully paid-up capital (including Treasury Shares)	:	$1,288,393,382.98
Issued and Fully paid-up capital (excluding Treasury Shares)	:	$1,253,601,698.45
Number of Issued shares (including Treasury Shares)	:	1,817,910,180
Number of Issued shares (excluding Treasury Shares)	:	1,812,843,070
Number/Percentage of Treasury Shares	:	5,067,110 (0.28%)
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	No. of Shareholders	%	No. of Shares	%
1 - 99	189	0.26	7,041	0.00
100 - 1,000	16,907	23.41	13,876,356	0.76
1,001 - 10,000	45,756	63.35	178,752,908	9.86
10,001 - 1,000,000	9,343	12.93	279,314,134	15.41
1,000,001 & Above	37	0.05	1,340,892,631	73.97
Total	72,232	100.00	1,812,843,070	100.00

Twenty Largest Shareholders	No. of Shares	%
Temasek Holdings (Private) Limited	371,408,292	20.49
Citibank Nominees Singapore Pte Ltd	324,841,755	17.92
DBS Nominees Pte Ltd	181,409,260	10.01
HSBC (Singapore) Nominees Pte Ltd	99,676,592	5.50
United Overseas Bank Nominees Pte Ltd	82,291,699	4.54
DBSN Services Pte Ltd	70,884,219	3.91
Raffles Nominees (Pte) Ltd	54,895,513	3.03
BNP Paribas Securities Services	52,335,597	2.89
OCBC Nominees Singapore Pte Ltd	12,396,374	0.68
OCBC Securities Private Ltd	7,683,285	0.42
DB Nominees (S) Pte Ltd	7,535,549	0.41
Shanwood Development Pte Ltd	7,040,000	0.39
Oh Choon Lian	5,776,182	0.32
UOB Kay Hian Pte Ltd	5,326,878	0.30
Phillip Securities Pte Ltd	4,148,761	0.23
Maybank Kim Eng Securities Pte Ltd	3,808,422	0.21
Societe Generale Singapore Branch	3,796,419	0.21
BNP Paribas Nominees Singapore Pte Ltd	3,748,082	0.20
Chen Chun Nan	3,618,100	0.20
DBS Vickers Securities (S) Pte Ltd	3,298,970	0.18
Total	1,305,919,949	72.04

Substantial Shareholder

	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%	Total Interest No. of Shares	%
Temasek Holdings (Private) Limited	371,408,292	20.49	857,941	0.05	372,266,233	20.53

Note:
Temasek Holdings (Private) Limited is deemed interested in 857,941 shares in which its subsidiaries and associated companies have direct or deemed interests.

Public Shareholders

Based on the information available to the Company as at 3 March 2017, approximately 79% 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 Limited
Company Registration No. 196800351N
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the 49th Annual General Meeting of the Company will be held at Suntec Singapore Convention and Exhibition Centre, Summit 1 – 2, Level 3, Raffles Boulevard Suntec City, Singapore 039593 on Friday, 21 April 2017 at 3.00 p.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 2016. **Resolution 1**

2. To declare a final tax-exempt (one-tier) dividend of 12.0 cents per share for the year ended 31 December 2016 (2015: final tax-exempt (one-tier) dividend of 22.0 cents per share). **Resolution 2**

3. To re-elect the following directors of the Company ("Directors"), each of whom will be retiring by rotation pursuant to Regulation 83 of the Constitution of the Company ("Constitution") and who, being eligible, offers himself for re-election pursuant to Regulation 84 of the Constitution (see Note 3):

   (i) Mr Till Vestring **Resolution 3**

   (ii) Mr Danny Teoh **Resolution 4**

   (iii) Mr Tow Heng Tan **Resolution 5**

4. To approve the sum of S$2,020,948 as Directors' fees for the year ended 31 December 2016 (2015: S$2,314,310) (see Note 4). **Resolution 6**

5. To re-appoint PricewaterhouseCoopers LLP as the auditors of the Company, and authorise the Directors to fix their remuneration. **Resolution 7**

Special Business

To consider and, if thought fit, approve with or without any modifications, the following ordinary resolutions:

6. 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: **Resolution 8**

   (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;

Notice of Annual General Meeting & Closure of Books

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 5).

7. That: **Resolution 9**

(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");

(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 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 (as hereinafter defined), 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 6).

8. That: **Resolution 10**

(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 2 to this Notice of Annual General Meeting ("Appendix 2")), or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in Appendix 2, with any person who falls within the classes of Interested Persons described in Appendix 2, 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 2 (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 7).

To transact such other business which can be transacted at the annual general meeting of the Company.

Notice of Annual General Meeting & Closure of Books

NOTICE IS ALSO HEREBY GIVEN THAT:

(a) the Share Transfer Books and the Register of Members of the Company will be closed on 28 April 2017 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 28 April 2017 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 28 April 2017 will be entitled to the proposed final dividend. The proposed final dividend, if approved at this annual general meeting, will be paid on 11 May 2017; and

(b) the electronic copy of the Company's Annual Report 2016 will be published on the Company's website on 30 March 2017. The Company's website address is http://www.kepcorp.com, and the electronic copy of the Annual Report 2016 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 2016, 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/Leon Ng
Company Secretaries

Singapore, 30 March 2017

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 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 72 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 Till Vestring will, upon his re-election, continue to serve as the Chairman of Remuneration Committee and a member of the Nominating Committee. Mr Vestring is a partner in Bain & Company's Southeast Asia office and has more than 20 years of management consulting experience in Asia, advising leading companies on portfolio strategy, growth, mergers and acquisitions, organisation and performance improvement. He is a leader in Bain's Industrial Goods & Services practice and a member of Bain's Telecommunications, Media and Technology practice. Mr Vestring also sits on the boards of Inchcape plc, the Singapore Chinese Orchestra and Leap201.

   Mr Danny Teoh will, upon his re-election, continue to serve as the Chairman of Audit Committee and a member of the Remuneration and Board Risk Committees. Mr Teoh spent 27 years in KPMG LLP, Singapore and over the years, held various senior positions including member of KPMG International Board and Council, Head of the Audit and Risk Advisory Services and Head of Financial Services. He was the Managing Partner of KPMG LLP, Singapore from 2005 to 2010. His other directorships include DBS Group Holdings Ltd, DBS Bank Ltd, Changi Airport Group (Singapore) Pte Ltd, Jurong Town Corporation and Ascendas-Singbridge Pte Ltd. He is Chairman of the Audit Committees of DBS Group Holdings Ltd and Changi Airport Group (Singapore) Pte Ltd. He is also a member of the Risk and Nominating Committees of DBS Group Holdings Ltd.

   Mr Tow Heng Tan will, upon his re-election, continue to serve as a member of the Nominating, Remuneration and Board Risk Committees. Mr Tow has an extensive business career spanning the management consultancy, investment banking and stockbroking industries. He is currently the Chief Executive Officer of Pavilion Capital International Pte. Ltd, a wholly-owned subsidiary of Temasek Holdings (Private) Limited (Temasek Holdings). Prior to joining Temasek Holdings in September 2002, he was Senior Director of Business Development at DBS Vickers Securities (Singapore) Pte Ltd. From 1993 to 2001, Mr Tow was Managing Director of Lum Chang Securities Pte Ltd. Mr Tow was also formerly Temasek Holdings's Chief Investment Officer. Mr Tow also sits on the board of ComfortDelGro Corporation Limited, among others.

   Mr Till Vestring and Mr Danny Teoh are considered by the board of Directors to be independent Directors. Please see pages 22 and 23 of the Company's Annual Report.

4. Resolution 6 is to approve the payment of an aggregate sum of S$2,020,948 as Directors' fees for the non-executive Directors of the Company for FY2016. In light of the continued uncertainties overlooming the offshore and marine industry, all non-executive directors volunteered for a 10% reduction in their total fees for FY2016.

   If approved, each of the non-executive Directors (including the Chairman) will receive 70% of his/her total Directors' fees in cash ("Cash Component") 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 72 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 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 8 is passed, and any subsequent bonus issue, consolidation or sub-division of Shares.

6. Resolution 9 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 19 April 2016. At this annual general meeting, the Company is seeking a lower "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 1 to this Notice of Annual General Meeting for details.

7. Resolution 10 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 2 to this Notice of Annual General Meeting for details.

8. **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)
Tow Heng Tan
Alvin Yeo Khirn Hai
Tan Ek Kia
Danny Teoh
Tan Puay Chiang
Till Vestring
Veronica Eng

Audit Committee
Danny Teoh (Chairman)
Alvin Yeo Khirn Hai
Veronica Eng
Tan Ek Kia

Remuneration Committee
Till Vestring (Chairman)
Lee Boon Yang
Danny Teoh
Tow Heng Tan

Nominating Committee
Tan Puay Chiang (Chairman)
Lee Boon Yang
Tow Heng Tan
Alvin Yeo
Till Vestring

Board Risk Committee
Veronica Eng (Chairman)
Tow Heng Tan
Danny Teoh
Tan Puay Chiang
Tan Ek Kia

Board Safety Committee
Tan Ek Kia (Chairman)
Lee Boon Yang
Loh Chin Hua
Tan Puay Chiang

Company Secretaries
Caroline Chang
Leon Ng

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
PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
8 Cross Street #17-00
PWC Building
Singapore 048424
Audit Partner: Sim Hwee Cher
Year appointed: 2016

Financial Calendar

FY 2016

Financial year-end	31 December 2016
Announcement of 2016 1Q results	18 April 2016
Announcement of 2016 2Q results	21 July 2016
Announcement of 2016 3Q results	20 October 2016
Announcement of 2016 full year results	26 January 2017
Despatch of Annual Report to Shareholders	30 March 2017
Annual General Meeting	21 April 2017
2016 Proposed final dividend	
Books closure date	5.00 p.m., 28 April 2017
Payment date	11 May 2017

FY 2017

Financial year-end	31 December 2017
Announcement of 2017 1Q results	April 2017
Announcement of 2017 2Q results	July 2017
Announcement of 2017 3Q results	October 2017
Announcement of 2017 full year results	January 2018

This page is intentionally left blank.

Keppel Corporation

Keppel Corporation Limited
Company Registration No. 196800351N
(Incorporated in the Republic of Singapore)

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/SRS monies to buy ordinary shares in the capital of Keppel Corporation Limited ("Shares"), this report is forwarded to them at the request of their Agent Banks/SRS Operators 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 Agent Bank/SRS Operator so that his Agent Bank/SRS Operator may appoint him as its proxy within the specified timeframe. (Agent Banks/SRS Operators: 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 30 March 2017.

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 to be held on Friday, 21 April 2017 at Suntec Singapore Convention and Exhibition Centre, Summit 1 – 2, Level 3, Raffles Boulevard Suntec City, Singapore 039593 at 3.00 p.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 *
Ordinary Business		
1. Adoption of Directors' Statement and Audited Financial Statements		
2. Declaration of Dividend		
3. Re-election of Mr Till Vestring as Director		
4. Re-election of Mr Danny Teoh as Director		
5. Re-election of Mr Tow Heng Tan as Director		
6. Approval of fees to non-executive Directors		
7. Re-appointment of Auditors		
Special Business		
8. Issue of additional Shares and convertible instruments		
9. Renewal of Share Purchase Mandate		
10. Renewal of Shareholders' Mandate for Interested Person Transactions		

* 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 ________________ 2017

Total Number of Shares held	

____
Signature(s) or Common Seal of Member(s)

IMPORTANT: Please read the notes overleaf before completing this Proxy Form.

Glue all sides firmly. Stapling and spot sealing are disallowed.

Glue all sides firmly. Stapling and spot sealing are disallowed.

Glue all sides firmly. Stapling and spot sealing are disallowed.

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, an Agent Bank/SRS Operator 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 ("Companies Act").

Fold along this line (1)

Affix
Postage
Stamp

The Company Secretary
Keppel Corporation Limited
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Fold along this line (2)

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 72 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.

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 shall be entitled to 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

Inspired 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
www.kepcorp.com

Co Reg No: 196800351N