Keppel Corporation

Transforming to Deliver

Report to Shareholders 2018

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 deliver solutions for sustainable urbanisation 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 the best risk-adjusted returns.
6. Clarity of focus and operating within our core competence.
7. Being prepared for the future.

Contents

Transforming to Deliver

The building blocks of our transformation as a provider of solutions for sustainable urbanisation are in place. We will focus on executing and delivering on our growth initiatives to create value for all our stakeholders.

Strengthening Key Verticals

We have undertaken strategic initiatives to stay relevant, unlock new opportunities and drive growth in a fast-changing landscape. Our Offshore & Marine Division, for instance, has been re-positioned as an offshore energy and infrastructure solutions provider, expanding its markets beyond the oil drilling sector. In 2018, we secured LNG and scrubber projects worth $600 million. With the successful deployment of the world's first converted Floating LNG (FLNG) vessel, Hilli Episeyo, we have demonstrated that converted FLNG solutions can be a quick and cost-efficient way of monetising stranded gas reserves.

$2.4b

Worth of gas-related orders secured since 2015.

Seizing New Opportunities

Urbanisation trends present many exciting and interconnected opportunities for Keppel, whether it is providing energy, property, environmental solutions or connectivity. With a view to developing future growth engines, we are actively exploring and investing in new businesses such as senior living and renewable energy infrastructure. We are also expanding our presence in consumer businesses including electricity retail, urban logistics and telecommunications. In Singapore, Keppel Electric became the largest electricity retailer in the commercial and industrial sector, as well as a leader in initial phases of the Open Electricity Market.

Over 50,000

Household customers secured in the initial phases of the Open Electricity Market, expanding Keppel's presence in consumer businesses.

Unleashing Synergies

Our businesses are collaborating with one another to seize opportunities with the common purpose of providing solutions for sustainable urbanisation. Keppel Urban Solutions (KUS) brings together the Group's capabilities and track record in energy, property, infrastructure and connectivity to create smart, sustainable urban townships. KUS is working with Keppel Land to develop the 64-hectare Saigon Sports City in Ho Chi Minh City, Vietnam. By working together as a group, we can enhance the value of our landbank and real estate, as well as enjoy multiple income streams from developing and managing properties and infrastructure, and providing a host of high-quality urban services.

About 800,000 sm

Of residential and mixed-use gross floor area to be developed in Saigon Sports City.

Key Figures

Revenue

$6.0b

Comparable with that of FY 2017.
Higher revenues from the Offshore & Marine and Infrastructure divisions were partially offset by lower revenues from the Property and Investments divisions.

Net Profit

$944m

Increased 382% from FY 2017's $196 million#.
Excluding the one-off financial penalty and related costs of $619 million^ from FY 2017's results, FY 2018 net profit would have increased 16% from FY 2017's $815 million#.

Employee Engagement

87%

Percentage of employees who indicated that they would "go beyond the norm" to contribute to Keppel's success.

Return On Equity

8.3%

Increased by 6.6 percentage points from FY 2017's 1.7%#.
Excluding the effects of the one-off financial penalty and related costs of $619 million^ from FY 2017's results, Return on Equity of 8.3% would have been 1.4 percentage points higher than FY 2017's 6.9%#.

Earnings Per Share

52.0cts

Increased 381% from FY 2017's $0.11 per share#.
Excluding the effects of the one-off financial penalty and related costs of $619 million^ from FY 2017's results, Earnings Per Share of $0.52 would have increased 16% from FY 2017's $0.45 per share#.

Workplace Safety And Health Awards

28 Awards

The highest number of awards won by a single organisation in 2018.

Net Gearing Ratio

0.48x

Increased slightly from FY 2017's net gearing of 0.46x.
This was largely driven by a decrease in total equity as a result of lower non-controlling interests.

Free Cash Inflow*

$515m

Decreased from FY 2017's $1,802 million.
This was mainly due to working capital requirements.

Beneficiaries

>2,600

Beneficiaries whose lives have been touched by Keppel Volunteers in 2018.

Cash Dividend Per Share

30.0cts

Increased 36% from FY 2017's cash dividend of 22.0 cents per share.
Total distribution for FY 2018 comprised a proposed final cash dividend of 15.0 cents per share, an interim cash dividend of 10.0 cents per share and a special cash dividend of 5.0 cents per share.

Net Asset Value Per Share

$6.22

Decreased 1% from FY 2017's $6.29 per share.

Social Investments

$8.9m

Invested in social causes in 2018.

2017 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International).
^ One-off financial penalty and related costs of $619 million in FY 2017 arose from Keppel Offshore & Marine's global resolution with criminal authorities in the United States, Brazil and Singapore, and related legal, accounting & forensics costs.
* Free cash flow excludes expansionary acquisitions and capital expenditure, and major divestments.

Group Financial Highlights

Group Quarterly Results ($m)

	2018					2017#				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Revenue	1,470	1,523	1,295	1,677	5,965	1,248	1,554	1,617	1,545	5,964
EBITDA	532	314	325	55	1,226	243	210	364	197	1,014
Operating profit	486	270	282	5	1,043	187	153	314	147	801
Profit/(Loss) before tax	448	294	334	164	1,240	292	219	348	(417)^	442^
Attributable profit/(loss)	337	246	226	135	944	252	171	265	(492)^	196^
Earnings per share (cents)	18.6	13.6	12.4	7.4	52.0	13.9	9.4	14.6	(27.1)^	10.8^

	2018	2017#	% Change
For the year ($m)			
Revenue	5,965	5,964	<0.1%
Profit			
EBITDA	1,226	1,014	21%
Operating	1,043	801	30%
Before tax	1,240	442^	181%
Net profit	944	196^	382%
Operating cash inflow	125	1,203	-90%
Free cash inflow*	515	1,802	-71%
Economic value added	252	(839)^	n.m.
Per share			
Earnings ($)	0.52	0.11^	381%
Net assets ($)	6.22	6.29	-1%
Net tangible assets ($)	6.15	6.22	-1%
At year-end ($m)			
Shareholders' funds	11,278	11,443	-1%
Non-controlling interests	309	530	-42%
Total equity	11,587	11,973	-3%
Net debt	5,567	5,519	1%
Net gearing ratio (times)	0.48	0.46	4%
Return on shareholders' funds (%)			
Profit before tax	11.6	3.6^	222%
Net profit	8.3	1.7^	388%
Shareholders' value			
Distribution (cents per share)			
Interim dividend	10.0	8.0	25%
Special dividend	5.0	–	n.m.
Final dividend	15.0	14.0	7%
Total distribution	30.0	22.0	36%
Share price ($)	5.91	7.35	-20%
Total shareholder return (%)	(16.4)	30.9	n.m.

n.m. = not meaningful
# 2017 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International).
^ Includes the one-off financial penalty and related costs of $619 million.
* Free cash flow excludes expansionary acquisitions and capital expenditure, and major divestments.

Chairman's Statement

2018 was a transformational year for Keppel, during which we focused not only on executing our existing businesses well, but also on investing in and building new growth engines.

Dear Shareholders,

2018 was an eventful year, marked by volatility in the international economy, with concerns over trade tensions between the United States (US) and China, slowing global growth, fluctuating oil prices and uncertainty over how BREXIT will unfold.

At the same time, urbanisation trends and a growing middle class, especially in Asia, continue to drive demand and provide opportunities for companies able to supply solutions to meet their needs. Robotics, artificial intelligence and digitalisation are also empowering companies with new ways of working, and actionable insights which allow the provision of better and more efficient solutions for customers.

For Keppel, 2018 was a transformational year, during which we focused not only on executing our existing businesses well, but also on investing in and building new growth engines.

We began the year by refreshing the Group's mission and uniting our different businesses behind the common goal of providing solutions for sustainable urbanisation. Today, Keppel is not a diverse group of companies that share a common name, or a company focused mainly on the offshore and marine (O&M) or property businesses, but an eco-system of companies working closely together, and harnessing the synergies of the multi-business group, as we provide much needed urbanisation solutions, from energy, to urban spaces and clean environments, to physical and digital connectivity.

Last September, together with Singapore Press Holdings (SPH), we launched an offer to take majority control of M1. M1 complements Keppel's mission to be a solutions provider for sustainable urbanisation. We believe there are synergies which can be harnessed by collaboration between M1 and other parts of the Keppel Group. This will require a major transformation of M1 which will take some years to achieve. The Offeror achieved majority control of M1 and the shareholding threshold required to de-list M1 in February, and on 6 March 2019, it announced that it would exercise its rights to compulsorily acquire all the remaining shares. Keppel and SPH will work with M1's board and management to develop and implement the transformation strategy and pursue growth initiatives.

We also announced a scheme of arrangement to privatise Keppel Telecommunications & Transportation (Keppel T&T), to further simplify our corporate structure and better integrate Keppel T&T's interests with the rest of the Group.

Strong Performance

The Group performed well in 2018, achieving a net profit of $944 million, up 382% from $196 million in 2017, or up 16% from $815 million, if we exclude the one-off financial penalty for Keppel Offshore & Marine's (Keppel O&M) global resolution with criminal authorities in the US, Brazil and Singapore and other related costs amounting to $619 million.

The growth in earnings was driven by improved performance across our O&M, Property and Infrastructure divisions, with Property making the biggest contribution to the Group. Significantly, our O&M Division made a profit at both the operating and net levels for the full year, excluding revaluations, major impairments and divestments (RIDs), underpinned by its extensive rightsizing efforts and new contract wins. However, the Division registered a loss of $109 million, after provisions, including an additional provision of $167 million for expected losses on the rig contracts with Sete Brasil, partially offset by write-back of provisions for claims.

The Group's Return on Equity (ROE) was 8.3%, while our Economic Value Added was $252 million in 2018.

The Board of Directors has proposed a final cash dividend of 15.0 cents per share for FY 2018. Together with the interim cash dividend of 10.0 cents per share and special cash dividend of 5.0 cents per share distributed last August to commemorate Keppel's golden jubilee, we will be paying out a total cash dividend of 30.0 cents per share to shareholders for the whole of 2018.

Property

Keppel Land is continuing its transformation to be a multi-dimensional real estate company, with one of the highest rates of return in Asia.

Over two decades, the Group has expanded regionally and invested in several key Asian cities, where we enjoy a first mover advantage and have built up a sizeable landbank.

China and Vietnam are two key markets for Keppel Land, where rapid urbanisation and rising affluence continue to drive demand for quality housing and commercial developments. In China, we are focusing on the Jing-Jin-Ji region, Yangtze River Delta, Greater Bay Area and the Chengdu metropolis, where we see strong growth potential, while in Vietnam, we are focused mainly on Ho Chi Minh City (HCMC), where Keppel Land has been operating for over 20 years.

In 2018, Keppel Land actively executed its capital recycling strategy, completing acquisitions totalling about $0.8 billion, as well as divestments and en-bloc sales totalling about $1.7 billion.

Lee Boon Yang
Chairman

We sold about 4,440 homes in 2018, of which around 2,200 were in China, achieving a total estimated sales value of about $1.8 billion. Over and above these home sales, we also sold five projects, which are equivalent to approximately 11,500 units sold en-bloc.

Over the course of 2018, we replenished our landbank with the addition of about 3,600 units in China and 500 units in Indonesia, bringing our total landbank to close to 50,000 homes as at end-2018.

In its commercial portfolio, Keppel Land has about 1.5 million square metres of gross floor area, of which about 60% is under development. As the commercial projects are progressively completed, they will contribute steady recurring income to the Group.

Offshore & Marine

Keppel O&M secured new contracts totalling $1.7 billion in 2018, a significant improvement over the $1.2 billion of new orders won in the whole of 2017.

With the gradually declining rig supply overhang, as well as increased tendering activity, we are seeing growing optimism in the O&M business, although we believe it will take some time before we see sustained recovery across the board.

The contract for a mid-water semisubmersible rig for harsh environment use from Awilco, our first newbuild drilling rig order since the start of the downturn in 2014, was a significant milestone. It demonstrated that despite the continuing challenges in the O&M sector, there continues to be strong preference in the industry for high-specification rigs, built by a reliable partner.

Keppel O&M won four production projects during the year and is also seizing opportunities arising from the growing adoption of liquefied natural gas (LNG). With our ability to design, develop and integrate solutions across the gas value chain, Keppel is well positioned to be the gas industry's preferred partner.

Hilli Episeyo, the world's first converted floating LNG (FLNG) vessel which we delivered in late-2017, has provided a successful proof of concept of a faster-to-market and cost-efficient solution for monetising stranded gas reserves, thus opening up new opportunities for Keppel in the liquefaction vessel space. It has maintained 100% uptime since commencing commercial operations and despatched 13 LNG cargoes as at the end of 2018. Keppel O&M has received a limited notice to proceed from Golar LNG to commence early conversion works on another FLNG vessel, Gimi. Keppel Shipyard will commence full construction activities when it receives the final notice to proceed.

Chairman's Statement


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We also see increasing demand for scrubber retrofits as the International Maritime Organization's 2020 deadline for the implementation of the 0.5% sulphur cap on marine fuels approaches. In 2018, Keppel O&M secured 65 contracts from a variety of customers for such projects.

Beyond delivering our projects well, Keppel O&M is continuing to build new capabilities and capture new markets. It has also streamlined and reorganised its operations into a *New Builds* division, covering Offshore as well as Gas & Specialised Vessels, and a *Conversions & Repairs* division. With its business divisions working as an integrated body, Keppel O&M is able to achieve greater efficiency and provide customers with more competitive and reliable end-to-end solutions.

At the same time, Keppel O&M is innovating to develop rigs of the future through increasing digitisation, capturing and analysing data, and offering enhanced solutions. Keppel O&M has also launched its proprietary RigCare Solution, which encompasses a suite of digital services to support a rig's lifecycle needs, significantly increasing uptime and reducing maintenance costs. The jackup rig, Cantarell IV, that Keppel O&M delivered to Grupo R in February 2019, is the first rig equipped with our RigCare Solution, which will significantly transform the efficiency, safety and operability of the rig.

Keppel O&M is also enhancing the productivity and efficiency of its operations through developing yards of the future by leveraging more advanced engineering and production methods including the use of robotics and smart sensors.

Infrastructure

We are growing our Infrastructure Division as a stable pillar of earnings. Keppel Infrastructure continues to seek value-enhancing projects, leveraging its project development, engineering, as well as operations and maintenance expertise.

In 2018, Keppel Infrastructure secured some $120 million worth of contracts for energy and environmental infrastructure across Singapore, Australia and Europe. This includes a contract to supply technology solutions to Australia's first waste-to-energy plant, located in Kwinana, reflecting our efforts to expand into new markets.

The construction of the Keppel Marina East Desalination Plant has achieved 65% completion, while the Hong Kong Integrated Waste Management Facility is now at the design and engineering phase and is expected to contribute to our bottomline from 2019.

While pursuing new markets and opportunities, we are growing our stable and recurring income from the quality operations and maintenance services provided by Infrastructure Services.

Keppel Electric has been the largest electricity retailer in Singapore in terms of market share in the commercial and industrial sector. Following the launch of the Open Electricity Market (OEM) in Singapore, Keppel Electric is also making headway into the housing electricity market. Starting from 1 November 2018, the OEM is being progressively extended to all consumers across Singapore by zones. The response to Keppel Electric's retail offerings for households has been encouraging, with preliminary results showing that it is among the retailers with the largest market shares in the OEM.

Keppel T&T is scaling up its logistics and data centre solutions to tap opportunities created by the fast-growing digital economy. With the burgeoning growth of cloud service providers as well as increasing storage and processing requirements, our data centre business is well positioned to tap growth opportunities.

In 2018, we added four new data centre projects across Asia and Europe to our portfolio. This expands our portfolio to 22 data centres with a total value of about $2.7 billion. To further grow its capabilities, Keppel T&T is also exploring innovative solutions such as high-rise green data centres and floating water-cooled data centre parks, which tap Keppel O&M's expertise in floating infrastructure.

Expanding into new markets, we have, through the Alpha Data Centre Fund (Alpha DC Fund) and Keppel Data Centres Holding (KDCH), signed conditional agreements with the Salim Group to jointly develop and operate a high-availability data centre in Bogor, about 35 kilometres from Jakarta. Alpha DC Fund and KDCH have also inked agreements with a leading technology company to develop and operate their first greenfield data centre in Johor, Malaysia. Meanwhile, Keppel Logistics focused on streamlining processes and resources for better cost management while seeking new opportunities in urban logistics. We continued to drive the growth of UrbanFox, our omnichannel logistics and channel management solutions brand. UrbanFox's customer base has grown significantly, with deliveries doubling over the course of 2018. UrbanFox also plans to launch its integrated channel management in other countries in Southeast Asia, leveraging Keppel's presence in those markets.

Investments

2018 was an active year for our Investments Division.

Keppel Capital announced acquisitions worth over $2 billion and explored new platforms for long-term growth, including expanding into new markets and asset classes, focusing on areas which harness the capabilities of the Keppel Group.

With a view to tapping opportunities in the fast-growing senior living market, Keppel Capital entered into a conditional equity purchase agreement to acquire a 50% stake in leading US senior living operator, Watermark Retirement Communities. It has also signed Memoranda of Understanding (MOUs) to establish new private funds to invest in education real estate, and retail properties in Australia.

Our listed REITs and Trust have also been expanding their portfolios. In Australia, Keppel DC REIT is enlarging its data centre footprint with a new shell and core data centre, to be built in the Macquarie Business Park precinct in Sydney. In the US, Keppel-KBS US REIT continued to capture strong leasing demand from the technology and professional services sectors in Seattle. Keppel Infrastructure Trust has completed its acquisition of a 100% interest in Ixom, which is among the leading industrial infrastructure businesses in Australia and New Zealand, supplying and distributing water treatment chemicals, as well as industrial and specialty chemicals.

2018 also marked the 10th anniversary of the Sino-Singapore Tianjin Eco-City, a flagship government-to-government project between China and Singapore. With the Eco-City's growing maturity, we are seeing increasing demand for homes and land in the city. Our joint venture, the Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd., sold three residential land plots for RMB 3.4 billion in 2018, one of which was acquired by Keppel Land to tap the healthy demand for its green homes in the Eco-City.

Leveraging the Group's strong track record in master development, Keppel Urban Solutions (KUS) continues to make good progress in its pilot project, the 64-hectare Saigon Sports City in HCMC, which is being developed in collaboration with

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Keppel Land expanded its presence in China in 2018 entering a new market with a residential land plot in Nanjing.

2

Keppel O&M's proprietary RigCare Solution, implemented for the first time on Cantarell IV, will enhance the efficiency, safety and operability of the jackup rig.

Chairman's Statement

Keppel is committed to sustainability, both as a responsible corporate citizen, and as a provider of solutions, that can contribute to a better, more sustainable world.


1

Keppel Land. KUS is also expanding its presence into new geographies, with the signing of an MOU with Envision Group and the Wuxi government to collaborate in the development of a new Smart IoT City in Wuxi, China.

Sharpening Our Focus on Sustainability
Keppel is committed to sustainability, both as a responsible corporate citizen, and as a provider of solutions, that can contribute to a better, more sustainable world.

We have identified the key material environmental, social and governance factors for the Company, and take them into consideration in the determination of the Company's strategic direction and policies.

Compliance remains a key focus for the Group. During the year, Keppel O&M carried out a risk review and audit of anti-corruption compliance. In November, Keppel O&M's entities in Singapore achieved certification for the ISO 37001 Anti-Bribery Management System. The Group is committed to putting in place effective and robust compliance and governance regimes and honouring the undertakings given as part of the 2017 global resolution involving Keppel O&M.

Keppel Corporation has also engaged KPMG to provide an independent platform for employees and external parties such as customers, suppliers and contractors to raise concerns about any perceived irregularity or misconduct. We have also enhanced reporting channels and increased the geographical coverage for whistle-blower hotlines to include 10 countries, including Brazil, China, Vietnam and the US.

We will continue to strengthen our policies and procedures and ensure that we win business legally and ethically, based on the strengths of the Group and quality of our solutions.

Reflecting our strong focus on safety, Keppel won 28 awards at the Singapore Workplace Safety and Health (WSH) Awards 2018, emerging again, as the organisation which won the highest number of WSH awards in the year. Sadly, despite our best efforts, we lost a colleague during the year. We have thoroughly investigated the incident and will continue to strengthen efforts in our safety journey to ensure Keppelites are able to go home safe every day.

Keppelites are our most important resource as we seek to grow the Company into the future. We have continued to invest in training and people development, including providing opportunities for staff to expand their horizons in different countries and business units. As the Group expands into new businesses, we have also bolstered our bench strength with external hires, to bring onboard external perspectives and new skillsets. We will continue to place emphasis on nurturing and developing our global talent pool, as we build a better and stronger Keppel that is able to effectively navigate today's fast-changing business environment.

Further demonstrating our commitment to sustainability, Keppel Corporation became a signatory of the UN Global Compact in May 2018. We have also made a public pledge with the Singapore Ministry of Environment and Water Resources, articulating our commitment to address climate change, including through having more eco-friendly features in our products, investing in green technology and increasing the usage of renewable energy.

We are encouraged that Keppel's sustainability efforts continue to be recognised internationally, with the Company's inclusion in the Euronext Vigeo Eiris Index – World 120 and MSCI World ESG Leaders Index, amongst others. Keppel was also Winner of the UN SDG Category at the Sustainable Business Awards 2018 in Singapore.

Keppel believes in doing good as we do well. We strive to make a difference wherever we operate, be it with the underprivileged, through promoting education or caring for the environment. We commemorated our 50th anniversary by giving back to the community, including through making a $10 million donation to Singapore's Institute of Technical Education to support education for students from financially disadvantaged backgrounds.

Keppelites clocked more than 14,000 volunteer hours in 2018, touching lives in Singapore, China, Vietnam, Indonesia and Brazil, among other countries. Recognising our social impact in the community, Keppel was listed as Champion of Good 2018 by the National Volunteer and Philanthropy Centre.

Acknowledgements

We are pleased to welcome Professor Jean-François Manzoni as an Independent Director on the Board. Professor Manzoni's strong background in the areas of leadership, corporate governance and the development of high-performance organisations will be extremely valuable to the Board as we steer the Group's operations across multiple businesses and jurisdictions in a dynamic environment.

I would also like to thank my fellow directors for their commitment, guidance and generous sharing of their experience during this transformative time for Keppel. I am also grateful to our many partners and stakeholders for their unwavering support and confidence in Keppel. My deep appreciation also goes to the thousands of Keppelites around the world, whose tenacity, hard work and dedication continue to drive Keppel's transformation and growth.

We have a clear path forward, as *OneKeppel*, advancing our mission of being a solutions provider for sustainable urbanisation, and committed to creating a sustainable future.

Yours sincerely,

Lee Boon Yang
Chairman
8 March 2019

1
Keppel T&T, together with Alpha DC Fund, expanded the Group's data centre presence to Bogor, Indonesia.

2
Singapore's President Halimah Yacob (seated, centre), Dr Lee Boon Yang (standing, rightmost), Chairman of Keppel Corporation and Mr Loh Chin Hua (third from left), CEO of Keppel Corporation, joined Keppel's beneficiaries from Montfort Care and Care Corner in a moss art activity.

Interview with the CEO

Q

Keppel's businesses have evolved significantly under your leadership. How would you characterise the progress of transformation? What can investors expect in the next three to five years?

A

Keppel has gone through significant business transformation in the past five years. During this period, we rightsized and integrated Keppel Offshore & Marine's (Keppel O&M) operating units, re-positioning the Division amidst the offshore sector downturn. We evolved Keppel Land into a multi-faceted property company focused on seeking higher returns. We also strengthened our data centres and logistics businesses, including establishing UrbanFox to extend our capabilities into the business-to-consumer (B2C) market. These are just some of the many strategic initiatives we have undertaken to stay relevant, unlock new opportunities and drive growth in a fast-changing landscape.

We have worked hard in the last few years to rally our different businesses around the common purpose of providing solutions for sustainable urbanisation, and encouraging them to hunt as a pack for opportunities. We have achieved significant traction on this front, with inter-company collaboration becoming an important part of our corporate culture and language.

Across the Group today, we not only share the same mission but also services for critical functions such as finance, IT and human resources. Supported by shared services, our operating units can focus on managing and growing their businesses, as well as harnessing the synergies of our multi-business group to offer compelling solutions and services to customers.

Keppel Telecommunications & Transportation (Keppel T&T) for instance, is working with Keppel O&M on a concept for floating data centre parks that utilise water for cooling, as well as exploring opportunities with Keppel Electric to offer bundled power solutions to our data centre customers in Singapore. We are seeing more of such examples come into play as our business verticals reach beyond their immediate playing fields for common opportunities as *OneKeppel*. In addition, business "horizontals" such as Keppel Capital provide funding platforms with co-investors, allowing us to seize growth opportunities across our chosen sectors, while generating recurring fee income for the Group.

As our growth story unfolds, our stakeholders and the market increasingly understand that Keppel is more than just an offshore and marine business, or property business, but an eco-system of companies, working together to provide solutions for sustainable urbanisation. With the privatisation of Keppel Land, the restructuring of our asset management businesses under Keppel Capital, and now the proposed scheme to privatise Keppel T&T, we are further simplifying our corporate structure. This gives us better control of the Group's key business verticals, and the flexibility to allocate capital more efficiently towards investments with the best risk-adjusted returns.

With a view to developing future growth engines, we are actively exploring and investing in new businesses such as senior living and renewable energy infrastructure. We are also expanding our presence in B2C businesses including electricity retail and urban logistics.

While some of the industries that we operate in are cyclical, sustainable urbanisation, and the solutions that we provide, will enjoy many decades of secular growth. As we grow our businesses, we aim to improve both the magnitude and quality of earnings. Our long-term goal is to have each key division contribute no more than 40% of the Group's annual net profit, thus moderating our exposure to business-cycle risks.

The key pieces of our transformation have been put in place. We are now focused on executing and delivering on the growth initiatives, the results of which will come through in the next few years.

Q

Keppel is expanding into different areas such as senior living, education real estate and renewables. How do these businesses fit in with the Group?

A

Keppel is a multi-business company. At various points in our history, we have expanded into and exited from different industries, taking into account the emerging trends and opportunities, to create value for our stakeholders. While we actively explore and invest in new businesses, we will stay disciplined, focusing on businesses that fall within our mission of providing solutions for sustainable urbanisation, and which harness the capabilities and synergies of the Keppel Group.

The consumer business is becoming more interesting with, among others, the advent of the sharing economy and the "uberisation" of assets, supported by a burgeoning middle class, who seek higher standards of living. We see attractive opportunities to cater to urban consumers at different life stages, as reflected in our efforts to enter the senior living and education real estate sectors.

The key pieces of Keppel's transformation have been put in place. We are now focused on executing and delivering on the growth initiatives, the results of which will come through in the next few years.

Population ageing, especially in urban societies, will be one of the most significant social transformations of the twenty-first century, with wide-ranging implications on many sectors, including labour and financial markets, as well as the demand for goods and services. Our acquisition of a stake in a leading US senior living operator is a strategic move for Keppel to enter this new growth sector and also bring customised solutions to Singapore and other markets in Asia.

Renewable energy is not a new business for Keppel. We have been involved in renewables in different ways, including developing offshore wind turbine installation vessels, and designing and fabricating wind tower structures. As the world focuses increasingly on climate change and cleaner forms of energy, we see potential for Keppel to be more actively involved in renewable energy infrastructure.

Q

Which other growth areas are you exploring beyond Keppel's current markets and sectors?

A

The megatrend of urbanisation presents many exciting and interconnected opportunities. We are looking to capture growth from the digitalisation wave, studying how technology and connectivity can be more fully deployed in our solutions for sustainable urbanisation.

Artificial intelligence (AI), the Internet of Things (IoT) and 5G connectivity are driving a surge in data production, as well as powering new technologies from smart manufacturing to autonomous vehicles and intelligent retail. These developments will have an impact on the demand for data centres and network infrastructure, and at a more fundamental level, change the way people live, work, play and interact with their environments and one another.

Keppel Urban Solutions (KUS) seeks to harness the capabilities and track record of the Group to develop vibrant and digitally-connected smart cities, which tap sensing technology and IoT. Saigon Sports City in Ho Chi Minh City, Vietnam, which KUS is developing in collaboration with Keppel Land, and the proposed Smart IoT City at Taihu New City in Wuxi, China, are prime candidates for the test-bedding of some of the latest urban solutions, which KUS is partnering leading technology providers such as Envision, Microsoft and ST Engineering to deliver.

Q

The O&M Division's performance has improved year on year, lowering its net loss to $109 million for FY 2018. What is the outlook for this business?

A

Our O&M Division performed commendably, reducing its net loss by almost half to $109 million from $207 million a year ago, if we exclude the one-off global resolution and related costs in 2017. Notably, the Division made a net profit of $6 million for FY 2018, before the $167 million provision for projects with Sete Brasil and other provisions and asset impairments of $44 million, partially offset by a write-back of provisions for claims.

Decisive rightsizing efforts over the past four years have helped to cut the Division's overheads, and shape a leaner, fitter and more agile Keppel O&M that is more competitive and ready to seize opportunities, even against the backdrop of lower oil prices. Our efforts in positioning Keppel O&M to capture new opportunities in the gas, production and non-drilling sectors have also paid off. In 2018, Keppel O&M secured $1.7 billion worth of new orders, up from $1.2 billion secured in 2017. Significantly, liquefied natural gas (LNG) and scrubber projects contributed over $600 million to new orders won in 2018.

Today, there are some early signs of improvement in the offshore rig sector, although we do not envisage a V-shaped recovery. More projects are being sanctioned at Brent oil prices of between US$55 and US$65 a barrel, the rig supply overhang is gradually reducing, and tendering activity is improving. In the production space, we see opportunities in Floating Production Storage and Offloading (FPSO) units, especially conversions, with several projects reaching their Final Investment Decisions (FID) in 2019 and 2020. The global demand for gas, led by Asia, continues to grow, with a few floating regasification projects expected to be sanctioned later this year. With reduced overheads, more of the revenues earned will flow down to our bottomline as we secure new orders.

Interview with the CEO

1
In the production space, Keppel O&M sees opportunities in FPSOs, especially conversions, with several projects reaching FID in 2019 and 2020. (In picture: FPSO La Noumbi)

2
Keppel Land is well positioned to tap the demand for quality housing in promising markets such as China and Vietnam. (In picture: Riviera Point, Ho Chi Minh City, Vietnam)

Notwithstanding continuing challenges in the O&M sector, we remain cautiously optimistic about the business. Keppel O&M will aim to become profitable in 2019 by executing our projects well and growing the Division's topline. As the market is very competitive, we will remain disciplined in bidding for new contracts, seeking only quality customers and projects with attractive risk-adjusted rewards.

Q
What are you doing to prepare the O&M Division to seize opportunities when the market recovers?

A
Our goal is to build a more competitive and sustainable O&M business. As part of the rightsizing programme, we have also more closely integrated the different business units under two divisions, namely the *New Builds* division, which covers Offshore as well as Gas & Specialised Vessels, and the *Conversions & Repairs* division. Keppel FELS, Keppel Shipyard and Keppel Singmarine are now working more closely together as *OneKOM*, and unleashing synergies through the sharing of resources and construction methodologies as the Division moves towards Industry 4.0.

Even though the market is improving, we do not expect the offshore business to return to the heydays any time soon. Offshore drillers are now more cautious, having suffered significantly in the past few years. As an industry leader, Keppel O&M is responding to customers' drive to improve operational efficiency and lower costs across their project life cycles through designing smarter and more efficient rigs of the future, powered by AI and sensing technology.

We are also looking beyond our present playing fields for growth. Developing economies, which are experiencing the fastest urbanisation rates, are expected to drive up global energy demand by about 30% from 2019 to 2040. Demand for renewable energy is expected to grow rapidly, while natural gas is projected to overtake coal as the second largest source of energy.

In response to these emerging trends, we have worked hard to re-position Keppel O&M as an offshore energy and infrastructure solutions provider over the past few years, expanding its markets beyond the oil drilling sector. Since 2015, Keppel O&M has won $2.4 billion worth of orders for gas-related solutions, comprising 45% of all our new orders over this period.

Our converted Floating LNG (FLNG) vessels are also gaining increasing traction, following the delivery of Hilli Episeyo, the world's first converted FLNG vessel. Hilli Episeyo has demonstrated that converted FLNG solutions can be a quick and cost-efficient way for monetising stranded gas reserves.

Looking ahead, Keppel O&M is also collaborating with other business units to create innovative floating infrastructure assets, including floating desalination plants and data centres that harness the diverse capabilities of the Group.

Q
What is the rationale behind the active asset divestments in the Property Division? Will you be re-investing to grow the Property business?

A
We had about 50,000 homes in our landbank at the end of 2018 of which 4,100 units were added through new investments made during the year. While this is lower compared to the 63,000 units at the end of 2017, it still represents over half of our Property book value. Turning assets efficiently is, therefore, a key part of our strategy to achieve our goal of transforming Keppel Land into a multi-dimensional real estate company with one of the highest returns on equity (ROE) in Asia.

In 2018, we sold about 4,400 homes, and five projects equivalent to an additional 11,500 units transacted en-bloc. That's a run rate of about 16,000 homes in a year. The results of our efforts are evident, with Keppel Land making a net profit of $940 million for FY 2018, 41% higher year-on-year. Keppel Land's ROE also grew to 11.4% from 7.8% in 2017, while gearing remained low at 0.19x as at end-2018, compared to 0.25x a year ago.

We believe that our through-cycle ROE target of 12% for Keppel Land is reasonable, considering that the company had achieved an average ROE of 14.7% annually over the last decade. To stay on track, we will continue balancing the sale of individual homes and projects en-bloc with the selective acquisition of land where pricing and market conditions are attractive.

Q

Property cooling measures in Singapore and China show little signs of letting up, how will you navigate the challenges in your key markets?

A

Keppel Land's established presence and sizeable landbank across different Asian cities give us optionality. We are not in a hurry to acquire land in any particular market, and will only invest selectively if the projects are able to yield attractive risk-adjusted returns.

Keppel Land maintains a quality portfolio in Singapore, including The Garden Residences in Serangoon North and two more residential plots in the Keppel Bay precinct. We are also looking to redevelop Keppel Towers and Nassim Woods when the conditions are right, and these can potentially add over 400 homes in prime locations to our Singapore portfolio. We will therefore remain disciplined when bidding for new sites.

While cooling measures in China have dampened short-term housing demand, fundamentals in the medium to long term are still encouraging on the back of urbanisation trends and rising income levels. We are positioning ourselves to capture more opportunities by selectively expanding and deepening our presence in high-growth regions and cities where there continue to be good demand for quality housing and commercial developments. We will focus in particular on the Jing-Jin-Ji region, Yangtze River Delta, Greater Bay Area and the Chengdu metropolis, where we see considerable growth potential. The cities which we have recently invested in, such as Chengdu, Nanjing and the Sino-Singapore Tianjin Eco-City, have healthy supply-demand dynamics, and a home supply absorption rate of 5.3 months on average over the past five years.

Apart from Singapore and China, Vietnam is another promising market that is driven by urbanisation trends. As a pioneer foreign developer with an established presence and prime landbank in Ho Chi Minh City, Keppel Land is well positioned to tap the growth of this vibrant property market, where the cost of land is still relatively low in proportion to the total cost of development.

Q

Keppel Infrastructure has been contributing steadily to the Group. What are some of the key highlights and opportunities for this business?

A

2018 was an active year for our energy and environmental infrastructure businesses under Keppel Infrastructure. We secured some $180 million worth of contracts for energy and environmental infrastructure across Singapore, Australia, China and Europe. In Singapore, Keppel Electric became the largest electricity retailer in the commercial and industrial sector, as well as a leader in the initial phases of the Open Electricity Market, securing over 50,000 household customers.

We are also making good progress with our ongoing projects. The Keppel Marina East Desalination Plant was about 65% completed as at end-2018, and the Hong Kong Integrated Waste Management Facility is well on track with its design and engineering phase.

Looking ahead, we will continue to seek new opportunities in the infrastructure space. Infrastructure is both a complex and interesting asset class for investors. With the ability to create quality infrastructure assets and also manage them, we are well placed to partner institutional investors who want to get closer to the coal face but may not have the required expertise.

This opens up more growth opportunities for Keppel, as we can bring in co-investors through the funds we manage. As and when the projects are completed and de-risked, we can also consider injecting them into one of our listed trusts.

Q

What are your plans for the data centre and logistics businesses, especially if Keppel T&T is privatised?

A

Keppel T&T is more than just our data centres and logistics businesses – it is a provider of connectivity solutions for people and businesses in the digital economy. The Scheme of Arrangement to privatise Keppel T&T is intended to better align it with the Group's objectives, and enable it to scale up more quickly through closer collaboration with our other business units.

Connectivity is a critical growth pillar and enabler in our suite of solutions for sustainable urbanisation, be it smart cities, data centres or rigs of the future. All these, and more, are dependent on advanced connectivity infrastructure and solutions. We are positioning Keppel T&T to ride this digitalisation wave and meet the fast-changing needs of our enterprise customers and consumers.

Keppel T&T will continue to sharpen its edge in data centre design and technology solutions. Our data centre business generated a net profit of $76 million for FY 2018, higher than the $15 million for FY 2017, after including gains from changes in our stake in Keppel DC REIT. As we move further to the right of the value chain, there will be more opportunities for Keppel T&T to leverage its partnerships

2

Interview with the CEO

Even as we grow recurring income to improve the overall quality of earnings, we want to ensure that we continue to turn our assets efficiently to realise value and achieve our desired mid-teen ROE target for the Group in the long run.

1

with the Alpha Data Centre Fund, Keppel DC REIT, and our other businesses to expand into new geographical markets and create compelling solutions.

To harness the "uberisation" of logistics and the growing e-commerce market, we will continue to drive the growth of UrbanFox, Keppel T&T's omnichannel logistics and channel management solutions brand. UrbanFox's customer base has grown significantly, with deliveries doubling over the course of 2018. As a case in point, UrbanFox made 16,000 deliveries in Singapore on 11.11 Singles' Day alone last year. We have plans to bring UrbanFox's solutions to other countries in Southeast Asia, and also explore innovative concepts such as online-to-offline retail that will bridge the gap between internet users and physical malls.

Q

Now that Keppel and SPH have gained control of M1, which will be de-listed, what are your plans for the telco?

A

Our investment in M1 has generated good returns for the Group. We have received $737 million in distributions and capital gains over the years, on an investment of $170 million. We believe that there is continuing value that can be derived from M1 but this would require significant efforts to realise, amidst the fast-changing landscape and an increasingly competitive telecommunications sector.

Following the privatisation of M1, we will work with Singapore Press Holdings (SPH) and M1's board and management to drive the needed business changes that will enable M1 to compete more effectively. These long-term changes would include digital transformation, cost management initiatives in both front and back-end operations, growth initiatives into new market segments and optimisation of the balance sheet to unlock value.

M1's connectivity solutions will be an important tool to power some of our other businesses, such as data centres, urban solutions and even our shipyards. M1 also complements our growing B2C business, giving Keppel access to a wider consumer market, and allowing us to offer services through a common digital platform. Already, Keppel Electric and M1 have been working together to bundle their power and mobile services for consumers.

With increasing demand for integrated data centre solutions supported by subsea cables and 5G connectivity, the growth of smart cities and the proliferation of mobile usage, there will be many meaningful touch points with M1 across Keppel's businesses where synergies can be harnessed.

Q

How is Keppel Capital progressing on its journey towards the $50 billion AUM target by 2022? Where do you see growth coming from?

A

2018 was an active year for our asset management business as it continued on its expansion drive, seeking out new markets and asset classes for long-term growth. Notwithstanding a few divestments by Alpha Investment Partners (Alpha) during the year, Keppel Capital's total assets under management (AUM) remained stable at about $29 billion as at end-2018.

Paving the way for growth, Keppel Capital announced acquisitions worth over $2 billion, and seized organic and inorganic opportunities to grow our asset portfolio. The new initiatives include the acquisition of industrial infrastructure company Ixom, the proposed purchase of a 50% stake in leading US senior living operator Watermark Retirement Communities, as well as the setting up of new funds for education-related real estate and Australian retail properties. In January 2019, Alpha also closed the US$1.1 billion Alpha Asia Macro Trends Fund III, 10% above its initial target.

We are excited by the many growth opportunities as Keppel Capital progresses towards its AUM target of $50 billion, leveraging the Group's core competencies to create innovative investment solutions and connect investors with high-quality real assets in fast-growing sectors fuelled by urbanisation trends.

Q

How do you balance the focus on growing recurring income with driving higher returns through asset turns?

A

Both recurring income and gains from revaluations, major impairments and divestments (RID) are important sources of earnings for a multi-business group such as Keppel, which runs a combination of asset light and asset heavy businesses, and owns investment properties.

The nature of Keppel's business is such that we would regularly recognise gains from RIDs, even though they are inherently lumpy. On average, RIDs contributed some $260 million annually to our net profit over the last five years.

Unrealised profit, in the form of revaluation gains on our investment properties, is an important aspect of our RIDs. These revaluation gains are realised only when we divest the assets. For example, we recognised $401 million in revaluation gains from Phase 1 of Marina Bay Financial Centre, Singapore, over a period of two years from 2009. When we divested the office development to Keppel REIT for about $1.4 billion in 2010, we realised a significant part of the revaluation gains after adjusting for Keppel Land's stake in Keppel REIT.

Like recurring income, gains from RIDs are a consistent feature of the Group's earnings and are included in our dividend distributions. For FY 2018, we would be paying out 48% of our total net profit, excluding the special cash dividend of 5.0 cents per share distributed to commemorate Keppel's golden jubilee.

Therefore, even as we grow recurring income to improve the overall quality of earnings, we want to ensure that we continue to turn our assets efficiently to realise value and achieve our desired mid-teen ROE target for the Group in the long run.

Q

In an environment of uncertainty and disruptions, what is Keppel doing to stay on track of its growth trajectory?

A

To thrive in this fast-paced environment, we need to be entrepreneurial and innovative, quick to seize opportunities while staying disciplined with risk taking. As we keep a watchful eye on new developments and potential disruptions to our businesses, we are also building resilience through our self-sustaining business model and strengthened governance processes.

We see sustainability as essential to Keppel's long-term success. Our goal is to run a profitable, safe and responsible business providing the best value proposition to customers, while being guided by our core values and operating principles.

To ensure we have the license to operate as a global company, we need also to carefully consider the environmental, social and governance issues when determining our strategies and policies. In May 2018, Keppel Corporation became a signatory of the United Nations Global Compact. We are committed to upkeeping the Compact's 10 universal principles on human rights, labour, environment and anti-corruption, all of which resonate strongly with our own core values.

We will continue to strengthen our compliance policies and procedures to ensure that we win business legally and ethically. Notably in 2018, Keppel O&M's entities in Singapore achieved certification for the ISO 37001 Anti-Bribery Management System. We will be rolling out the ISO certification programme to Keppel O&M's overseas entities, and are also looking to extend it to other business units in the Group.

As we foster a dynamic environment for collaboration, innovation and the creation of synergies and economic benefits for all our stakeholders, we are also grooming a new generation of Keppelites who are committed to our values and mission. We will create a conducive workplace where Keppelites, regardless of gender, ethnicity or age can explore, develop and fulfil their professional aspirations as we take the Group into the future.


2

1
M1's capabilities and consumer base will augment Keppel's solutions for connectivity and complement our growing B2C businesses.

2
Keppel Capital continues to seek out new markets and asset classes, such as senior living, which are fuelled by urbanisation trends.

Board of Directors

Board Committees

- N Nominating Committee
- A Audit Committee
- R Remuneration Committee
- BR Board Risk Committee
- BS Board Safety Committee

Lee Boon Yang, age 71
Chairman
Non-Executive and Independent Director

R N BS

Date of first appointment as a director:
1 May 2009

Date of last re-election as a director:
20 April 2018

Length of service as a director (as at 31 December 2018):
9 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 2019):
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 2014 to 31 December 2018):
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 57
Executive Director and Chief Executive Officer

BS

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 2018):
5 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 2019):
Listed companies
Keppel Telecommunications & 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 2014 to 31 December 2018):
KrisEnergy Ltd; Keppel REIT Management Limited (Manager of Keppel REIT); Various fund companies under management of Alpha Investment Partners Limited

Others:
Nil

Tow Heng Tan, age 63
Non-Executive and Non-Independent Director

N R BR

Date of first appointment as a director:
15 September 2004

Date of last re-election as a director:
21 April 2017

Length of service as a director (as at 31 December 2018):
14 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; Member of the Institute of Singapore Chartered Accountant

Present Directorships (as at 1 January 2019):
Listed companies
Nil

Other principal directorships
Pavilion Capital Holdings Pte. Ltd.; Pavilion Capital International Pte. Ltd.; Fullerton Financial Holdings Pte. Ltd.; ST Asset Management Ltd; National Healthcare Group Pte Ltd

Major Appointments (other than directorships):
Pavilion Capital Holdings Pte. Ltd. (CEO);
Pavilion Capital International Pte. Ltd. (CEO);
Temasek Trust Investment Advisory Committee (Member)

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
CapitaLand Township Holdings Pte. Ltd.;
ComfortDelGro Corporation Limited

Others:
Former Chief Investment Officer of Temasek International (Private) Ltd

Alvin Yeo Khirn Hai, age 57
Non-Executive and Independent Director

A N

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 2018):
9 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 2019):
Listed companies
United Industrial Corporation Limited;
United Overseas Bank Limited

Other principal directorships
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 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 2014 to 31 December 2018):
Singapore Land Limited; Tuas Power Ltd; Thomson Medical Pte. Ltd.

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

Tan Ek Kia, age 70
Non-Executive and Independent Director

BS BR A

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 2018):
8 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 2019):
Listed companies
KrisEnergy Ltd (Chairman); 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; Singapore LNG Corporation Pte Ltd

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
CitySpring Infrastructure Management Pte Ltd (as Trustee-Manager of CitySpring Infrastructure Trust); City Gas Pte Ltd

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

Board of Directors

Danny Teoh, age 63
Non-Executive and Independent Director

A R BR

Date of first appointment as a director:
1 October 2010

Date of last re-election as a director:
21 April 2017

Length of service as a director (as at 31 December 2018):
8 years 3 months

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

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

Present Directorships (as at 1 January 2019):
Listed companies
DBS Group Holdings Ltd; M1 Limited (Chairman)

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

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Singapore Olympic Foundation; CapitaLand Mall Trust Management Limited (Manager of CapitaLand Mall Trust); JTC Corporation

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 71
Non-Executive and Independent Director

N BS

Date of first appointment as a director:
20 June 2012

Date of last re-election as a director:
20 April 2018

Length of service as a director (as at 31 December 2018):
6 years 7 months

Board Committee(s) served on:
Nominating Committee (Chairman);
Board Safety 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 2019):
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 2014 to 31 December 2018):
Neptune Orient Lines Limited

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

Till Vestring, age 55
Non-Executive and Independent Director

R N

Date of first appointment as a director:
16 February 2015

Date of last re-election as a director:
21 April 2017

Length of service as a director (as at 31 December 2018):
3 years 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 2019):
Listed companies
Inchcape plc

Other principal directorships
Leap Philanthrophy Ltd;
Banteasy Srey Development Limited

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

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Singapore Chinese Orchestra Company Limited

Others:
Nil

Veronica Eng, age 65
Non-Executive and Independent Director

BR A

Date of first appointment as a director:
1 July 2015

Date of last re-election as a director:
20 April 2018

Length of service as a director (as at 31 December 2018):
3 years 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 2019):
Listed companies
Nil

Other principal directorships
Keppel Capital Holdings Pte. Ltd.

Major Appointments (other than directorships):
Professor (Practice), NUS Business School

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Permira Holdings Limited

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

Jean-François Manzoni, age 57
Non-Executive and Independent Director

BR

Date of first appointment as a director:
1 October 2018

Date of last re-election as a director:
N.A.

Length of service as a director (as at 31 December 2018):
3 months

Board Committee(s) served on:
Board Risk Committee (Member)

Academic & Professional Qualification(s):
DBA, Harvard Business School, Boston;
MBA, McGill University, Montreal; Bachelor, Business Administration, l'Ecole des Hautes Etudes Commerciales de Montréal; Fellow of the Singapore Institute of Directors

Present Directorships (as at 1 January 2019):
Listed companies
Nil

Other principal directorships
IMD Foundation Board; Association to Advance Collegiate Schools of Business (AACSB) International

Major Appointments (other than directorships):
President and Nestlé Professor, International Institute for Management Development (IMD), Switzerland; Member of International Advisory panels of Singapore Public Service Division; Digital Switzerland; Russian Presidential Academy of National Economy and Public Administration

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Singapore Civil Service College

Others:
Nil

Keppel Group Boards of Directors

Keppel Offshore & Marine

Loh Chin Hua
Chairman
Chief Executive Officer,
Keppel Corporation

Chris Ong Leng Yeow
Chief Executive Officer

Stephen Pan Yue Kuo
Chairman,
World-Wide Shipping Agency Limited

Po'ad Bin Shaik Abu Bakar Mattar
Independent Director,
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
Chairman,
Maine Maritime Academy Board of Trustee

Chan Hon Chew
Chief Financial Officer,
Keppel Corporation

Kevin Kwok Khien
Independent Director,
Singapore Exchange Ltd
(appointment till 31 Mar 2019)

Keppel Land

Loh Chin Hua
Chairman
Chief Executive Officer,
Keppel Corporation

Tan Swee Yiow
Chief Executive Officer

Tan Yam Pin
Former Managing Director,
Fraser and Neave Group

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

Willy Shee Ping Yah
Senior Advisor and Former Asia 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

Koh Ban Heng
Director

Khoo Chin Hean
Director

Louis Lim Lu-yi
Chief Operating Officer,
Keppel Land

Keppel Telecommunications & Transportation

Loh Chin Hua
Chairman
Chief Executive Officer,
Keppel Corporation

Thomas Pang Thieng Hwi
Chief Executive Officer

Prof Neo Boon Siong
Canon Endowed Chair Professor of Business at 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

Mrs Lee Ai Ming
Senior Consultant,
Dentons Rodyk & Davidson LLP

Keppel REIT Management (Manager of Keppel REIT)

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

Lee Chiang Huat
Independent Director

Lor Bak Liang
Independent Director

Christina Tan Hua Mui
Chief Executive Officer,
Keppel Capital

Tan Swee Yiow
Chief Executive Officer,
Keppel Land

Alan Rupert Nisbet
Independent Director

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

Koh Ban Heng
Chairman

Thio Shen Yi
Joint Managing Director,
TSMP Law Corporation

Daniel Cuthbert Ee Hock Huat
Independent Director

Mark Andrew Yeo Kah Chong
Independent Director

Kunnasagaran Chinniah
Independent Director

Christina Tan Hua Mui
Chief Executive Officer,
Keppel Capital

Lim Joo Ling Cindy
Director (Group Corporate Development),
Keppel Corporation
Managing Director,
Keppel Urban Solutions
(effective 18 Jul 2018)

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

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 DC REIT Management (Manager of Keppel DC REIT)

Christina Tan Hua Mui
Chairman
Chief Executive Officer,
Keppel Capital

Lee Chiang Huat
Independent Director

Leong Weng Chee
Independent Director

Dileep Nair
Independent Director

Dr Tan Tin Wee
Chief Executive,
National Supercomputing Centre, Singapore

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

Low Huan Ping
Independent Director
(effective 28 Feb 2019)

Kenny Kwan
Principal,
Baker & McKenzie
(effective 28 Feb 2019)

Keppel-KBS US REIT Management (Manager of Keppel-KBS US REIT)

Peter McMillan III
Chairman
Co-founder and Managing Director,
Willowbrook Capital Group, LLC

Soong Hee Sang
Independent Director

John J. Ahn
President,
Great American Capital Partners

Kenneth Tan Jhu Hwa
Co-Managing Partner and Managing Director,
Southern Capital Group Private Limited

Paul Tham
Chief Executive Officer,
Keppel REIT Management
(Manager of Keppel REIT)

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 members provide technology foresight for Keppel, advise on strategic projects, and provide contacts to broaden Keppel's networks. Collectively, members' expertise cover a range of topics under sustainable urbanisation, such as floating platforms, urban design and liveability, alternative energy and efficiency, as well as communications networks and digitalisation. This has helped Keppel to enhance business value and harness synergies across the Group.

KTAP convenes once a year with key members of Keppel Corporation's board and senior management, and provides support on projects when required.

Professor Ng Wun Jern

Chairman

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

Professor Ng founded the Nanyang Environment & Water Research Institute and led it for 10 years. He is Professor of Environmental Engineering in the School of Civil & Environmental Engineering at Nanyang Technological University where he leads the Environmental Bio-innovations Group (EBiG). He has some 600 publications on water and wastewater management, and soil remediation; has founded spin-off companies based on his IPs, and serves as technical advisor to government agencies and various companies across ASEAN, China and India. Professor Ng's own spin-off companies also operate in these geographies. He is active in the venture capital and accelerator funding space. Professor Ng's contributions to education, research and the industry have been recognised with numerous awards.

Peter Noble

Fellow, Land Medalist and Past-President, Society of Naval Architects & Marine Engineering, USA; Fellow and Vice President, The Institute of Marine Engineering, Science and Technology, UK; Fellow, Canadian Academy of Engineering; Offshore Technology Distinguished Achievement Award for Individuals, B.Sc. Naval Architecture, University of Glasgow.

Mr Noble is a naval architect and ocean engineer with a wide range of expertise and experience in the marine and offshore industries. His career has included positions with shipyards, ship and offshore design consultants, offshore and marine research and development companies, major classification societies and as chief naval architect with an international oil company. He currently undertakes consulting and advisory assignments across a broad range of topics relating to ocean engineering.

Mr Noble holds a number of patents and is active on the advisory boards of several universities and institutions.

Seated, from left: Loh Chin Hua (CEO of Keppel Corporation) and Dr Lee Boon Yang (Chairman of Keppel Corporation).
Standing, from left: Professor Jim Swithenbank, Professor Stefan Thomke, Professor Ng Wun Jern, Peter Noble, Chua Kee Lock and Dr Liu Thai-Ker.
Not in picture: Professor Foong Sew Bun.

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 Founder and Chairman of Morrow Architects & Planners Pte Ltd. He is the Founding Chairman of Centre of Liveable Cities, and has been Chairman of the Advisory Board 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. He is a member of several governmental bodies in Singapore and planning advisor to around 30 cities in China.

Dr Liu was Director of RSP Architects Planners & Engineers Pte Ltd from 1991 to 2017. He was the Architect Planner and CEO of the Housing & Development Board from 1969 to 1989, as well as 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.

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. 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, waste 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, Professor Thomke was with McKinsey & Company in Germany.

Chua Kee Lock

BSc. (Mechanical Engineering), University of Wisconsin at Madison; M.Eng, Stanford University.

Mr Chua is the 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 he held include 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 an 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, disruptive innovation and solution architects in global Retail, Private Banking and Wealth Management. Prior to Standard Chartered, Professor Foong was with IBM from 2000 to September 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, global IBM Cloud Advisor leadership team, and 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 the 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 has been 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 (NRF); Technical Advisor under the Central Innovation and Enterprise Office Central Gap Fund of NRF; former 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 also served as the 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

Cindy Lim
Director
Group Corporate Development
Managing Director
Keppel Urban Solutions

Sebastien Lamy
Director
Group Strategy & Development
Managing Director
Keppel Technology & Innovation
(effective 1 Jan 2019)

Yeo Meng Hin
Director
Group Human Resources

Ho Tong Yen
Director
Group Corporate Communications

Lynn Koh
General Manager
Group Treasury

Caroline Chang
General Manager
Group Legal

Tok Soo Hwa
General Manager
Group Control & Accounts

Sepalika Kulasekera
General Manager
Group Internal Audit

Kevin Chng
General Manager
Group Risk & Compliance

Jacob Tong
General Manager
Group Information Systems

Tay Guan Chew
General Manager
Group Tax

Jaggi Ramesh Kumar
General Manager
Group Health,
Safety & Environment

Eric Goh
Chief Representative, China

Linson Lim Soon Kooi
Country Representative, Vietnam

Ho Kiam Kheong
India Representative

Tay Lim Heng
Chief Executive Officer
Sino-Singapore Tianjin Eco-City
Investment and Development

Offshore & Marine

Chris Ong Leng Yeow
Chief Executive Officer
Keppel Offshore & Marine
Managing Director (Offshore)
Keppel Offshore & Marine

Paul Tan Poh Lee
Chief Financial Officer
Keppel Offshore & Marine

Chor How Jat
Managing Director
(Conversions & Repairs)
Keppel Offshore & Marine

Abu Bakar Bin Mohd Nor
Managing Director
(Gas & Specialised Vessels)
Keppel Offshore & Marine

Tan Leong Peng
Executive Director (Offshore)
Keppel Offshore & Marine

Simon Lee Kim Foong
President
Keppel Offshore & Marine, USA

Marlin Khiew Huey Kang
President
Keppel FELS Brasil

Leong Kok Weng
President
Keppel Philippines Marine

Edmund Lek Hwee Chong
President
Keppel Nantong Shipyard
Keppel Nantong Heavy Industries

Property

Tan Swee Yiow
Chief Executive Officer
Keppel Land
(effective 1 Jan 2019)

Lim Kei Hin
Chief Financial Officer
Keppel Land
(appointment till 14 Aug 2018)

Tan Boon Ping
Chief Financial Officer
Keppel Land
(effective 15 Aug 2018)

Louis Lim Lu-yi
Chief Operating Officer
Keppel Land

Ng Ooi Hooi
President, Singapore
Keppel Land

Ben Lee Siew Keong
President, China
Keppel Land

Linson Lim Soon Kooi
President, Vietnam
Keppel Land

Goh York Lin
President, Indonesia
Keppel Land

Sam Moon Thong
President, Regional Investments
Keppel Land

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

Nicholas Lai Garchun
Executive Director
(Energy Infrastructure)
Keppel Infrastructure

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

Ang Sock Cheng
Chief Financial Officer
Keppel Capital
(effective 1 Jan 2019)

Tan Swee Yiow
Chief Executive Officer
Keppel REIT Management
(appointment till 31 Dec 2018)

Paul Tham
Chief Executive Officer
Keppel REIT Management
(effective 1 Jan 2019)

Matthew Pollard
Chief Executive Officer
Keppel Infrastructure Fund Management

Chua Hsien Yang
Chief Executive Officer
Keppel DC REIT Management

David Snyder
Chief Executive Officer
Keppel-KBS US REIT Management

Alvin Mah
Chief Executive Officer
Alpha Investment Partners

Bridget Lee
Chief Executive Officer
Keppel Capital Alternative Asset
(effective 1 Jan 2019)

Unions

Keppel FELS Employees' Union

Mahmood Bin Ali
President

Atyyah Binte Hassan
General Secretary

Keppel Employees' Union

Razali Bin Maulod
President

Atan Enjah
General Secretary

Shipbuilding & Marine Engineering Employees' Union

Eileen Yeo Chor Gek
General Secretary
NTUC Central Committee Member

Singapore Industrial & Services Employees' Union

Sazali Bin Zainal
President

Philip Lee Soon Fatt
General Secretary

Sylvia Choo Sor Chew
Executive Secretary

Union of Power & Gas Employees

Tay Seng Chye
President

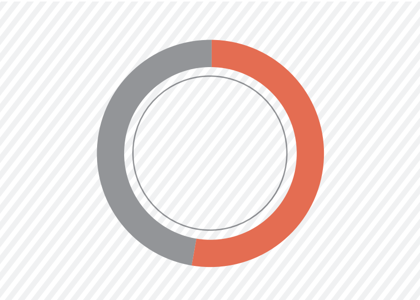
Abdul Samad Bin Abdul Wahab
General Secretary

S. Thiagarajan
Executive Secretary

Investor Relations

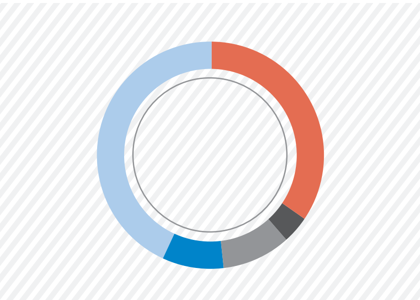
We are committed to clear, timely and consistent communication with the investment community.

Shareholding by Investors (%)



Institutions	53.0
Retail	47.0
Total	**100.0**

Shareholding by Geography (%)



Singapore	34.8
Asia (ex Singapore)	4.0
North America	9.7
Europe	8.6
Others*	42.9
Total	**100.0**

* Others comprise the rest of the world, as well as unidentified holdings and holdings below the analysis threshold as at 8 February 2019.

Keppel Corporation's vision is to be a global company at the forefront of its chosen industries, shaping the future for the benefit of all stakeholders. As the Group continues on its growth trajectory, investor relations (IR) is key to providing and maintaining balanced disclosure of our operational and financial performance, as well as corporate strategy.

In 2018, we focused on deepening the investment community's understanding of our multi-business strategy, solutions for sustainable urbanisation provided through the Group's business verticals, collaboration across the Group, as well as new growth initiatives.

Investor and Analyst Engagement

During the year, we held 216 meetings and conference calls with institutional investors, including non-deal roadshows and conferences reaching out to investors in Hong Kong, Japan, the United Kingdom and the United States. We also hosted tours of our residential and commercial properties in China and Vietnam.

We continued to improve on disclosures as we engaged analysts and investors, including providing more information on the Property and Investments divisions.

Presently, 18 sell-side research houses, with analysts based in Singapore and Malaysia, provide coverage on Keppel Corporation. We continue to actively engage and maintain close interactions with these research analysts, who contribute to achieving balanced and fair valuations of the Company.

In 2018, apart from regular results briefings, top management held a briefing for analysts on the Pre-conditional Voluntary General Offer for M1 by Keppel Corporation and Singapore Press Holdings (SPH), and the Scheme of Arrangement to privatise Keppel Telecommunications & Transportation (Keppel T&T). We have also actively engaged the investment community to help them understand the rationale for the transaction, as well as long-term plans to drive business transformation at M1.

As part of our ongoing efforts to engage retail shareholders, we partnered the Securities Investors Association (Singapore) (SIAS), to organise a briefing for retail shareholders, where the Chief Executive Officer and Chief Financial Officer (CFO) of Keppel Corporation updated and engaged about 120 investors on the Group's strategic developments and performance. Our regular contribution towards the SIAS Investor Education Programme has benefitted around 2,500 of our retail shareholders, who as complimentary members of the Association, enjoy access to a wide range of seminars, workshops and other support services during the year.

We will continue enhancing our best practices and disclosures to enable the investment community to better appreciate Keppel's strategic directions and how the Group creates value by providing solutions for sustainable urbanisation.

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. Contact information of our IR personnel can also be found on the website.

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 Exchange (SGX).

We hold "live" webcasts of our quarterly results briefings, which facilitate real-time interaction with senior management. An archive of the quarterly webcast, together with the presentation materials and management speeches, are made available on our website on the same day the results are released on the SGX. A transcript of the questions and answers session from each webcast is also posted online the following day.

Shareholder Information

As at 8 February 2019, institutions formed 53.0% of our shareholder base, while retail investors accounted for the remaining 47.0%. Shareholders in Singapore held approximately 34.8% of our issued capital, while those in the rest of Asia held 4.0%, North America 9.7% and Europe 8.6%.

1

2

3

1 Senior management of Keppel Corporation addressed questions from media and analysts at the Company's 2Q & 1H 2018 results briefing.

2 Dr Lee Boon Yang, Chairman of Keppel Corporation, engaged retail shareholders at the Company's AGM.

3 Mr Chan Hon Chew, CFO of Keppel Corporation, presented business updates at the Company's Briefing for Retail Shareholders hosted by SIAS.

Investor Relations Calendar

The following key events were held in 2018 to engage our investors and analysts:

Q1

4Q & FY 2017 results conference and live webcast.

Non-deal roadshow to Hong Kong hosted by UBS.

Q2

1Q 2018 live results webcast.

Non-deal roadshows to New York, and to London and Edinburgh, hosted by CGS-CIMB and Credit Suisse respectively.

50th Annual General Meeting (AGM).

Group visits to Keppel Land Vietnam for clients of Citigroup and Deutsche Bank.

Investor visit to Sino-Singapore Tianjin Eco-City.

Q3

2Q & 1H 2018 results conference and live webcast.

Keppel Corporation's Briefing for Retail Shareholders, hosted by SIAS.

Analyst briefing on Pre-conditional Voluntary General Offer for M1 by Keppel Corporation and SPH, and Scheme of Arrangement to privatise Keppel T&T.

CLSA Investors' Forum 2018 in Hong Kong.

Q4

3Q & 9M 2018 live results webcast.

Non-deal roadshow to Tokyo hosted by Daiwa.

Investor visit to Keppel Land Vietnam.

Significant Milestones

Q1

Offshore & Marine

Keppel Offshore & Marine (Keppel O&M) delivered the jackup rig SAGA to Borr Drilling.

Keppel O&M secured a contract to build a mid-water harsh environment semisubmersible worth US$425 million for Awilco.

Property

Keppel Land consolidated its ownerships of Keppel Land Retail Management, as well as Saigon Sports City in Ho Chi Minh City, Vietnam.

Infrastructure

Keppel Infrastructure secured two performance bonuses and signed a five-year Technical Support Agreement for the Runcorn Energy-from-Waste Facility in the United Kingdom.

UrbanFox partnered SmartOSC, a leading e-commerce agency, to jointly promote their end-to-end e-commerce services to retailers across Southeast Asia (SEA).

Investments

Keppel DC REIT entered into a contract to acquire a long leasehold interest in Keppel DC Dublin 1.

Keppel Urban Solutions (KUS) signed a Memorandum of Understanding (MOU) with Envision to leverage each other's resources to advance their solutions for new and clean energy, and smart cities.

In 2018, Keppel O&M secured its first drilling rig order since 2014, to build a mid-water harsh environment semisubmersible for Awilco.

Q2

Offshore & Marine

Keppel O&M delivered two projects, namely a jackup rig to Borr Drilling, as well as SEA's first dual-fuel Liquefied Natural Gas (LNG) tug to Keppel Smit Towage.

Keppel O&M secured three newbuild contracts namely, Singapore's first dual-fuel bunker tanker from Mitsui, SEA's first LNG bunkering vessel from FueLNG, and two high-specification Trailing Suction Hopper Dredgers from Van Oord.

Keppel O&M sold five existing jackup rigs to Borr Drilling for approximately US$745 million.

Keppel O&M signed a cooperation agreement with KrisEnergy, where Keppel, as the preferred contractor, will offer KrisEnergy a comprehensive suite of offshore oil and gas solutions.

Keppel O&M signed an MOU with the Maritime Port Authority of Singapore and Technology Centre for Offshore and Marine, Singapore to jointly develop autonomous vessels for a variety of applications including undertaking harbour operations.

Property

In China, Keppel Land announced the divestment of its stakes in two residential projects en-bloc in Shenyang, and a commercial project in Beijing.

Infrastructure

Keppel Data Centres partnered DE-CIX to enhance cloud connectivity at Keppel DC Frankfurt 1.

Investments

Keppel DC REIT acquired Keppel DC Singapore 5.

KUS signed MOUs with Filinvest Development Corporation (Filinvest) and ST Engineering to develop solutions for sustainable developments in the Philippines, Vietnam and other markets.

KUS signed an agreement with Filinvest to develop and enhance urban solutions for Filinvest's development portfolio in the Philippines.

Q3

Corporate

Keppel Corporation announced, in collaboration with Singapore Press Holdings, a strategic initiative to gain majority control of M1.

Keppel Corporation and Keppel Telecommunications & Transportation (Keppel T&T) jointly proposed a Scheme of Arrangement to privatise Keppel T&T.

Keppel Corporation was named Winner of the UN SDG Category at the Sustainable Business Awards 2018.

Keppel Group clinched 28 awards at the Workplace Safety and Health Awards 2018.

Offshore & Marine

Keppel O&M secured two contracts with a combined value of about $70 million, to undertake the topside module fabrication and integration of a Floating Production Storage and Offloading (FPSO) vessel for MODEC, as well as to convert an LNG carrier into a Floating Storage and Re-gasification Unit (FSRU).

Keppel O&M delivered its second dual-fuel tug capable of running on LNG, Maju Loyalty, to Maju Maritime and Keppel Smit Towage.

Keppel O&M signed a Technical Assistance and License Agreement with Gastransport & Technigaz to jointly offer LNG systems in the design, construction and maintenance of LNG vessels.

Q4

Property

In China, Keppel Land announced the acquisition of stakes in two residential projects in Chengdu and Nanjing.

Keppel Land and its joint venture partner Banco de Oro Unibank topped off The Podium West Tower, Phase 2 of the SM-KL Project, in Manila, the Philippines.

Keppel Land entered into an agreement to divest 51% of its convertible bonds issued by Nam Long Investment Corporation (NLG) and to convert the remaining 49% of the Bonds into shares.

Keppel Land entered into a conditional agreement to divest a 70% interest in Dong Nai Waterfront City in Vietnam to NLG.

Infrastructure

Keppel Infrastructure was awarded a contract for the initial phase of a tender by JTC Corporation to design a new district cooling system plant in the upcoming Jurong Innovation District in Singapore.

Keppel Data Centres, Alpha Data Centre Fund (Alpha DC Fund) and Salim Group signed conditional agreements to jointly develop and operate a data centre in Bogor, Indonesia.

Keppel Data Centres entered into an agreement with technology companies in China to develop, operate and maintain more efficient and robust data centres in China and around the world.

Investments

Keppel Capital signed MOUs with MindChamps and Vicinity to establish an education real estate fund and a wholesale Australian property fund respectively.

Keppel Capital entered into a conditional agreement to acquire a 50% stake in Watermark Retirement Communities, a leading senior living operator in the United States (US).

Keppel DC REIT entered into an agreement with Macquarie Telecom to develop Intellicentre 3 East Data Centre in Sydney, Australia.

Keppel-KBS US REIT (KORE) announced its maiden acquisition of the Westpark portfolio in Seattle, the US.

Intellicentre 3 East Data Centre is Keppel DC REIT's fourth data centre in Australia.

Offshore & Marine

Keppel O&M delivered the FPSO vessel La Noumbi to Perenco.

Keppel O&M secured contracts worth over $400 million for a newbuild ice-class LNG bunker vessel from Shturman Koshelev, 65 scrubber retrofit projects, a production barge upgrade from KrisEnergy, refurbishment of an FPSO and two small-scale LNG carriers from Stolt-Nielsen Gas.

Keppel O&M received Limited Notice to Proceed from Golar LNG to commence early conversion works for Gimi FLNG.

Property

In China, Keppel Land acquired two residential land plots, namely in Tianjin Eco-City and Chengdu, and announced the acquisition of a completed commercial property in Beijing.

Keppel Land signed a General Collaboration Agreement with PT Metropolitan Land (Metland) to cooperate on residential projects owned and occupied by Metland in Greater Jakarta, Indonesia. Following this, Keppel Land and Metland entered into an agreement to jointly develop a residential site in Metland Menteng township in East Jakarta, Indonesia.

Keppel Land, together with its joint venture partner Puravankara, entered into an agreement to acquire a 3.09-hectare (ha) site in Bengaluru, India, to develop a Grade A office tower and retail-cum-office facility.

Keppel Land consolidated its ownership in I12 Katong mall in Singapore.

Keppel Land expanded its footprint in China with the acquisition of a 10.97-ha residential site in Tianjin Eco-City.

Infrastructure

Keppel Infrastructure secured a contract to supply waste-to-energy (WTE) technology and services for Australia's first WTE plant in Kwinana.

Keppel Data Centres and Alpha DC Fund signed an agreement to develop and operate the Group's first greenfield data centre in Johor, Malaysia.

Keppel Electric became one of the retailers with the highest market shares in Singapore's Open Electricity Market.

Investments

Keppel REIT divested a 20% minority stake in Ocean Financial Centre in Singapore to Allianz Real Estate.

Keppel Infrastructure Trust announced the proposed acquisition of Ixom, one of the leading industrial and infrastructure businesses in Australia and New Zealand.

KORE announced the acquisition of Maitland Promenade I in Florida, the US.

KUS signed an MOU with Envision and the Wuxi government to develop a Smart Internet of Things City in Xuelang Town, Taihu New City in Wuxi, China.

Australia's first WTE plant in Kwinana will use Keppel Seghers' proprietary technology and processes.

Sustainability Framework

Keppel provides robust solutions for sustainable urbanisation to meet the world's needs for energy, infrastructure, clean environments, high quality homes and offices, and connectivity.

We are committed to sustainability, and consider environmental, social and governance issues in the determination of our strategy and policies. Our approach to sustainability starts with our goal to run a profitable, safe and responsible business providing the best value proposition to customers, making a difference to the wider community, and contributing to a sustainable future.

Keppel Corporation is a signatory of the United Nations (UN) Global Compact, and we are committed to the Compact's 10 universal principles. We are also committed to working towards the achievement of the Sustainable Development Goals, and have incorporated 10 of the goals as a supporting framework to guide our sustainability strategy.

MATERIALITY APPROACH

Material issues affect our ability to create value in the long term, and influence the decisions of our stakeholders.

Process
A robust process was undertaken to identify and prioritise Keppel Corporation's material environmental, social and governance (ESG) issues. The process 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 material ESG issues for Keppel Corporation were reviewed in 2018 and deemed to remain relevant.

Keppel Corporation Material Issues

Tier 1: Issues of Critical Importance
- Corporate governance
- Economic sustainability
- Safety and health
- Product excellence
- Environmental performance

Tier 2: Issues of High Importance
- Labour practices and human rights
- Community development
- Supply chain and responsible procurement

HOW WE CREATE VALUE

Our Business Engines
Keppel provides solutions for sustainable urbanisation, with key businesses in Offshore & Marine, Property, Infrastructure and Investments.

For more information on how we create value through our business model, please refer to pages 40 and 41.

Our Strategy
Our approach to sustainability starts with our goal to run a profitable, safe and responsible business providing the best value proposition to customers, while guided by our core values and operating principles.

The company's sustainability strategy is guided by the three thrusts of Sustaining Growth, Empowering Lives and Nurturing Communities.

Sustaining Growth

We integrate sustainability principles in our business strategies and operations, and regard sustainable development both as a corporate responsibility and a source of business opportunities.

We are focused on strong corporate governance, prudent risk management and resource efficiency.

Empowering Lives

People are the cornerstone of our businesses.

We are committed to grow and nurture our talent pool through training and development to help our people reach their full potential.

With safety as one of our core values, we are committed to providing a safe and healthy workplace for all our stakeholders.

Nurturing Communities

As a global citizen, Keppel believes that as communities thrive, we thrive.

We engage and nurture communities wherever we operate, with the goal of shaping a sustainable future together.

For more information, view our Sustainability Report on our website at www.kepcorp.com

OUR STAKEHOLDERS

Employees
We are committed to investing in the development of our people. We adopt merit-based recruitment practices and emphasise diversity and inclusiveness. In our recent employee engagement survey, 87% of our employees indicated that they would "go beyond the norm" to contribute to Keppel's success.

Customers
Customer satisfaction is crucial to the success of our businesses. We are committed to continually improve our range of products to better meet customers' needs, and we harness insights from our engagements with customers.

Governments
Governments shape the business environments in which we operate. Political factors, policies and regulation can affect how businesses are run and create new opportunities for companies. We track topics of concern to governments and regulatory bodies wherever we operate.

Shareholders & Investors
Shareholders play an important role in the financing and governance aspects of our business. Our Investor Relations Policy sets out the principles that the Company abides by to help shareholders and prospective investors make well-informed decisions and ensure a level playing field.

Suppliers
Strong, effective relationships with our suppliers give our businesses strategic advantages, including better value. By effecting stringent procurement processes and a Supplier Code of Conduct, we aim to encourage our suppliers to adopt sustainable practices.

Local Communities
As active members of our communities, we aim to contribute towards their continued well-being. We engage community leaders to develop impactful programmes that drive community development.

GOVERNANCE

Strong Governance Framework
Keppel is focused on upholding high standards of corporate governance. We have a strong and independent board, and are committed to good business ethics. We maintain clear, consistent and regular communication with shareholders.

Keppel's System of Management Controls Framework
The Framework outlines 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.

Core Values and Operating Principles
Keppel's core values of integrity, accountability, people-centredness, safety, among others, along with our operating principles, guide management and staff in the conduct of our businesses.

Risk-Centric Culture
Effective risk management hinges not only on systems and processes, but equally on mindsets and attitudes. The Group fosters a risk-centric culture that enables us to continue to respond effectively to the dynamic business environment, shifting business demands and to seize new value-added opportunities for our stakeholders.

For more information, please refer to page 71.

MEASURING PERFORMANCE

Balanced Scorecard
The Company's balanced scorecard aligns compensation with corporate and individual performance, both in terms of financial and non-financial performance.

There are four scorecard areas that the Company has identified as key to measuring the performance of the Group:

1. Financial and Business Drivers;
2. Process;
3. Stakeholders; and
4. People.

Some of the key sub-targets within each of the scorecard areas include key financial indicators, safety goals, risk management, compliance and controls measures, sustainability efforts, employee engagement, talent development and succession planning.

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.

Sustainability Framework

Board Statement
The key material environmental, social and governance factors for Keppel Corporation have been identified and are regularly reviewed by Keppel Corporation's Board of Directors and management. The Board oversees the management and monitoring of these factors and takes them into consideration in the determination of the Company's strategic direction and policies.

Management Structure
The Group Sustainability Steering Committee, chaired by Keppel Corporation's Chief Executive Officer Loh Chin Hua and comprising senior management from across the Group, provides guidance on the Group's sustainability strategy while the Group Sustainability Working Committee, comprising discipline-specific working groups, executes, monitors and reports on the Group's efforts.

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.

United Nations Global Compact
Keppel became a signatory of the United Nations (UN) Global Compact, the world's largest corporate sustainability initiative, in 2018. We are committed to upholding the Compact's 10 principles on human rights, labour, environment and anti-corruption, which resonate strongly with our own core values.

Sustainable Development Goals
Keppel believes that businesses can play an important role in contributing to the achievement of the Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development. We firmly believe that a company that is aligned with the global sustainable development agenda can not only enhance its social licence to operate, but also improve the sustainability, efficiency and competitiveness of its business. Having reviewed how our different businesses can contribute to each of the SDGs, we have incorporated the goals where appropriate, as a supporting framework to shape and guide our strategy. In our reports, we describe how Keppel is contributing to ten of the SDGs.

Best Practices
Keppel Corporation is listed on various sustainability indices and rankings, including the MSCI World ESG Leaders Index, Euronext Vigeo Eiris Index – World 120, as well as the iEdge SG ESG Leaders Index and iEdge SG ESG Transparency Index by the Singapore Exchange. We also participate in the CDP (formerly Carbon Disclosure Project).

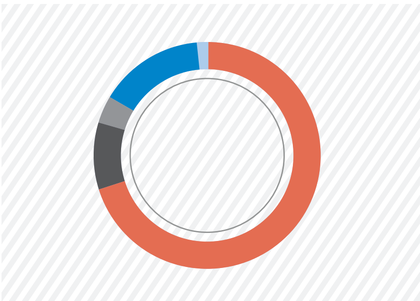
Keppel Corporation won the UN SDG Category at the Sustainable Business Awards 2018. The Awards, organised by Global Initiatives in partnership with PwC Singapore, recognise businesses with sustainable business practices.

The Company was also conferred Champion of Good 2018 by National Volunteer and Philanthropy Centre. This national recognition framework acknowledges companies that have been exemplary in their corporate giving efforts.

Community Impact
Keppel gives back to the community through financial contributions as well as volunteerism efforts. In 2018, Keppel invested $8.9 million in social causes, while Keppel Volunteers achieved over 14,000 hours of community work, touching the lives of over 2,600 beneficiaries. Keppel Care Foundation, the Group's philanthropic arm, has disbursed $36 million to worthy causes since its launch in 2012.

Reporting
We publish sustainability reports annually, and the next report will be published in May 2019. Our sustainability reports draw on internationally-recognised standards of reporting, including the Global Reporting Initiative Standards, and are externally assured in adherence to the AccountAbility AA1000 Assurance Standard. The report is also aligned with sustainability reporting requirements by the Singapore Exchange.

Social Investment Spending by Project Type in 2018 (%)



Education*		70.1
Industry Advancement		9.6
Arts/Sports/Community Development Projects		3.9
Care for the Underprivileged/ Healthcare		14.9
Environment		1.5
Total	**$8.9 million**	**100.0**

* Includes a $5 million donation (first payment tranche) to the ITE Education Fund. Keppel had committed a $10 million donation to the Fund to promote education for financially-disadvantaged students from ITE on the occasion of Keppel Corporation's 50th anniversary in 2018.

Supporting the SDGs

Keppel's Sustainability Thrusts	Related Material Issues	Related SDGs	Approach
Sustaining Growth	Environmental performance	6 CLEAN WATER AND SANITATION	Our advanced technology solutions address a wide spectrum of environmental issues in solid waste and wastewater management, as well as seawater and freshwater treatment to bolster water supply resilience.
	Product excellence	7 AFFORDABLE AND CLEAN ENERGY	We enhance access to energy with our diverse portfolio of solutions. Our delivery of the world's first Floating Liquefied Natural Gas vessel conversion puts us ahead of the curve as a leading provider of floating liquefaction solutions.
	Economic sustainability/ Product excellence	11 SUSTAINABLE CITIES AND COMMUNITIES	Our businesses help promote sustainable urbanisation. We offer solutions for property, infrastructure, technology and services that optimise urban systems and contribute towards resilient, green and liveable cities.
	Environmental performance/ Supply chain and responsible procurement	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	We are focused on achieving sustainable management and efficient use of natural resources. We aim to reduce waste generation through resource efficiency, recycling, and reuse of natural resources.
	Environmental performance	13 CLIMATE ACTION	We are committed to minimising our environmental impact. To support the climate change agenda, we have set a target of achieving a 28.8% reduction in carbon emissions intensity by 2030 from 2010 levels, in addition to the target of achieving a 16% improvement in carbon emissions from 2020 business-as-usual levels.
	Corporate governance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	We will conduct ourselves according to the highest ethical standards and comply with all applicable laws and regulations wherever we operate. Our tone on regulatory compliance is clear and consistently reiterated from the top of the organisation. We have zero tolerance for fraud, bribery, corruption and violation of laws and regulations.
Empowering Lives	Safety and health	3 GOOD HEALTH AND WELL-BEING	Providing a safe and healthy working environment for all stakeholders is fundamental to our commitment to conduct business responsibly. We are strong advocates for safety and health in the broader community, and champion national and industry initiatives to raise standards and drive innovation in these aspects. The Keppel Group won 28 awards at the Workplace Safety and Health Awards in 2018, the highest number of awards won by a single organisation in the year.
	Labour practices and human rights	8 DECENT WORK AND ECONOMIC GROWTH	Our businesses spark economic growth, productivity and jobs. Our hiring policies ensure equal employment opportunities for all, and we are committed to invest in nurturing our human capital.
	Economic sustainability/ Community development	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	We are committed to operating sustainably, and apply our knowledge, skills and technology to drive innovation and support economic development and the well being of our communities.
Nurturing Communities	Community development	17 PARTNERSHIPS FOR THE GOALS	Through collaboration with our stakeholders, we mobilise and share knowledge, expertise and technology, as well as financial and human resources to support the achievement of the SDGs.

Eco-system for Value Creation

Keppel is a multi-business company providing robust solutions for sustainable urbanisation. We harness the collective strengths of the Group's key business verticals – Offshore & Marine, Property, Infrastructure and Investments – to meet the world's growing needs for energy, clean environments, high-quality homes and offices, and connectivity.

Our business model, underpinned by strong collaboration across verticals, provides a robust eco-system that allows us to create and capture value from all parts of the Group. From the time an asset is created till its injection into a Keppel-managed trust or fund, our business model produces multiple income streams and enables us to create and capture value across our businesses.

To fuel Keppel's growth, we are also expanding the Group's capital base, bringing on board like-minded co-investors through our private funds to seize opportunities and accelerate asset creation without putting a strain on our balance sheet.

We can also turn our assets efficiently through our business model, unlocking value and recycling capital to achieve the best risk-adjusted returns for our stakeholders.

OUR BUSINESS ENGINES

Offshore & Marine

We are a global leader in the design, construction, conversion and repair of rigs and vessels, and are extending our capabilities to create floating infrastructure solutions.

For more information, please refer to page 42.

Property

We are a multi-faceted property company and a choice developer in Asia with a sterling portfolio of award-winning residential developments, integrated townships and investment-grade commercial properties.

For more information, please refer to page 47.

Infrastructure

We develop, own and operate competitive energy and environmental infrastructure solutions and provide related services, as well as offer connectivity solutions for businesses and consumers in the areas of data centres, urban logistics and telecommunications.

For more information, please refer to page 50.

Investments

We manage private funds, and listed real estate and infrastructure trusts, as well as incubate the Group's future growth engines, including businesses in smart city development and more.

For more information, please refer to page 55.

OUR BUSINESS MODEL

Design and Build

The Group has a strong track record for designing and developing high-quality real assets including rigs and ships, residential and commercial properties, data centres, power plants and more.

Private Funds
Through the creation of private funds, Keppel can also bring on board investors, such as pension and sovereign wealth funds, to co-invest in the development of assets across its business verticals. This expands Keppel's capital base to seize opportunities while it earns recurring fees from managing the private funds.

a. Own and Operate

Keppel owns and operates many of the assets it creates which are retained as investments for long-term, steady cash flows and recurring income. Business units can earn fees from leasing out and operating such assets. They can also earn fees from rendering project and asset management services to the private funds created by Keppel.

b. Turnkey

The Group also sells products and provides turnkey solutions to its customers. Some of the assets created, such as rigs and homes, will be handed over to customers when they are completed. In this phase of asset creation, business units can earn development margins from the sale of their solutions.

Stabilise and Monetise

The heavy assets held as investments by Keppel and its private funds are revalued annually, and contribute revaluation gains to the Group each year. As these assets mature and are de-risked and stabilised, the Group can monetise them through divestments to its REITs and Trust as well as third parties. This robust process for turning assets enables the Group to achieve the best risk-adjusted returns from its investments by unlocking value and recycling capital to seize new growth opportunities.

REITs and Trust

The Group sponsors and manages real estate and infrastructure trusts across its business lines, which it leverages as platforms to recycle capital from assets. Matured assets are well suited to the REITs and Trust, whose investors seek stable, recurring income.

The injection of assets to the REITs and Trust helps to grow the total portfolio of assets managed by the Group.

Income Stream

- Project-based income
- Recurring income
- Revaluation & divestment gains

Our businesses collaborate to offer a spectrum of innovative and sustainable solutions for urbanisation.

Energy
We support the safe and efficient harvesting of energy sources to power the world's needs.

Urban Living
We shape skylines and lives through vibrant urban developments and smart cities.

Clean Environments
We green cities with solutions for waste, water and urban climate control.

Connectivity
We connect people and businesses with information, goods and services in an increasingly digital economy.

Asset Management
We create enduring value with quality investment products and platforms.

OUR STAKEHOLDERS

- Employees
- Customers
- Governments
- Shareholders & Investors
- Suppliers
- Local Communities

Operating & Financial Review

Offshore & Marine

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

The O&M Division continued to secure new orders, expand capabilities and enhance efficiencies of its operations in 2018.

Earnings Highlights ($m)

	2018	2017*	2016*
Revenue	**1,875**	1,802	2,854
EBITDA	**26**	(37)	300
Operating (Loss)/Profit	**(73)**	(167)	135
(Loss)/Profit before Tax	**(113)**	(862)^	76
Net (Loss)/Profit	**(109)**	(826)^	29
Average Headcount (Number)	**11,875**	15,571	22,191
Manpower Cost	**485**	623	821

* 2017 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International). 2016 financial figures were prepared in accordance with Singapore Financial Reporting Standards and certain amounts have been reclassified for comparability purposes.

^ Includes the one-off financial penalty and related costs of $619 million.

Major Developments in 2018

- Secured about $1.7 billion worth of new contracts.
- Sold five existing drilling rigs to Borr Drilling.
- Delivered eight major projects safely, on time and on budget.
- Signed Technical Assistance and License Agreement with Gaztransport & Technigaz to jointly market LNG solutions.
- Signed a Memorandum of Understanding (MOU) with the Maritime Port Authority of Singapore and the Technology Centre for Offshore and Marine, Singapore to jointly develop autonomous vessels.
- Singapore entities achieved certification for the ISO 37001 Anti-Bribery Management System.

Focus for 2019/2020

- Capture opportunities in new and existing markets.
- Continue to focus on execution excellence, corporate governance and risk management.
- Invest in R&D to strengthen existing capabilities and build new muscles for long-term growth.
- Leverage synergies across Keppel O&M and the wider Group to build up new strengths and expand solution offerings.
- Continue to explore re-purposing offshore technology for other applications.

Earnings Review

Notwithstanding the volatility in oil prices, there is growing optimism in the Offshore & Marine (O&M) sector, with more projects being sanctioned at oil prices of between US$55 and US$65 per barrel. During the year, Keppel O&M secured about $1.7 billion of new orders, compared to $1.2 billion secured in 2017. As at end-2018, Keppel O&M's net orderbook had grown to $4.3 billion from $3.9 billion the year before, with non-drilling solutions making up over 70% of the orderbook.

Revenue for the O&M Division was $1.9 billion, $73 million or 4% higher than that of FY 2017, mainly due to revenue recognition from the jackup rigs sold to Borr Drilling and higher revenue recognition from ongoing projects.

In 2018, the O&M Division registered a lower net loss of $109 million, compared to FY 2017's net loss of $207 million, excluding the one-off financial penalty and related costs. The improved performance was mainly due to higher operating results arising from higher revenue, a write-back of provisions for claims and lower net interest expense, partly offset by higher impairment provisions. Excluding revaluations, major impairments and divestments (RIDs), the Division turned in a net profit of $6 million for FY 2018, underpinned by its extensive rightsizing efforts and new contract wins.

In 2018, the Division made an additional provision of $167 million for expected losses on the semisubmersibles being built for Sete Brasil, and other provisions and asset impairments of $44 million. Meanwhile, the Division wrote back $96 million of provisions for claims.

Operating Review

The O&M Division continued to secure new orders, expand capabilities and enhance efficiencies of its operations in 2018.

Despite continued headwinds in the offshore rig sector, there are signs of improvements including a gradually declining rig supply overhang and increased tendering activity. One of the key contracts secured during the year is for a newbuild mid-water harsh environment semisubmersible for Awilco, marking Keppel O&M's first drilling rig order since the start of the downturn in 2014. The order win demonstrates that despite the ongoing challenges in the O&M sector, there continues to be strong demand for Keppel's quality high-specification rigs.

As the 2020 deadline for the International Maritime Organization's (IMO) 0.5% global sulphur cap approaches, Keppel O&M is seeing more demand for scrubber retrofits. The company secured 65 contracts for such projects in 2018 from a variety of customers. Additionally, Keppel O&M has seen continued demand for liquefied natural gas (LNG) related solutions such as LNG carriers and dual-fuel tugs. In 2018, Keppel O&M secured over $600 million worth of LNG and scrubber projects.

The rightsizing efforts that Keppel O&M had undergone to streamline operations and reduce overheads bore fruit in 2018, when the Division turned a profit excluding RIDs. During the year, Keppel O&M's direct global headcount was reduced by 17% from 2017, while its subcontract headcount in Singapore fell by 5% in the same period.

As part of ongoing efforts to strengthen its compliance controls, Keppel O&M executed a review and audit of its anti-corruption compliance. In November 2018, the Division's entities in Singapore achieved certification for the ISO 37001 Anti-Bribery Management System. Keppel is committed to putting in place effective and robust compliance and governance regimes and discharging the undertakings given as part of the 2017 global resolution.

New Builds

In 2018, contracts for five jackup rigs being constructed by Keppel FELS were successfully novated to Borr Drilling for a total value of approximately US$745 million. The deal included an upfront payment of US$288 million from Borr Drilling, and the rigs are

Keppel O&M delivered its first two of ten jackup rigs, SKALD (in picture) and SAGA, to Borr Drilling.

Operating & Financial Review
Offshore & Marine

1

1
Senior management from Keppel O&M and Perenco Group, together with government officials from Republic of the Congo, celebrated the naming of FPSO La Noumbi, Keppel's sixth project for Perenco and the fifth for the Republic of the Congo.

2
Keppel O&M is building Southeast Asia's first LNG bunkering vessel which will provide LNG to other vessels passing through the Port of Singapore.

expected to be delivered progressively from 2019 to 2020. Meanwhile, Keppel FELS delivered to Borr Drilling the first two of five jackup rigs, whose contracts were novated from Transocean in 2017.

Keppel FELS reached a significant milestone in 2018, securing a contract worth US$425 million from Awilco to construct a mid-water semisubmersible drilling rig for harsh environment use. It was the first newbuild drilling rig to be awarded in the offshore rig market in three years.

Keppel FELS will continue to seek opportunities in niche segments such as harsh environment semisubmersibles, as well as the Middle East and Mexican jackup markets. Building on its engineering expertise in offshore platforms, Keppel FELS will also actively explore opportunities in the renewables and production sectors, as well as opportunities to collaborate with other Keppel business units on floating infrastructure projects.

In the specialised shipbuilding space, Keppel Singmarine clinched contracts from new customer Van Oord to build two Trailing Suction Hopper Dredgers, and delivered two dual-fuel tugs to Keppel Smit Towage and Maju Maritime in 2018.

Furthering its position as a preferred partner for the gas industry, Keppel Singmarine was entrusted to build a bunkering tanker by Mitsui & Co (Asia Pacific), a bunkering vessel by FueLNG and an ice-class LNG bunker vessel by Shturman Koshelev.

In China, Keppel Nantong is on track to deliver three dredgers to Jan De Nul in 2019. Keppel Nantong has also commenced works on the dual-fuel LNG bunker vessel for FueLNG and a dual-fuel bunker tanker for Mitsui. The yard continues to play a vital role in supporting Keppel O&M's newbuild business in Asia.

In the Americas, Keppel AmFELS is undertaking two dual-fuel containerships for Pasha Hawaii, built to Keppel's proprietary design, which includes energy saving features such as a state-of-the-art engine, an optimised hull form, and an underwater propulsion system with a high-efficiency rudder and propeller. Scheduled to be delivered in 2020, the Jones Act vessels will run on LNG from day one in service. Keppel AmFELS will continue to build on its track record for the construction of Jones Act vessels in the US, newbuild offshore rigs and platforms, as well as aftermarket services including repairs, upgrades and modifications of rigs for customers in the Gulf of Mexico.

Conversions & Repairs

During the year, Keppel Shipyard completed two Floating Production Storage & Offloading (FPSO) conversion projects, namely FPSO La Noumbi for Dixstone, an affiliate of the Perenco Group, and FPSO BW Adolo for BW Offshore. As at end-2018, there were three FPSO conversion and modification projects ongoing, namely FPSO Liza Destiny for SBM Offshore, Ngujima-Yin for Woodside and Ingenium II for KrisEnergy. Keppel Shipyard is also executing fabrication of the internal turret of Coral Sul FLNG for SOFEC. In 2018, Keppel Shipyard also received a Limited Notice to Proceed (LNTP) to commence early conversion works for the Gimi FLNG over a period of up to four months, worth up to $50 million. Full construction works will commence when Keppel Shipyard receives the final notice to proceed.

In 2018, Keppel Shipyard repaired 328 vessels, compared to 383 vessels the year before, and completed a scrubber retrofit project on a very large crude carrier. Notably, repair jobs for LNG carriers grew to 30 in 2018 compared 23 in the preceding year. It also secured a total of 65 scrubber retrofit projects and completed nine Ballast Water Treatment System (BWTS) installations during the year.

In the Philippines, Keppel Batangas repaired 76 vessels in 2018, 66 of which were for domestic customers. Keppel Subic repaired 57 vessels, 33 of which were for foreign customers from across Europe, Asia and Central America. Keppel Subic also established its first track record in the ballast water management system market with the installation of a BWTS on NORD Savannah, a Panamanian bulk carrier owned by Nissen Kaiun. Keppel Subic will capitalise its track record to secure more similar projects before the full implementation of the Ballast Water Management Convention's requirements by 2024.

In Brazil, the FPSO P-69 was successfully completed by BrasFELS and achieved its first oil milestone in October 2018.

The vessel is currently undergoing further offshore commissioning. In 2018, BrasFELS completed repair jobs on six vessels from both new and repeat customers including MODEC, Helix, McDermott and QGOG. BrasFELS also signed an MOU with Ocyan and Magma Global to provide the latter's composite multi-bore riser solutions, which will bolster BrasFELS's position as a one-stop solutions provider for deepwater production platforms.

Market Review & Outlook

Notwithstanding the oil price volatility, there is returning confidence in the O&M sector although we do not foresee a V-shaped recovery.

In 2018, utilisation rates continued to improve as more rigs were put to work, underpinned by national oil companies' decisions to ramp-up activity in regions such as China, India, Mexico, Middle East and West Africa. In Brazil, the international oil companies have secured significant acreages, and there is growing optimism that potential foreign investments will flow into the Brazilian oil & gas industry. According to Brazil's Agency of Petroleum, Natural Gas and Biofuels (ANP), improvements to the Local Content (2018) rules will unlock investments in 36 FPSOs up to 2027.

It is expected that drilling activity will continue to pick up in 2019, driven mainly by increased drilling activity in the North Sea and West Africa regions. There are also more opportunities in FPSOs and Floating Storage Re-gasification Units (FSRU), especially conversions, with several projects approaching Final Investment Decision (FID) in 2019 and 2020. As the 2020 deadline for the International Maritime Organization's implementation of the 0.5% sulphur cap on marine fuels approaches, demand for greener solutions such as LNG vessels remains robust. Meanwhile, continued rig attrition and secondary rig transactions will help to rebalance the demand and supply of the jackup rig market.

The cut in exploration & production (E&P) expenditures by oil companies and fleet operators has driven the industry towards greater efficiency and productivity. From increased automation to the digitalisation of vessels, technology will be a key driver for the industry moving forward.

To remain competitive in a changing market environment, Keppel O&M has re-positioned itself and improved on existing core products and services. At the same time, leveraging technology, the Division is developing innovative solutions to stay ahead of the curve.

Enhancing operational productivity and efficiency, Keppel O&M is also developing yards of the future. The use of emerging technologies including robotics, enhanced IoT solutions, smart sensors, predictive analytics, and artificial intelligence are being evaluated and incorporated into the manufacturing process.

Today, Keppel O&M is leaner, fitter and more agile, and ready to seize opportunities. We remain confident of the long-term potential of the O&M industry as the demand for energy remains strong, fuelled by urbanisation and global economic growth.

Offshore Rigs

According to information provider IHS Markit, the average global demand for mobile drilling offshore units (MODU) is expected

We remain confident of the long-term potential of the O&M industry as the demand for energy remains strong, fuelled by urbanisation and global economic growth.

2

Operating & Financial Review
Offshore & Marine

to increase by 13% between to 2018 to 2020, with niche markets such as the Norwegian North Sea and Gulf of Mexico experiencing higher demand. While the global demand for shallow-water jackup rigs will improve through to 2020, IHS Markit expects the increase in MODU demand to be driven by semisubmersibles and drillships as operators ramp-up activity in deepwater areas.

Keppel O&M is exploring how technology can define the future of jackup rigs by introducing new systems and expanding rig capabilities. These rigs of tomorrow will transform the current rigs, making them more efficient, ergonomic and versatile without compromising on safety.

In collaboration with the Group, Keppel O&M is also exploring opportunities to re-purpose its offshore technology for other applications such as floating data centre parks.

With an extensive suite of proprietary solutions for the offshore drilling market and network of yards around the world, Keppel O&M is well positioned to ride the upturn when it returns.

Floating Production Systems

The number of operating vessels in the FPSO market grew to 183 at end-2018 from 178 at end-2017. According to Rystad Energy, more than 30 FPSO projects could be sanctioned between 2019 and 2021, while the Energy Maritime Associates forecasts between 83 and 173 orders for floating production systems over the next five years.

With a complete suite of O&M solutions, Keppel O&M will remain focused on pursuing opportunities for a variety of production solutions including FPSO conversions, mobile offshore production units, production semisubmersibles and tension leg platforms. We aim to leverage synergies across the Group to provide value-added solutions for our customers.

Gas Solutions

Global demand for gas continues to be led by Asia, which accounts for 50% of the expected growth in demand for natural gas from 2017 to 2022. Westwood estimates global capex on floating liquefaction and import vessels to reach US$37.6 billion over the 2018 to 2023 period, representing a 66% increase compared to the total capex of US$22.6 billion over the 2012 to 2017 period. Of these, Africa and North America are expected to account for the largest proportion of floating liquefaction capex.

Market research also estimates that the number of LNG-fuelled vessels will more than double to 200 by 2020 from 77 vessels in 2016, driven partly by the IMO 2020 regulations. Wood Mackenzie also reports that 2019 is expected to be a record year for LNG project sanctions, with the capacity of projects likely to reach FID tripling to over 60 million metric tonnes per annum (mmtpa) in 2019 from 21 mmtpa sanctioned in 2018.

With the successfully converted Hilli Episeyo operating offshore Cameroon, floating LNG solutions are gaining traction globally, especially in Africa. Riding on Hilli Episeyo's success, Keppel Shipyard received a LNTP for Gimi FLNG in 2018. The Greater Tortue Ahmeyim development offshore Mauritania and Senegal, for which Gimi FLNG is slated to operate, achieved FID at end-2018 while project execution activities for the field are expected to commence in 2019.

With its ability to provide end-to-end solutions across the gas value chain, Keppel O&M is well positioned to capture opportunities in the gas industry.

Specialised Shipbuilding

Prospects in the specialised shipbuilding market remain robust, particularly for non-oil related solutions such as dredgers and containerships amongst others.

Leveraging its technology and construction expertise, Keppel O&M is able to provide an extensive range of non-oil related solutions and is also capturing opportunities in the Jones Act market through Keppel AmFELS in Brownsville, Texas.

Keppel O&M's capabilities in non-drilling and gas solutions will provide the company with new growth areas and revenue streams, despite continuing challenges in the offshore drilling sector.

Shiprepair

With the enforcement of IMO's 0.5% global sulphur cap, ship owners are actively pursuing alternative solutions, such as the installation of scrubbers, to reduce sulphur emissions. In 2018, Keppel O&M secured a total of 65 scrubber retrofit projects and anticipates more awards in the run-up to the IMO 2020 deadline.

As global demand for LNG continues to increase, charterers are likely to seek more spot vessels, resulting in ship owners reactivating idle vessels. This would generate more shiprepair work for yards.

Over the longer term, the shipping industry will also continue its drive towards greater efficiency by reducing costs, improving utilisation and deploying new technologies, while meeting environmental standards.

Against this backdrop, Keppel O&M is well placed to provide retrofitting solutions to meet the changing needs of the shiprepair industry.

Keppel O&M's capabilities in non-drilling and gas solutions will provide new growth areas and revenue streams.

Property

We are committed to providing quality and innovative real estate solutions in Asia.

To generate the best risk-adjusted returns, Keppel Land will continue to explore opportunities to unlock capital, and reinvest in new residential sites and commercial projects.

Earnings Highlights ($m)

	2018	2017*	2016*
Revenue	**1,340**	1,782	2,035
EBITDA	**1,065**	705	639
Operating Profit	**1,032**	668	611
Profit before Tax	**1,188**	844	833
Net Profit	**938**	650	620
Average Headcount (Number)	**3,059**	3,257	3,733
Manpower Cost	**204**	194	199

* 2017 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International). 2016 financial figures were prepared in accordance with Singapore Financial Reporting Standards and certain amounts have been reclassified for comparability purposes.

Major Developments in 2018

Sold about 4,440 homes in Asia, mainly in China, Vietnam and India.

Completed divestments and sale of residential projects en-bloc worth $1.7 billion across Singapore, China, Vietnam and Thailand.

Completed about $0.8 billion worth of acquisitions in Singapore, China, Vietnam and Indonesia.

Replenished residential landbank with the addition of about 3,600 units in China and 500 units in Indonesia.

Focus for 2019/2020

Invest strategically in Asia with Singapore, China and Vietnam as its key markets, while continuing to scale up in other markets such as Indonesia and India.

Actively scale up commercial presence to provide steady stream of recurring income.

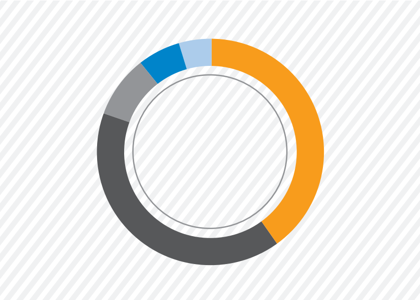
Recycle capital strategically, reinvesting for growth and higher returns.

Strengthen collaboration with strategic partners to capture growth opportunities in the region.

Invest in and develop property technology and new solution offerings.

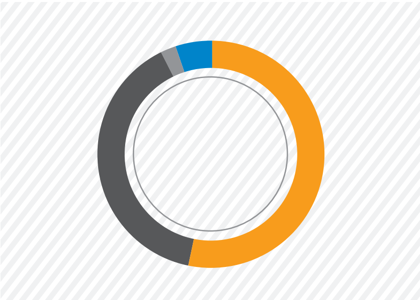
Operating & Financial Review
Property

Total Asset Distribution by Country (%)
as at 31 December 2018



Singapore	40.3
China	40.0
Vietnam	9.1
Indonesia	5.9
Others	4.7
Total	**100.0**

Total Asset Distribution by Segment (%)
as at 31 December 2018



Property Trading	53.6
Property Investments	39.0
Hotels & Resorts	2.3
Others	5.1
Total	**100.0**

Earnings Review

The Property Division generated a revenue of $1.3 billion for FY 2018, down $442 million or 25% from FY 2017, mainly due to lower revenue from a few trading projects in Singapore and China, as a result of cooling measures implemented.

The Division's FY 2018 net profit was $938 million, an increase of $288 million or 44% from FY 2017, mainly due to higher sale of residential projects en-bloc and gain from divestment of the stake in Aether. This was partly offset by lower fair value gains on investment properties, lower contribution from Singapore and China property trading, and lower share of profits from associated companies and joint ventures (JV).

In FY 2018, the Property Division contributed 99% of the Group's net profit.

Operating Review

Singapore

Keppel Land sold about 160 residential units in Singapore, lower than the sales achieved in 2017, following the cooling measures implemented by the Singapore government in July 2018. About 80% of the units sold in 2018 came from Highline Residences, which was fully sold in March 2018, and The Garden Residences, which was launched in June 2018. As at end-2018, the take-up rate of The Garden Residences was about 48% of the 156 launched units. 32 units at Reflections at Keppel Bay and Corals at Keppel Bay were also sold in 2018. The two projects were 89% and 77% sold as at end-2018.

Keppel Land announced plans to redevelop Nassim Woods into a luxurious condominium of about 100 homes and will continue to monitor the market for an appropriate time to launch the project.

Keppel Land is also reviewing the plans for Keppel Bay – plots 4 and 6, Keppel Towers and I12 Katong.

China

In 2018, Keppel Land sold about 2,240 units in China, lower than the 3,725 units sold in 2017, mainly due to the government's property cooling measures. Sales were mainly from Seasons Gardens, Seasons Residences and Seasons Heights in Tianjin Eco-City, V City in Chengdu, as well as Park Avenue Heights and Waterfront Residences in Wuxi, supported by healthy supply-demand balance in these geographies.

During the year, Keppel Land continued to expand its presence in China, focusing on the Jing-Jin-Ji region, Yangtze River Delta, Greater Bay Area and the Chengdu metropolis. It made its maiden entry into Nanjing's residential market in 2018 through a 40% stake in a JV with Gemdale, and added to its landbanks in Tianjin Eco-City and Chengdu. These are markets where the supply of homes with pre-sale permits is expected to be absorbed in less than six months.

During the year, Keppel Land also announced the acquisition of a completed commercial property in Haidian District, Beijing. The acquisition is in line with Keppel Land's strategy to grow its commercial portfolio in China, with a focus on Tier 1 cities, and will provide a steady stream of cash flow for the Group.

Vietnam

In Vietnam, Keppel Land sold about 910 units in 2018, lower than the 1,110 units sold in 2017, due to fewer sales launches. The Infiniti sold 78% of the 442 units launched, Palm Garden sold 80% of the 420 units launched, while Cove Residences also registered a strong take-up rate of 95%.

In December 2018, the entire Phase 2 of Estella Heights in District 2, Ho Chi Minh City (HCMC) was completed and handed over. Its retail mall, Estella Place, also commenced operations in December 2018 with a committed occupancy of over 90%.

In 2018, Keppel Land acquired the remaining 10% stake in Saigon Sports City to gain full ownership of the modern township development which will house some 4,300 smart homes. Keppel Land is collaborating with Keppel Urban Solutions to develop Saigon Sports City into a vibrant destination of choice.

During the year, Keppel Land converted its stake of the bonds issued by Nam Long Group (NLG), bringing its stake in NLG to about 10% from about 5%. This makes Keppel Land the second largest shareholder of the affordable housing developer.

Others

In Indonesia, Keppel Land sold about 350 homes, about 32% higher than the sales achieved in 2017. Following the successful launch of Phase 1 of The Riviera at Puri at end-2017, Phases 2 and 3 launched in 2018 were also well-received. As at end-2018, The Riviera project was close to 90% sold.

Capitalising on the demand for landed homes in Indonesia, Keppel Land formed a strategic alliance with PT Metropolitan Land Tbk (Metland), its partner for The Riviera at Puri, to cooperate on residential projects owned and occupied by Metland in Greater Jakarta, with an investment value of up to Rp. 5 trillion (about $470 million). Following the launch of this alliance, Keppel Land and Metland entered into an agreement to develop a 12-hectare residential site in the established Metland Menteng township in East Jakarta.

In India, Keppel Land launched the 2,082-unit Provident Park Square in Bengaluru, through a JV with Indian developer Puravankara. The project was well-received with 70% of the 1,102 launched units sold. Keppel Land also partnered Puravankara to acquire a prime site in Bengaluru, to develop its first commercial development in India with a gross floor area (GFA) of 95,000 square metres (sm). The project is expected to be completed in 2023.

In the Philippines, The Podium West Tower, a landmark Grade A office tower in Manila, was topped off in September 2018. The office tower is expected to be completed in 2Q 2019 and has been conferred the LEED Gold (Core & Shell) Pre-certification by the United States (US) Green Building Council.

Capital Recycling for the Best Risk-adjusted Returns

Keppel Land continues to review its portfolio to unlock capital and generate the best risk-adjusted returns.

During the year, Keppel Land completed five divestments and the sale of five residential projects en-bloc totalling about $1.7 billion. These included the sale of its stakes in residential projects in Zhongshan and Shenyang in China, HCMC, Vietnam and Bangkok, Thailand; a commercial development in Beijing, China, and some of its units in Keppel DC REIT.

Keppel Land also deepened its presence in key markets. During the year, seven acquisitions totalling about $0.8 billion were completed. These included residential sites in China and Indonesia; as well as increased stakes in a residential project in HCMC, Vietnam, and a retail mall in Singapore.

To generate the best risk-adjusted returns, Keppel Land will continue to explore opportunities to unlock capital, and reinvest in new residential sites and commercial projects.

Market Review & Outlook

Singapore

Singapore's economy grew by 3.2% in 2018, which continued to support demand in the residential and commercial markets. In July 2018, the Singapore government imposed cooling measures, which included increasing the Additional Buyer's Stamp Duty and lowering loan-to-value limits, and subsequently tightened the guidelines on maximum allowable dwelling units in October 2018.

Residential en-bloc sales have slowed significantly since the measures. The number of new private home sales was 8,795 units in 2018, 17% lower than 2017. Prices rose 7.9% for 2018 compared to a 1.1% increase in 2017, and home prices as at end-2018 were 3.2% below the last peak in 3Q 2013.

In the commercial sector, CBRE reported that Grade A core Central Business District (CBD) office rent rose 14.9% in 2018, reflecting a 20.7% growth from the last trough in 2Q 2017, on the back of robust demand and decreasing supply of prime space.

Keppel Land continues to be on the lookout for good business opportunities in Singapore.

Overseas

Rapid urbanisation and a fast-growing middle class will continue to drive demand for high-quality homes in Asia. Riding on these trends, Keppel Land will continue to tap demand with over 18,000 overseas launch-ready homes from 2019 to 2021.

China's Gross Domestic Product (GDP) growth slowed in 2018 to 6.6% and is expected to slow further in 2019, given lagged effects of credit tightening, and from the global slowdown and headwinds from US-China trade tensions.

While property cooling measures have had an impact on the Chinese market, urbanisation trends and growing income levels continue to drive demand for quality housing and commercial developments in key regions and cities. Keppel Land will focus on the Jing-Jin-Ji region, Yangtze River Delta, Greater Bay Area and the Chengdu metropolis, where it sees considerable growth potential.

In Vietnam, GDP growth was 7.1% in 2018, faster than 6.8% in 2017. The property market in HCMC remains promising. According to CBRE, about 31,100 new homes were sold compared with 30,800 units launched in HCMC in 2018, while average selling prices increased by about 10% in 2018. With a sizeable landbank of about 17,000 units, Keppel Land is poised to meet the robust demand for homes in Vietnam. Grade A office supply remains limited, driving rents up by 15.8%, and the retail market also saw healthy demand and tight supply in HCMC's CBD.

In Indonesia, the economy is expected to grow at above 5% per annum from now through to 2020 supported by domestic spending. While the supply of condominiums remains high, the landed residential market in Jakarta and Greater Jakarta is expected to remain resilient, backed by fundamental housing demand.

With a pipeline of close to 50,000 residential units and a total commercial footprint of 1.5 million sm of GFA in key Asian cities, Keppel Land is well positioned to capitalise on the demand for homes, office and retail spaces in its target markets.

With a commercial footprint of 1.5 million sm of GFA, Keppel Land is well positioned to capitalise on the demand for office and retail spaces in its target markets. (In picture: Estella Place in HCMC, Vietnam)

Operating & Financial Review

Infrastructure

We will focus on growing the Infrastructure Division's contributions to the Group.

We are a developer, owner and operator of quality infrastructure assets with a focus on growing stable income from the management, operations and maintenance of our projects and the provision of connectivity solutions.

Earnings Highlights ($m)

	2018	2017*	2016*
Revenue	**2,629**	2,207	1,744
EBITDA	**150**	169	136
Operating Profit	**105**	125	94
Profit before Tax	**184**	170	123
Net Profit	**169**	134	99
Average Headcount (Number)	**2,698**	2,618	2,669
Manpower Cost	**183**	180	173

* 2017 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International). 2016 financial figures were prepared in accordance with Singapore Financial Reporting Standards and certain amounts have been reclassified for comparability purposes.

Major Developments in 2018

Secured $180 million worth of contracts in energy and environmental infrastructure across Singapore, Australia, China and Europe.

Signed two agreements to develop and operate data centres in Jakarta, Indonesia and Johor, Malaysia.

Signed partnership agreements to explore data centre opportunities in China.

Raised stake in UrbanFox to 85% to pursue growth in e-commerce channel management and last-mile fulfilment.

Focus for 2019/2020

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

Harness the strength of an integrated gas, power and district cooling platform to pursue opportunities for growth.

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

Extend and develop new business-to-consumer retail and marketing capabilities in power, e-commerce and urban logistics, adding value to product offerings and improving customer experience.

Earnings Review

We are a developer, owner and operator of quality infrastructure assets with a focus on growing stable income from the management, operations and maintenance of our projects and the provision of connectivity solutions. The Infrastructure Division comprises the Group's businesses in energy, environment and infrastructure services, as well as logistics and data centres.

The Infrastructure Division's revenue for FY 2018 was $2.6 billion or 19% higher than FY 2017, mainly due to strong performance from Energy Infrastructure.

The Division's FY 2018 net profit of $169 million was $35 million or 26% higher than FY 2017, due to higher profit from Environmental Infrastructure, Infrastructure Services and Data Centres. During the year, Infrastructure Services continued to contribute steadily to the Group's recurring income base.

In FY 2018, the Infrastructure Division contributed 18% of the Group's net profit.

Energy Infrastructure

Operating Review

Despite the challenging market conditions, Keppel's Energy Infrastructure business continued to perform well in 2018.

Since the launch of the Open Electricity Market (OEM) in Singapore in 2018, competition in the electricity market has intensified. Alongside marketing activities, Keppel Electric partnered other companies including M1, CityGas, and the nation's local banks to expand its customer reach. Preliminary results have shown that Keppel Electric is among the retailers with the largest market shares in the OEM. Keppel Electric has also grown its commercial and industrial customer base and advanced its position to become Singapore's largest private electricity retailer with a market share of 14.5% in December 2018, compared to 14% in December 2017.

Keppel Gas continued to ramp up its gas supply to serve an expanding customer base. Under long-term contracts, the revenue growth from an increased offtake of gas by its customers will contribute to the Group's recurring income stream.

In 2018, Keppel Infrastructure's wholly-owned subsidiary, Pipenet, was awarded a contract by JTC Corporation (JTC) to design, build and operate pipe racks in Jurong Island, Singapore, worth about $40 million. The racks, slated for completion by 2020, will add to the Group's recurring income base upon commencement of the 15-year operations and maintenance phase of the contract. JTC has the option to extend the operations and maintenance contract for another 15 years.

During the year, Keppel DHCS clinched a contract for the initial design phase of a new district cooling services (DCS) plant in the upcoming Jurong Innovation District in Singapore. Contingent upon approval by JTC, there may be a subsequent phase of the contract to build, own and operate a DCS plant, with a capacity of up to 14,000 refrigeration tonnes (RT), on a 30-year contract term. With the aggregate installed capacity across major business and industrial parks projected to increase to 74,000 RT, Keppel DHCS remains the largest DCS provider in Singapore.

Under a research grant awarded by the Energy Market Authority in Singapore, Keppel DHCS and the National University of Singapore are jointly developing novel heat transfer materials for DCS. If successful, the new technology would not only improve energy efficiency by as much as five times but could also result in space savings of the same magnitude. The project is expected to be completed by 2021.

Market Review & Outlook

Singapore's average electricity demand remained subdued in 2018, increasing 1% from 2017. Meanwhile, the electricity retail market experienced significant expansion with the nationwide launch of the OEM, to be progressively rolled out, from 1 November 2018. Since then, an estimated 450,000 households have been given contestable status as at end-2018, and about one-third of contestable consumers have switched to their retailer of choice. With 13 electricity retailers participating in the OEM, the market remains highly competitive.

It is estimated that as at end-2018, about 1.3 million households had yet to switch to a private electricity retailer. Keppel Electric will increase its efforts to target this untapped market and expand its market leadership in the electricity retail market as the OEM is progressively rolled out in 1H 2019.

Since 2015, natural gas has consistently accounted for 95% of the fuel mix used in power generation in Singapore. The ongoing efforts by the government to develop Singapore as a gas trading hub are expected to yield additional supplies of gas. Keppel Gas is exploring new opportunities to deliver competitive, value-added solutions to existing and potential customers.

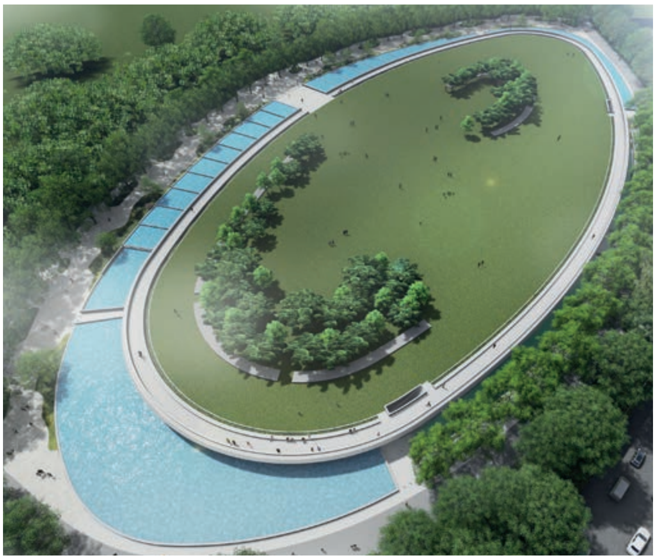
Meanwhile, Singapore's DCS sector continues to experience a steady increase in demand, with a compounded annual growth rate (CAGR) of 7% since 2010. This is driven by the Singapore government's intensification of land use and promotion of sustainable cooling. Further afield, Keppel DHCS is actively looking for growth opportunities in Asia to expand its geographical reach.

Environmental Infrastructure

Operating Review

In 2018, Keppel Seghers secured two performance bonuses and signed a five-year Technical Support Agreement with Viridor EfW (Runcorn) in the United Kingdom. The bonuses, which totalled about $7 million, were awarded in recognition of the plant's higher electrical efficiency and lower chemical consumption since commencing operations in 2015.

During the year, Keppel Seghers expanded its track record as a choice provider of waste-to-energy (WTE) technology and services, and its geographical reach.



Upon completion in 2020, the Keppel Marina East Desalination Plant will contribute to the Group's recurring income stream.

Operating & Financial Review
Infrastructure

1

1
Keppel Infrastructure Services will operate and maintain the Hong Kong IWMF when it is completed in 2024.

2
Senior management from Keppel T&T and the Salim Group marked the groundbreaking of IKDC 1 on 17 January 2019.

In China, Keppel Seghers secured a contract to provide WTE technology and services for a project in Xian, Shaanxi Province. With this, Keppel is currently executing nine technology package projects with a total incineration capacity of over 15,000 tonnes per day in China. Meanwhile, the Sino-Singapore Tianjin Eco-City Water Reclamation Centre commenced commercial operations in January 2018.

In October 2018, Keppel Seghers secured a contract to supply technology and services worth over €70 million for Australia's first WTE plant in Kwinana. When completed in 2021, the facility, which utilises Keppel Seghers' proprietary technology, can reduce the volume of waste for landfills by over 90% and export about 36 megawatts of green electricity to the grid.

In Singapore, the Keppel Marina East Desalination Plant (KMEDP) is on track for completion in 2020. Meanwhile, engineering design work is progressing well for Phase 1 of the Hong Kong Integrated Waste Management Facility (IWMF), with key procurement and prefabrication works expected to commence in 2019 alongside ground preparation for reclamation works.

Market Review & Outlook

In 2018, the world generated over two billion tonnes of municipal solid waste (MSW) and the annual waste generated is expected to increase by 70% to about 3.4 billion tonnes by 2050. With continued population growth and rapid urbanisation, the sustainable collection and treatment of MSW have become key focus areas for governments globally.

In China, the government continues to limit the addition of landfills, and maintains its push towards the target of treating one-third of China's solid waste using proven incineration technologies by 2030. As a result, the demand for incineration projects in China is likely to increase over the next few years.

In India, favourable feed-in tariffs for green power generated from solid waste continue to fuel strong interest in WTE projects. With MSW constituting about 75% of India's waste and continuing pressure for more efficient treatment processes, opportunities for waste management solutions in India's more developed regions are expected to increase.

Countries within Southeast Asia (SEA) present good market potential, given the increasing level of environmental awareness, less developed waste management structures, as well as rapid urbanisation in several countries. Moreover, landfills in major cities are no longer viable as land has become scarce and expensive. Locally, Singapore's declaration of 2019 as the Year Towards Zero Waste will provide new opportunities for the development of waste management solutions.

In Europe, the focus has turned to improving and upgrading waste management facilities to fulfil the European Union's waste legislation on landfill diversion. This has created pockets of opportunities across member countries.

With a global track record in waste and water projects, Keppel Seghers is well positioned to support municipalities and industries with its proven solutions and strong operational competencies.

Infrastructure Services
Operating Review

Keppel Infrastructure Services (KIS) continues to maintain high operating standards by maximising availability, reliability, and efficiency for its portfolio of assets spanning the power, WTE, water and district cooling sectors. With its track record of executional excellence, KIS sets the benchmark in the industry for operations and maintenance.

KIS is also focused on improving the operational efficiency of its plants. Amongst improvement projects in 2018 was the modification of the flue gas treatment system at the Keppel Seghers Tuas WTE plant, which enhanced the plant's chemical scrubbing operations.

Harnessing synergies, KIS has synchronised its procurement activities with other units within the Group. This has allowed KIS to boost data control and audit compliance, demonstrating its commitment towards good corporate governance.

Market Review & Outlook

New regulatory regimes and urbanisation blueprints are increasingly fuelled by burgeoning concerns around climate change. While these trends provide exciting opportunities, KIS must continue to evolve and adapt for more resource-efficient and environmentally-friendly operations and maintenance solutions.

Supporting the Group's vision of shaping a sustainable future, KIS will continue to actively seek new projects spanning DCS, water, WTE and power to deliver high-quality value-added operations and maintenance services.

Data Centres

Operating Review

Keppel Data Centres Holding (KDCH) continued to pursue expansion opportunities in target markets, while enhancing its capabilities and service offerings to meet the growing demand for big data and connectivity. Today, the Group has a portfolio of 22 data centres across 14 cities in Asia Pacific and Europe.

KDCH along with Alpha Data Centre Fund (Alpha DC Fund) has entered into several strategic partnerships to develop and operate data centres in the Asia Pacific.

In a joint venture with the Salim Group, KDCH and Alpha DC Fund will develop and operate a data centre in Bogor, about 35 kilometres from Jakarta, Indonesia. The IndoKeppel Data Centre 1 (IKDC 1), with a 3-hectare land plot, will be the first phase of a larger data centre campus development that will cater to a growing demand for quality data centre space in Indonesia. IKDC 1 will be a Tier 3 data centre with a gross floor area (GFA) of approximately 105,300 square feet (sf). The construction of the data centre's core and shell, as well as first phase fit-out, is expected to be completed by 1H 2020.

KDCH and Alpha DC Fund also entered into an agreement with a leading technology company (the customer) to develop and operate a greenfield data centre in an industrial park in Johor, Malaysia, earmarked to be a data and research hub for the state. The data centre will feature minimum Tier 3 equivalent specifications for concurrent maintainability, spread over 100,495 sf of GFA. Upon expected completion in 2020, the data centre will be fully committed by the customer.

To further expand its footprint, KDCH is fostering partnerships with technology companies in China, to develop, operate and maintain more efficient and robust data centres in China and around the world.

In Singapore, Keppel DC Singapore 4 has secured close to 60% committed occupancy upon the completion of its phase 2 fit-out in 2018. Upon Keppel DC REIT's acquisition of Keppel DC Singapore 5 (formerly known as Kingsland Data Centre), KDCH was appointed as the master lessee and facility manager for the asset.

To meet the changing demands and requirements of clients for greater connectivity, KDCH partnered DE-CIX, one of the world's leading Internet Exchange providers in Frankfurt, Germany, to offer premium interconnection services at Keppel DC Frankfurt 1.

Keppel T&T is pursuing innovative new solutions in collaboration with other business units in the Group. These include floating data centre parks and high-rise green data centres, which may also incorporate cold energy harvesting facilities.

In recognition of its commitment to operational excellence and track record, KDCH was named the Singapore Wholesale Colocation Service Provider of the Year by Frost and Sullivan in November 2018.

Market Review & Outlook

The proliferation of Internet of Things, big data, Artificial Intelligence, and cloud-based services continues to drive demand for data centre space.

According to the Cisco Global Cloud Index, Asia Pacific has been identified as the hot spot of investments for cloud giants, with cloud workloads estimated to grow at a CAGR of 27% from 2016 to 2021. While Tier 1 cities like Singapore remain the preferred location as a cloud region, emerging markets such as Indonesia and Vietnam are gaining traction as focus hubs for data centre investments by cloud giants.

Keppel T&T is pursuing innovative new solutions in collaboration with other business units in the Group. These include floating data centre parks and high-rise green data centres.

2

Operating & Financial Review
Infrastructure

Data centre colocation remains a viable solution for enterprises and cloud services providers, with its flexibility, lower upfront cost and localisation advantages. According to Technavio's latest research, the global data centre colocation market is forecasted to grow at a CAGR of 9% from 2018 to 2022. Structure Research, a research and consultancy firm focused on internet infrastructure, estimates that the Singapore colocation market is expected to register a healthy CAGR of 12%, reaching $2 billion by 2021.

The rising demand and opportunities have also resulted in steeper competition from global incumbents and new players. Additionally, data centre providers also face the challenge of land scarcity.

KDCH will continue to work closely with Alpha DC Fund and Keppel DC REIT to proactively seek new development and acquisition opportunities in Asia Pacific and Europe. It will also sharpen its value proposition, especially in the areas of enhancing connectivity, as well as explore innovative and sustainable data centre designs and technologies.

Logistics

Operating Review

In 2018, Keppel Logistics focused its efforts on building new capabilities and expanding its omnichannel solution offerings to customers in SEA.

To augment its urban logistics business, Keppel Logistics increased its stake in UrbanFox to 85% from 59.6%. In 2018, UrbanFox expanded its customer base to over 200 channel management customers from five as at end-2017, and more than doubled the number of last-mile business-to-consumer (B2C) deliveries. The company also launched new solution offerings during the year and expanded its UrbanFox Marketplace to include the business-to-business (B2B) segment. As at end-2018, more than 300 brands have been made available on the UrbanFox Marketplace.

In line with its commitment to provide agile and innovative solutions for customers, UrbanFox invested in technology and process optimisation initiatives to strengthen its services. Growing beyond Singapore, it is gearing up to seize opportunities offered by e-commerce in SEA.

In 2018, Keppel Logistics retrofitted its Tampines Logistics Hub in Singapore and increased its warehouse footprint in Malaysia and Vietnam. In Indonesia, Keppel Logistics expanded its transportation fleet and commenced domestic sea freight and air freight delivery services. Meanwhile, the warehouse occupancy and transport volumes in Australia grew during the year with new customer wins.

Keppel Logistics' river ports in Foshan, Guangzhou experienced a drop in throughput, against the backdrop of changing regulatory requirements as well as concerns over trade tensions between the US and China. Construction of the Keppel Wanjiang International Coldchain Logistics Park in Anhui province was completed, and operations are expected to commence in 1H 2019.

Keppel Telecommunications & Transportation is undertaking a strategic review of its China logistics business, as it seeks to optimise and focus resources to become a leading urban logistics solutions provider.

Market Review & Outlook

According to the OECD's latest report, Emerging Asia's Gross Domestic Product is forecasted to grow at an annual average of 6.1% from 2019 to 2023. This is expected to support the growth of urban logistics in SEA through increased domestic consumption and investment.

The e-commerce market in SEA remains promising. A joint study by Google and Temasek published in 2018 reported that SEA's internet economy had hit an inflection point in 2018, when its internet economy's year-on-year growth of 37% exceeded the 32% CAGR recorded between 2015 and 2018. According to the report, SEA's internet economy will continue growing at unprecedented pace, reaching a gross market value of US$240 billion by 2025 from US$32 billion in 2015. Growth of the internet economy is expected to be driven mainly by the e-commerce sector, which is projected to register a CAGR of 34% from 2015 to 2025 to reach a gross market value of US$102 billion by 2025. Within SEA, the highest e-commerce growth is expected to be from Indonesia, Thailand and Vietnam.

Leveraging the Group's global presence and its integrated end-to-end logistics services, Keppel Logistics is well positioned to tap the growing demand for e-commerce in the region. Keppel Logistics will continue to transform its business and build new capabilities to provide omnichannel solutions for the fast-growing e-commerce market in Asia.

During the year, Keppel Logistics fully integrated its B2B and B2C operations at Tampines Logistics Hub in Singapore, and expanded its omnichannel solution offerings to customers in SEA.

Investments

We create value for shareholders by investing strategically and developing new growth engines.

Photo credit: ST Press

Leveraging the Group's core competencies, Keppel Capital will continue to create innovative investment solutions and connect investors with high-quality real assets in fast-growing sectors fuelled by urbanisation trends.

Earnings Highlights ($m)

	2018	2017*	2016*
Revenue	**121**	173	134
EBITDA	**(15)**	177	63
Operating (Loss)/Profit	**(21)**	175	61
(Loss)/Profit before Tax	**(19)**	290	56
Net (Loss)/Profit	**(54)**	238	36
Average Headcount (Number)	**554**	416	286
Manpower Cost	**146**	110	89

* 2017 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International). 2016 financial figures were prepared in accordance with Singapore Financial Reporting Standards and certain amounts have been reclassified for comparability purposes.

Major Developments in 2018

Keppel Capital announced expansion into new asset classes such as senior living.

Keppel REIT divested a 20% stake in Ocean Financial Centre in Singapore.

KIT announced the acquisition of Ixom.

Keppel DC REIT and KORE expanded their portfolios with acquisitions worth over $700 million.

AAMTF III closed at US$1.1 billion.

KUS signed MOUs with Envision and ST Engineering for smart city solutions.

KUS signed MOUs for development opportunities in the Philippines and China.

Keppel & SPH launched an offer to take majority control of M1.

Focus for 2019/2020

Keppel Capital will continue to pursue organic and inorganic growth opportunities to grow the Group's asset management platform.

M1 will continue to build up its capabilities to capitalise on new opportunities. Keppel and SPH will work with M1's board and management to drive its business transformation plans.

Continue development of the Sino-Singapore Tianjin Eco-City to realise its vision of being a model for sustainable urbanisation in China.

Operating & Financial Review
Investments

Earnings Review
The Investments Division comprises mainly Keppel Capital and Keppel Urban Solutions (KUS), as well as the Group's investments in M1, KrisEnergy and the Sino-Singapore Tianjin Eco-City (Eco-City).

The Investments Division generated revenue of $121 million for FY 2018, down $52 million or 30% from the previous year, due mainly to the absence of sale of investments and lower revenue from the asset management business. The Division reported a pre-tax loss of $19 million for FY 2018, compared to a pre-tax profit of $290 million for FY 2017. This was due mainly to lower profit from land sales in the Eco-City, lower contribution from the asset management business and provision for impairment of an associated company, partly offset by lower share of loss from KrisEnergy. In 2017, the Investments Division also benefitted from the share of profits from k1 Ventures and write-back of provision for impairment of an associated company.

Accordingly, the Division reported a net loss of $54 million for FY 2018, compared to a net profit of $238 million for FY 2017.

Keppel Capital
Operating Review
2018 was an active year for Keppel Capital as it continued to expand into new markets and asset classes. Keppel Capital's total assets under management (AUM) remained stable at about $29 billion as at end-2018 on a fully leveraged and invested basis, despite a few divestments by Alpha Investment Partners (Alpha) during the year.

In 2018, Keppel Capital made headway in the investments into alternative asset classes, including senior living and education real estate sectors, as well as announced plans to establish its first retail-focused fund with an initial focus on Australia. At the same time, a Renminbi fund management entity was also established in the Sino-Singapore Tianjin Eco-City.

Real Estate
In 2018, Keppel REIT Management strategically divested a 20% minority stake in Ocean Financial Centre to Allianz Real Estate for $537.3 million. This allowed Keppel REIT (KREIT) to recognise some capital gains while maintaining its exposure to the strengthening Singapore office market through its 79.9% controlling stake. In Australia, development of the Grade A office tower at 311 Spencer Street in Melbourne is slated for completion in 1H 2020.

The Manager's proactive leasing efforts kept KREIT's portfolio well occupied in 2018, with committed occupancy at 98.4% as at end-2018, and a long weighted average lease to expiry (WALE) of 5.9 years that will underpin KREIT's long-term stable recurring income.

Meanwhile, Keppel-KBS US REIT Management delivered on its investment and growth strategy to augment Keppel-KBS US REIT's (KORE) portfolio by acquiring quality income-producing properties in first choice submarkets in the United States (US) with positive macroeconomic and office fundamentals. During the year, KORE deepened its presence in key growth cities with acquisitions in Seattle and Orlando.

As at end-2018, KORE's portfolio occupancy and WALE by net lettable area remained healthy at 91.6% and 3.9 years respectively, providing stable income streams to unitholders.

The private funds managed by Alpha also registered strong fundraising efforts. The Alpha Asia Macro Trends Fund (AAMTF) III closed in December 2018 at approximately US$1.1 billion, including co-investments, exceeding its initial target of US$1 billion. During the year, Alpha divested over US$1.9 billion in assets across the various funds under management, and committed to acquisitions in Singapore, Brisbane, Shanghai and Tokyo with a gross asset value of over US$1.1 billion.

Data Centres
Keppel DC REIT Management maintained its focused investment strategy of seeking quality income-producing acquisitions in key data centre hubs across Asia Pacific and Europe.

In 2018, the REIT added Keppel DC Singapore 5 and maincubes Data Centre to its stable of quality data centres, and announced the addition of Intellicentre 3 East Data Centre (IC3 East DC) which will be built on the vacant land within its Intellicentre 2 Data Centre's site. IC3 East DC is expected to be completed in 2020. This has brought the REIT's total AUM to $2 billion across 15 data centres, excluding IC3 East DC. The Manager also acquired the remaining 999-year leasehold interest at Keppel DC Dublin 1, with completion expected in 1H 2020.

As at end-2018, the REIT's portfolio occupancy remained healthy at 93.1%, while the WALE was at 8.3 years by leased area, providing good visibility to its income stream.

Alpha Data Centre Fund (Alpha DC Fund) continued to expand its portfolio of assets in new markets. Working with Keppel Data Centres, Alpha DC Fund marked its foray into Indonesia through a partnership for a data centre project in Bogor, near Jakarta. Alpha DC Fund also successfully secured a built-to-suit project with a leading technology company for its first greenfield data centre asset in Johor, Malaysia. This is the Fund's first large-scale project for the customer, with Alpha DC Fund's innovative deal structuring setting a repeatable and scalable operating model for the Fund's future expansion plans in Asia.

Infrastructure
Keppel Infrastructure Fund Management announced the strategic addition of Ixom to Keppel Infrastructure Trust (KIT). Ixom is one of the leading industrial and infrastructure businesses in Australia and New Zealand. Following the completion of the transaction in February 2019, the addition of Ixom will provide KIT with long-term and stable cash flows, underpinned by multiple core assets and a well-positioned network of infrastructure, as well as extend the cash flow life of the Trust's portfolio. KIT will continue to deliver steady income from its three core sectors of Energy, Distribution & Network, and Waste & Water sectors.


1

2

1
Keppel DC REIT acquired Keppel DC Singapore 5, a purpose-built, carrier-neutral colocation data centre, in 2018.

2
Mr Lawrence Wong (left), Singapore's Minister for National Development and Second Minister for Finance, and Mr Zhang Yuzhuo (right), Tianjin Binhai New Area Party Secretary, officiated at the launch of the Eco-City's city centre.

Business Outlook

As an integrated asset manager, Keppel Capital continues to play a key role in collaborating with other business units to create real assets from the spectrum of solutions offered by the Group. Keppel Capital will continue to pursue both organic and inorganic growth opportunities to grow its AUM to the $50 billion target by 2022, boosting the Group's funding capabilities and expanding its capital base. Leveraging the Group's core competencies, Keppel Capital will continue to create innovative investment solutions and connect investors with high-quality real assets in fast-growing sectors fuelled by urbanisation trends.

Sino-Singapore Tianjin Eco-City

In 2018, the Eco-City celebrated its 10th anniversary. The former saline wasteland has been transformed into a thriving green city, and the Eco-City is on track to realising its vision of becoming a model for sustainable urbanisation in China.

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

Today, more than 100,000 people[1] live and work in the Eco-City, which is a bustling community with three neighbourhood centres, five libraries, three health services centres, a hospital and 17 schools with about 10,000 students. The Eco-City's business parks also continued to attract new investments and tenants. To date, the Eco-City has over 7,700 registered companies[1].

The Tianjin government's property cooling measures have continued to dampen market demand for homes in the Eco-City. In 2018, a total of 2,700 homes were sold by various developers in the Eco-City, down 30% from the homes sold in 2017. Despite the lower sales volume, the Eco-City remains a highly sought-after residential precinct within the Tianjin Binhai New Area for homebuyers and developers alike. In 2018, SSTEC sold three residential land plots to developers keen to participate in the Eco-City's continued development. One plot was acquired by Keppel Land China to expand its presence in the Eco-City.

With the successful completion of the Start-Up Area (SUA), SSTEC will focus on developing the Eco-City's Central District, where the future city centre will be located. Land parcels will be developed or sold in tandem with the market's needs, to drive the city centre's growth.

Reflecting the good progress of the Eco-City, at a meeting in September 2018, the Eco-City's Joint Steering Council, co-chaired by Singapore's Deputy Prime Minister Teo Chee Hean and Chinese Vice Premier Han Zheng, supported the replication of the Eco-City's experience in other Chinese cities as well as along the Belt and Road regions. A joint cooperation framework was signed between the two governments to promote the replication of the Eco-City's development experience.

In 2018, Keppel Land China sold about 630 homes in the Eco-City. As at end-2018, Keppel Land China had launched about 4,500 homes in the Eco-City, of which about 98% had been sold. Riding on its strong track record in the Eco-City, Keppel Land China also successfully secured a 10.97-hectare residential site in the Eco-City's SUA, which will be developed into an eco-community comprising terrace houses and low-rise apartments.

Different business units in the Keppel Group are contributing to the Eco-City's development. The occupancy of Keppel Telecommunications & Transportation's logistics distribution centre in the Eco-City improved to about 80% by end-2018, compared to 65% in 2017. In the meantime, the Sino-Singapore Tianjin Eco-City Water Reclamation Centre, a JV between Keppel Infrastructure and Tianjin Eco-City Investment and Development Co., Ltd, commenced commercial operations in January 2018. The Centre treats wastewater effluent from an existing wastewater treatment plant to produce recycled water that meets China's most stringent standards for urban miscellaneous water consumption. Keppel Capital China also established a fund management entity in the Eco-City in 2018.

Keppel Urban Solutions

KUS is an end-to-end master developer of smart, sustainable urban townships, leveraging the Group's experience and strong track record in the planning and development of large-scale projects in the Asia Pacific. KUS brings together the Group's diverse capabilities in energy, property, infrastructure and connectivity to create highly liveable, smart and sustainable communities.

With more than half of the population in Asia moving to and living in cities and urban centres by 2040, KUS is focused on capturing the growing demand for smart, sustainable townships and precincts in the region. KUS' points of differentiation are premised on its

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

Operating & Financial Review
Investments

1

KUS is an end-to-end master developer of smart, sustainable urban townships, leveraging the Group's experience and strong track record in the planning and development of large-scale projects in the Asia Pacific.

end-to-end offerings from planning to precinct operations, leveraging the Keppel Group's solutions. These include horizontal and vertical infrastructure, connectivity, urban logistics and place management.

KUS' capabilities will first be applied in Saigon Sports City (SSC), a 64-hectare township development in Ho Chi Minh City, Vietnam. The development of SSC will be driven by enablers for essential services such as smart security management, smart mobility and environmental infrastructure solutions. Through active programming and place-making initiatives, SSC aims to be an inclusive and vibrant destination of choice.

In 2018, KUS established a partnership with ST Engineering to leverage each company's expertise and resources in the design and implementation of smart city masterplans and solutions within Keppel's developments. The companies can also collaborate on third-party projects in Asia Pacific.

Over in China, KUS signed an agreement with Envision and the Wuxi government for the development of a Smart Internet of Things (IoT) City which includes a smart IoT-industry park in Xuelang Town of Taihu New City in Wuxi. Through a city-industry integration, the parties intend to create a work-live-play model that is replicable and scalable in China and overseas.

KrisEnergy

In 2018, exploration & production (E&P) operator KrisEnergy continued to face strong headwinds. Brent crude oil averaged US$72 per barrel (bbl) during the year, an increase from 2017's average of US$55/bbl. In 4Q 2018, a series of geo-political developments coupled with surging oil production in the US resulted in oil prices swinging from a high of US$86/bbl in October 2018 to a low of US$50/bbl in December 2018.

Notwithstanding this, KrisEnergy recorded a 40% increase in the average realised oil price to US$69/bbl. Average gas sales price in Thailand increased 15% year-on-year to US$4.58 per thousand cubic feet (mcf) in 2018, while the gas price achieved from the onshore Bangora field in Bangladesh was unchanged at US$2.32/mcf.

In 2018, KrisEnergy reported revenues of US$145 million and net cash flow from operations of US$37 million, up from US$141 million and US$23 million for FY 2017 respectively. Earnings before interest, taxation, depreciation, amortisation, geological expenses and exploration expenses amounted to US$58 million, up from US$27 million for FY 2017, marking KrisEnergy's highest performance since 2011. Despite these improvements, the company reported net loss after tax of US$160 million for FY 2018, due to non-cash impairment expenses and write-offs for non-core assets, depreciation, depletion and amortisation costs, and finance charges.

Total capital expenditure (capex) for 2018 was US$56 million versus a revised forecast of US$97 million at mid-2018, due to a change in timeline for certain projects. KrisEnergy's balance sheet remains under pressure. As at end-2018, gearing rose to 99.9% from 73.5% as at end-2017. KrisEnergy intends to execute the appropriate strategies to de-leverage its balance sheet while maintaining its investment in core assets to maximise future cash flow.

In 2018, KrisEnergy remained focused on its core development assets in the Gulf of Thailand (GOT), namely the Apsara oil development offshore Cambodia and the Rossukon oil development in the G6/48 licence.

KrisEnergy's working interest production averaged 10,691 barrels of oil equivalent per day (boepd) in 2018, down 16% from 2017. The KrisEnergy-operated Wassana field, in the G10/48 licence in the GOT, produced an average of 4,455 barrels of oil per day (bopd) in 2018, up from 4,377 bopd in 2017. Meanwhile, the Bangora gas field onshore Bangladesh produced an average of 14,798 boepd. In the non-operated B8/32 in the GOT, infill drilling commenced in 2H 2018 and gross production averaged 32,724 boepd in 2018.

As at end-2018, KrisEnergy's working interest proved plus probable (2P) reserves were estimated by Netherland, Sewell & Associates, Inc. (NSAI) at 63.5 million barrels of oil equivalent (mmboe) compared to 83.5 mmboe as at end-2017. This was largely due to the company ceasing participation in the Block A Aceh production sharing contract in Indonesia and the G11/48 licence. Reserves assigned to the G10/48 licence in the GOT decreased 53% due to 2018 production and lower well recovery. Assessments for 2P reserves also decreased for B8/32 and Block 9 due to 2018 production and, in the case of B8/32, assumptions of reduced future infill drilling.

NSAI recognised best estimate contingent (2C) resources of 64.1 mmboe as at end-2018, a 27% drop from 2017 due to the removal of contribution from G11/48 and Block A Aceh. Gains in 2C resources of 6.6 mmboe were recorded for G10/48 and G6/48, which contains the Rossukon oil development project in the GOT.

Health, safety and the environment remained a priority. In 2018, KrisEnergy recorded about 1.6 million man-hours on its operated assets with one lost-time injury in March.

In 2018, KrisEnergy appointed Keppel Offshore & Marine (Keppel O&M) as the preferred contractor under a cooperation agreement. With this, Keppel O&M can offer KrisEnergy a comprehensive suite of offshore oil and gas solutions as KrisEnergy enhances its assets in Asia. Subsequent to the agreement, Keppel O&M secured a production barge upgrade contract from KrisEnergy in November 2018. Works commenced on the barge at the end of 2018.

M1

In 2018, M1 continued to expand its customer base. The company added 22,000 postpaid customers in 2018, bringing the total base to 1.4 million as at end-2018, while its fibre customer base grew 11% from 2017 to 209,000 in 2018. As at end-2018, M1's total customer base stood at 2.2 million.

Amidst intensifying market competition, M1 seeks to strengthen its position by enhancing customer experiences, introducing value-added services and seeking new growth verticals.

M1 is committed to delivering the best mobile experience to its customers. Recognising the need for faster network speeds and high-bandwidth mobile applications, M1 continued to invest in expanding capacity and delivering superior network performance. In 2018, M1 collaborated with multiple vendors to embark on Singapore's first end-to-end 5G live trial, and announced plans to conduct a 5G small cell trial to develop the next generation of 5G small cells architecture.

M1 became the first operator in Singapore to launch the digital eSIM on the new generation of iPhones, allowing users to activate an additional cellular plan. M1 also launched a new cloud-based subscription video surveillance service to help businesses and small and medium sized enterprises with the adoption of digital technologies. As part of plans to expand its corporate segment and digital solutions in Smart Nation, Fintech and Cybersecurity, M1 signed an MOU with Jurong Port to provide a terminal-wide wireless private network.

Privatisation of M1

In September 2018, a Pre-conditional Voluntary General Offer was made by Konnectivity, a joint venture between Keppel Corporation and Singapore Press Holdings (SPH) for the remaining shares in M1, for a cash offer of $2.06 per share.

By end-February 2019, Konnectivity and its concert parties had obtained majority control of M1. Strong support for the Offer by M1's shareholders has resulted in M1 ceasing to have at least 10% of the total number of shares held by the public. Konnectivity will be de-listing M1 from the Main Board of the SGX-ST after the close of the Offer, and will be exercising its right to compulsorily acquire all the shares of M1 from shareholders who had not accepted the Offer.

Together with SPH, Keppel seeks to drive business changes that will enable M1 to compete more effectively in the telecommunications industry. With the privatisation of M1, Keppel and SPH will be better able to drive changes and create greater value, together with M1's board and management.

M1 also complements Keppel's mission as a solutions provider for sustainable urbanisation, which includes connectivity. M1 can serve as a digital platform and connectivity partner to complement and augment Keppel's current suite of solutions, and at the same time, benefit from harnessing the synergies of the Keppel Group.

2

1
Saigon Sports City is envisaged to be a bustling hub, combining high-quality urban living with modern healthy lifestyle concepts.

2
M1 can serve as a digital platform and connectivity partner to complement and augment Keppel's current suite of solutions for sustainable urbanisation.

Operating & Financial Review

Management Discussion & Analysis

We are configured for growth, building on an institutional quality balance sheet.

Free Cash Inflow

$515m

As compared to $1,802m for FY 2017.

Earnings Per Share

52.0cts

An increase from 10.8cts^ for FY 2017.

^ Includes the one-off financial penalty and related costs of $619 million.

Group Overview

Group net profit was $944 million, an increase of 382% from $196 million for 2017. Net profit for 2017 included $619 million for the one-off financial penalty arising from Keppel Offshore & Marine's (Keppel O&M) global resolution with criminal authorities in the United States (US), Brazil and Singapore, and related legal, accounting and forensics costs. Excluding the one-off financial penalty and related costs from 2017, net profit for 2018 of $944 million was 16% above the net profit of $815 million for 2017 due largely to earnings growth registered by the Property and Infrastructure divisions as well as lower loss at the Offshore & Marine (O&M) Division, partly offset by loss from the Investments Division.

Earnings Per Share (EPS) was 52.0 cents, an increase of 381% from 10.8 cents for 2017. Return On Equity (ROE) was 8.3%, compared to 1.7% for 2017. Economic Value Added was positive $252 million for 2018, compared to negative $839 million for 2017.

Free cash inflow was $515 million, compared to $1,802 million for 2017, mainly due to working capital requirements. Meanwhile, net gearing for 2018 was 0.48 times, compared to 0.46 times for 2017.

Total cash dividend for 2018 will be 30.0 cents per share. This comprises a proposed final cash dividend of 15.0 cents per share, as well as an interim cash dividend of 10.0 cents per share and a special cash dividend of 5.0 cents per share paid in the third quarter of 2018 to commemorate Keppel's golden jubilee.

Segment Operations

Group revenue of $5,965 million for 2018 was at almost the same level as in 2017. Revenue from the O&M Division improved by $73 million or 4% to $1,875 million due to revenue recognition in relation to the jackup rigs sold to Borr Drilling and higher revenue recognition from ongoing projects. Major jobs completed and delivered in 2018 included two jackup rigs, a gas carrier refurbishment, two Floating Production Storage and Offloading conversions, a Roll-on/Roll-off conversion and two dual-fuel liquefied natural gas tugs. Revenue from the Property Division decreased by $442 million to $1,340 million due mainly to lower revenue from Singapore, China and Vietnam property trading. Revenue from the Infrastructure Division grew by $422 million to $2,629 million as a result of increased sales in the power and gas businesses, partly offset by lower progressive revenue recognition from the Keppel Marina East Desalination Plant project. Meanwhile, revenue from the Investments Division decreased by $52 million to $121 million due mainly to the absence of sale of investments and lower revenue from the asset management business.

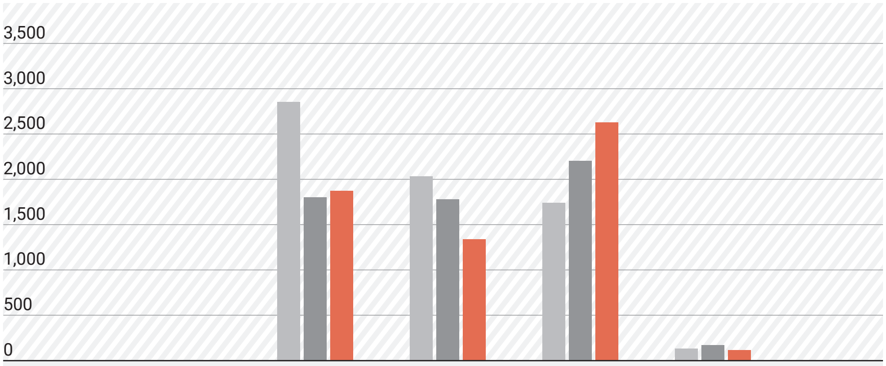
Group net profit of $944 million for 2018 was $748 million or 382% higher than the previous year. Net profit for 2017 included $619 million for the one-off financial penalty and related costs. Excluding the one-off

Key Performance Indicators

	2018 $ million	18 vs 17 % +/(-)	2017# $ million	17 vs 16 % +/(-)	2016 $ million
Revenue	**5,965**	<0.1	5,964	(12)	6,767
Net profit	**944**	382	196^	(75)	784
Earnings Per Share	**52.0 cts**	381	10.8 cts^	(75)	43.2 cts
Return On Equity	**8.3%**	388	1.7%^	(75)	6.9%
Economic Value Added	**252**	n.m.	(839)^	499	(140)
Operating cash flow	**125**	(90)	1,203	309	294
Free cash flow*	**515**	(71)	1,802	234	540
Total cash dividend per share	**30.0 cts@**	36	22.0 cts	10	20.0 cts

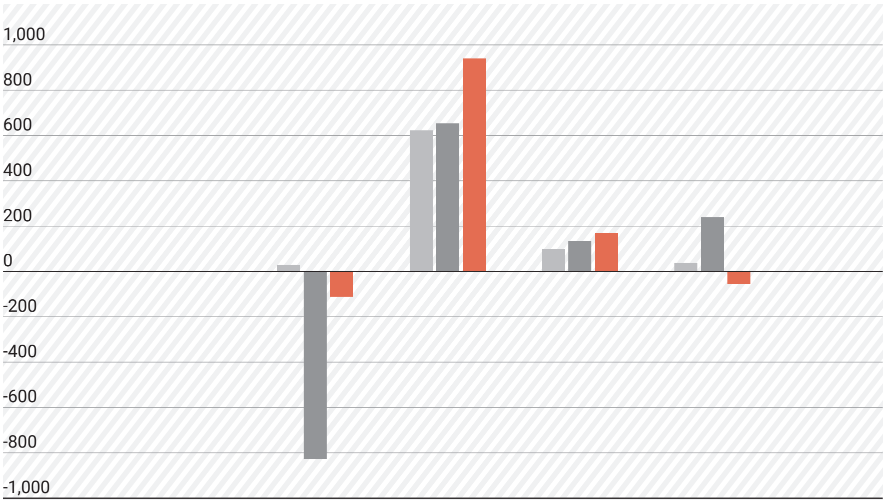
2017 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International).
^ Includes the one-off financial penalty and related costs of $619 million.
* Free cash flow excludes expansionary acquisitions and capital expenditure, and major divestments.
@ Comprises a proposed final cash dividend of 15.0 cents per share, an interim cash dividend of 10.0 cents per share and a special cash dividend of 5.0 cents per share.

Revenue ($m)



	Offshore & Marine	Property	Infrastructure	Investments	Total
2016	2,854	2,035	1,744	134	6,767
2017	1,802	1,782	2,207	173	5,964
2018	**1,875**	**1,340**	**2,629**	**121**	**5,965**

Net Profit ($m)



	Offshore & Marine	Property	Infrastructure	Investments	Total
2016	29	620	99	36	784
2017*	(826)^	650	134	238	196
2018	**(109)**	**938**	**169**	**(54)**	**944**

* Net profit for FY 2017 has been adjusted following the adoption of Singapore Financial Reporting Standards (International).
^ Includes the one-off financial penalty and related costs of $619 million.

financial penalty and related costs from 2017, 2018 net profit of $944 million was $129 million or 16% above the net profit of $815 million for 2017.

In 2018, the O&M Division's loss narrowed to $109 million as compared to the net loss of $207 million in 2017, which excluded the one-off financial penalty and related costs. This was mainly due to higher operating results arising from higher revenue, write-back of provisions for claims and lower net interest expense, partly offset by higher impairment provisions and absence of gain from divestment of Keppel Verolme in 2017.

Profit from the Property Division increased by $288 million to $938 million due mainly to sale of development projects en-bloc and gain from divestment of the stake in Aether. The positive variance was partly offset by lower fair value gains on investment properties, lower contribution from Singapore and China property trading, and lower share of associated companies' profits.

Profit from the Infrastructure Division was $169 million, $35 million above that in 2017. This was mainly due to dilution gain following Keppel DC REIT's private placement, the gain arising from the sale of stake in Keppel DC REIT, as well as higher contribution from Environmental Infrastructure and Infrastructure Services, partly offset by lower contribution from Energy Infrastructure, lower share of profits from Keppel Infrastructure Trust, and absence of gain from the divestment of GE Keppel Energy Services.

Loss from the Investments Division was $54 million for 2018, compared to a profit of $238 million for 2017. This was mainly due to lower land sales in the Sino-Singapore Tianjin Eco-City, lower contribution from the asset management business and provision for impairment of an associated company, partly offset by lower share of loss from KrisEnergy. In 2017, the Investments Division also benefitted from the share of profit from k1 Ventures, write-back of provision for impairment of an associated company, and profit from sale of investments.

In 2018, the Property Division was the largest contributor to the Group's net profit with a 99% share, followed by the Infrastructure Division's 18%, while the O&M and Investments divisions contributed negative 11% and negative 6% to the Group's net profit respectively.

Operating & Financial Review

Total Assets

$26.6b

Down 7% as compared to $28.7b in FY 2017, mainly due to a decrease in current assets.

Total Cash Dividend Per Share

30.0cts

This represents 58% of Group net profit. Excluding the special dividend, the proposed final cash dividend together with the interim cash dividend represents 48% of Group net profit.

Prospects

The Offshore & Marine (O&M) Division's net orderbook, excluding the semisubmersibles for Sete Brasil (Sete), stood at $4.3 billion as at end-2018. The Division will continue to focus on delivering its projects well, exploring new markets and opportunities, investing in R&D and building new capabilities. The Division is also actively capturing opportunities in production assets, specialised vessels, gas solutions, floating infrastructure and offshore renewables, as well as exploring ways to re-purpose its technology in the offshore industry for other uses.

The Property Division sold about 4,440 homes in 2018, comprising about 160 in Singapore, 2,240 in China, 910 in Vietnam, 350 in Indonesia and 780 in India. Keppel REIT's office buildings in Singapore and Australia maintained a high portfolio committed occupancy rate of 98% as at 31 December 2018. The Division will remain focused on strengthening its presence in its key markets such as Singapore, China and Vietnam and scaling up in other markets such as Indonesia and India, while seeking opportunities to unlock value and recycle capital.

In the Infrastructure Division, Keppel Infrastructure will continue to build on its core competencies in energy and environment-related infrastructure, as well as infrastructure services to pursue promising growth opportunities.

Meanwhile, 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, Keppel Capital will continue to 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. Keppel Capital will also create value for investors and grow the Group's asset management business.

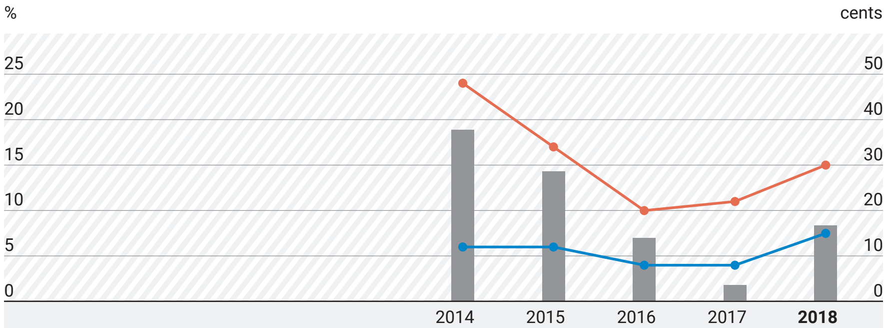
Keppel Urban Solutions will harness opportunities as an integrated master developer of smart, sustainable precincts. Starting with Saigon Sports City in Ho Chi Minh City, Vietnam, Keppel Urban Solutions will also explore opportunities in other cities across Asia. The Sino-Singapore Tianjin Eco-City Investment and Development Company Co., Ltd. will continue the development of the Eco-City, including selling further land parcels in 2019.

The Group had launched a strategic initiative to gain majority control of M1, in collaboration with Singapore Press Holdings, via a Pre-conditional Voluntary General Offer (the Offer) to drive business changes in M1 that will enable M1 to compete more effectively in the telecommunications industry. The initiative complements the Group's mission as a solutions provider for sustainable urbanisation, which includes connectivity. M1 can serve as a digital platform and connectivity partner to complement and augment the Group's current suite of solutions, and at the same time benefit from harnessing the synergies of the Group. By end-February 2019, Konnectivity and its concert parties had obtained majority control of M1. Strong support for the Offer by M1's shareholders has resulted in M1 ceasing to have at least 10% of the total number of shares held by the public. Konnectivity will be de-listing M1 from the Main Board of the SGX-ST after the close of the Offer, and will be exercising its right to compulsorily acquire all the shares of M1 from shareholders who had not accepted the Offer.

In addition, Keppel Corporation and Keppel T&T are jointly proposing a Scheme of Arrangement to privatise Keppel T&T and provide Keppel T&T's minority shareholders with a cash exit at a compelling premium. The proposed Scheme is consistent with the Group's strategy to simplify its corporate structure, with a view to improving capital allocation and better aligning Keppel T&T's interests with the rest of the Group's.

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

ROE & Dividend



	2014	2015	2016	2017	**2018**
ROE	18.8	14.2	6.9	1.7^	**8.3**
Full-Year Dividend	48.0	34.0	20.0	22.0	**30.0**
Interim Dividend	12.0	12.0	8.0	8.0	**15.0@**

^ ROE for 2017 included the one-off financial penalty from the global resolution and related costs of $619 million and was adjusted following the adoption of the Singapore Financial Reporting Standards (International) ("SFRS(I)s").

@ Comprises an interim cash dividend of 10.0 cents per share and a special cash dividend of 5.0 cents per share.

Shareholders Returns

Return On Equity (ROE) increased to 8.3% in 2018 from 1.7% in the previous year, largely due to higher profits as net profit for 2017 included $619 million for the one-off financial penalty from the global resolution and related costs. Excluding the one-off financial penalty and related costs of $619 million from 2017, ROE was 6.9% in 2017.

The Company will be distributing a total cash dividend of 30.0 cents per share for 2018, comprising a proposed final cash dividend of 15.0 cents per share, as well as the interim cash dividend of 10.0 cents per share and the special cash dividend of 5.0 cents per share distributed in the third quarter of 2018 to commemorate Keppel's golden jubilee. Total cash dividend for 2018 represents 58% of Group net profit. Excluding the special dividend, the proposed final cash dividend together with the interim cash dividend represents 48% of Group net profit. On a per share basis, it translates into a gross yield of 5.1% on the Company's last transacted share price of $5.91 as at 31 December 2018.

Economic Value Added

In 2018, Economic Value Added (EVA) was positive $252 million as compared to negative $839 million in the previous year.

EVA

	2018 $ million	18 vs 17 +/(-)	2017^ $ million	17 vs 16 +/(-)	2016 $ million
Profit/(loss) after tax (Note 1)	**892**	909	(17)	(783)	766
Adjustment for:					
Interest expense	**198**	9	189	(36)	225
Interest expense on non-capitalised leases	**20**	(6)	26	(3)	29
Tax effect on interest expense adjustments (Note 2)	**(38)**	–	(38)	6	(44)
Provisions, deferred tax, amortisation & other adjustments	**76**	–	76	79	(3)
Net Operating Profit After Tax (NOPAT)	**1,148**	912	236	(737)	973
Average EVA Capital Employed (Note 3)	**16,539**	(2,152)	18,691	(428)	19,119
Weighted Average Cost of Capital (Note 4)	**5.42%**	(0.33%)	5.75%	(0.07%)	5.82%
Capital Charge	**(896)**	179	(1,075)	38	(1,113)
Economic Value Added	**252**	1,091	(839)	(699)	(140)

Notes:
1. Profit/(loss) 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% (2017: 5.0%);
   (b) Risk-free rate of 2.06% (2017: 2.41%) based on yield-to-maturity of Singapore Government 10-year Bonds;
   (c) Unlevered beta at 0.75 (2017: 0.75); and
   (d) Pre-tax Cost of Debt at 1.85% (2017: 2.30%) using 5-year Singapore Dollar Swap Offer Rate plus 60 basis points (2017: 60 basis points).

^ EVA for 2017 included the one-off financial penalty from the global resolution and related costs of $619 million and was adjusted following the adoption of SFRS(I)s.

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This was attributable to a net operating profit after tax in 2018 as compared to net operating loss after tax in 2017, as well as lower capital charge. Excluding the one-off financial penalty from Keppel Offshore & Marine's (Keppel O&M) global resolution and related costs of $619 million from 2017, EVA was negative $220 million in 2017.

Capital charge decreased by $179 million as a result of lower Average EVA Capital Employed and lower Weighted Average Cost of Capital (WACC). WACC decreased from 5.75% to 5.42% due mainly to a lower cost of debt, partially offset by increase in equity value as a result of higher market capitalisation. Average EVA Capital Employed decreased by $2,152 million from $18.69 billion to $16.54 billion mainly due to lower borrowings.

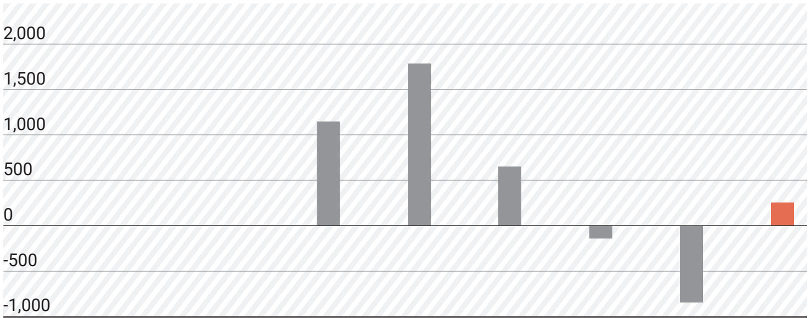
Financial Position

Group shareholders' funds of $11.28 billion as at 31 December 2018 were $0.2 billion or 1% lower than the previous year end. The decrease was mainly attributable to purchase of treasury shares in 2018, decrease in fair value on cash flow hedges, foreign exchange translation losses, decrease in revenue reserves arising from the adoption of SFRS(I) 9 *Financial Instruments*, payment of final dividend of 14.0 cents per share in respect of FY 2017 and payment of interim and special dividends of 15.0 cents per share for 1H 2018, partly offset by retained profits for the year.

Group total assets of $26.61 billion as at 31 December 2018 were $2.1 billion or 7% lower than the previous year end. The decrease in current assets was mainly due to the lower stocks, contract assets, debtors and bank balances, deposits & cash. The decrease in non-current assets was due mainly to a decrease in investment properties following the divestment of Aether and decrease in long term assets arising from the adoption of SFRS(I) 9, partly offset by acquisition and further investment in associated companies.

Group total liabilities of $15.02 billion as at 31 December 2018 were $1.7 billion or 10% lower than the previous year-end. Total liabilities decreased mainly due to the reduction in creditors and net repayment of term loans.

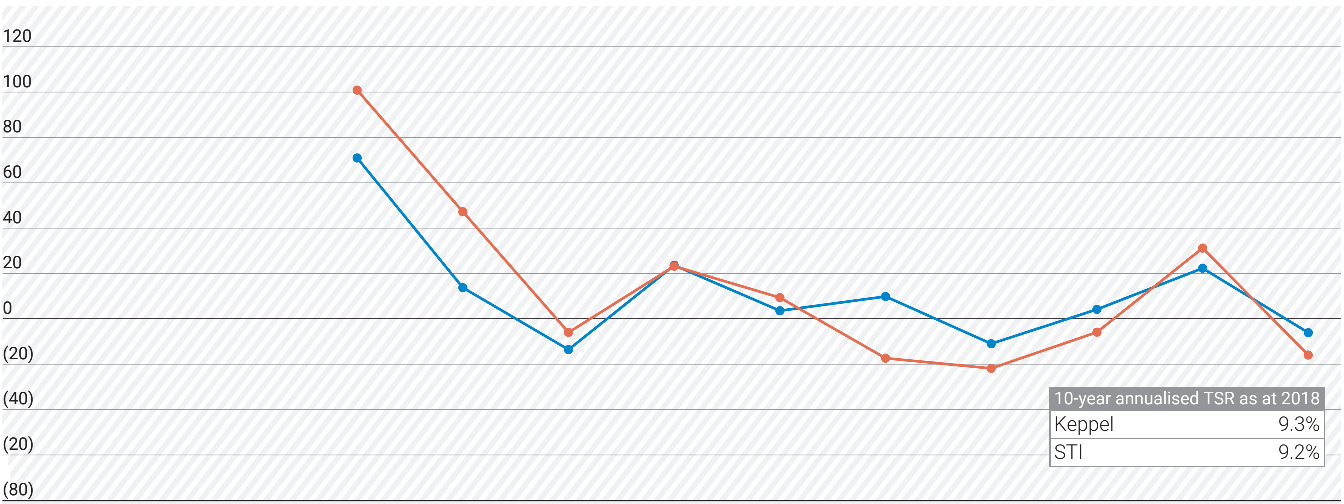
EVA ($m)



2013	2014	2015	2016	2017	**2018**
1,142	1,778	648	(140)	(839)^	**252**

^ EVA for 2017 included the one-off financial penalty from the global resolution and related costs of $619 million and was adjusted following the adoption of SFRS(I)s.

Total Shareholder Return (%)



	2009	2010	2011	2012	2013	2014	2015	2016	2017	**2018**
Keppel	100.8	47.0	(6.4)	22.9	9.0	(17.8)	(22.3)	(6.3)	30.9	**(16.4)**
STI	70.8	13.4	(14.0)	23.3	3.2	9.5	(11.4)	3.8	22.0	**(6.5)**

Source: Total Return Analysis for KCL & STI from Bloomberg.

Group net debt of $5.57 billion was slightly higher than that as at 31 December 2017. This was mainly due to dividend payments by the Company and its listed subsidiaries, working capital requirements, acquisition and further investment in associated companies, as well as other capital expenditure cash requirements. These were offset by proceeds from the disposal of subsidiaries and associated companies in the Property Division, as well as dividends received from investments and associated companies.

As at 31 December 2018, Group net gearing ratio was 48% as compared to 46% as at 31 December 2017. This was largely driven by a decrease in total equity arising from lower non-controlling interests following the divestment of Aether.

Total Shareholder Return

We are committed to delivering value to shareholders through earnings growth. Towards achieving this, the Group 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 2018 Total Shareholder Return (TSR) of negative 16.4% was 9.9 percentage points below the benchmark Straits Times Index's (STI) TSR of negative 6.5%. Our 10-year annualised TSR growth rate of 9.3% was slightly higher than STI's 9.2%.

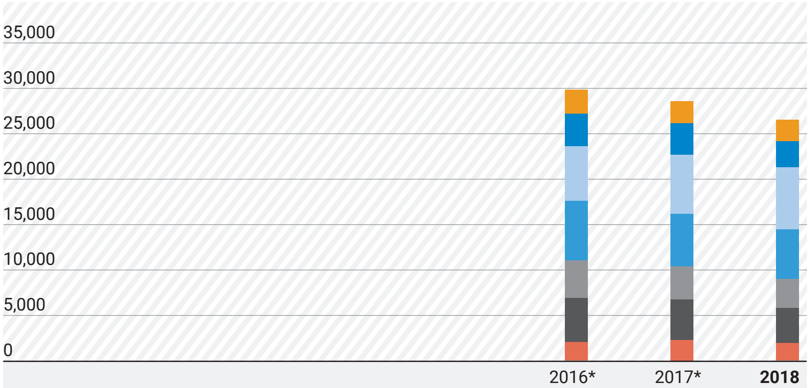
Cash Flow

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 $125 million for 2018 as compared to $1,203 million for 2017. This was due mainly to cash outflow arising from working capital requirements as compared to inflow in the prior year.

After excluding expansionary acquisitions, capital expenditure and major divestments, net cash from investment activities was $390 million. The Group spent $450 million on investments and operational capital expenditure.

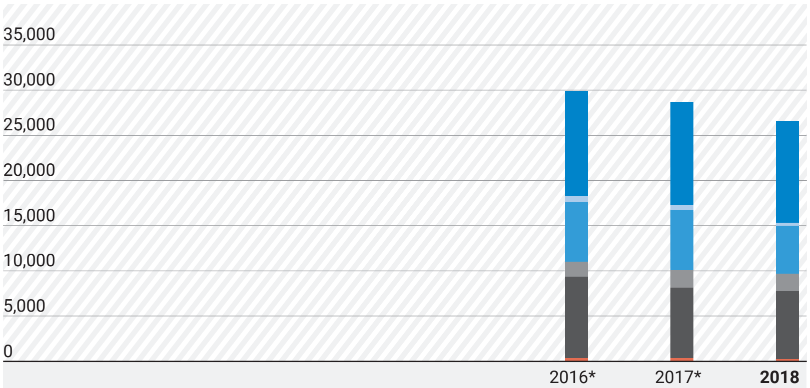
Total Assets Owned ($m)



	2016*	2017*	2018
Fixed assets	2,645	2,433	**2,373**
Properties	3,550	3,461	**2,851**
Investments	6,076	6,575	**6,826**
Stocks	6,568	5,780	**5,514**
Contract assets	4,157	3,643	**3,213**
Debtors & others	4,861	4,520	**3,848**
Bank balances, deposits & cash	2,087	2,274	**1,981**
Total	29,944	28,686	**26,606**

* 2017 financial figures have been adjusted following the adoption of SFRS(I)s. 2016 financial figures were prepared in accordance with Singapore Financial Reporting Standards ("FRS") and certain amounts have been reclassified for comparability purposes.

Total Liabilities and Capital Invested ($m)



	2016*	2017*	2018
Shareholders' funds	11,668	11,443	**11,278**
Non-controlling interests	677	530	**309**
Creditors	6,602	6,635	**5,355**
Contract liabilities	1,613	1,950	**1,918**
Term loans & bank overdrafts	9,053	7,793	**7,549**
Other liabilities	331	335	**197**
Total	29,944	28,686	**26,606**

* 2017 financial figures have been adjusted following the adoption of SFRS(I)s. 2016 financial figures were prepared in accordance with FRS and certain amounts have been reclassified for comparability purposes.

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After taking into account the proceeds from divestments and dividend income of $1,057 million, as well as advances to associated companies of $217 million, free cash inflow was $515 million.

Total distribution to shareholders of the Company and non-controlling shareholders of subsidiaries for the year amounted to $546 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 (CFO) of the Company and includes CFOs of the Group's key operating companies and Head Office specialists.

The Group's financial risk management is discussed in more detail in the notes to the financial statements. In summary:

– The Group has receivables and payables denominated in foreign currencies with the largest exposures arising from United States (US) dollars and Renminbi. 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 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 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, swaptions 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 end-2018 were $7.5 billion (2017: $7.8 billion and 2016: $9.1 billion). At the end of 2018, 20% (2017: 22% and 2016: 20%) of Group borrowings were repayable within one year, with the balance largely repayable more than three years later.

Unsecured borrowings constituted 92% (2017: 91% and 2016: 87%) of total borrowings, with the balance secured by properties and other assets. Secured borrowings are mainly for financing of investment properties and project finance loans for property development projects. The net book value of properties and assets pledged/mortgaged to financial institutions amounted to $1.07 billion (2017: $1.89 billion and 2016: $2.81 billion).

Fixed rate borrowings constituted 67% (2017: 65% and 2016: 58%) of total borrowings with the balance at floating rates. The Group has cross currency swap and interest rate swap agreements with notional amount totalling $1,667 million whereby it receives foreign currency fixed rates (in the case of the cross currency swaps) and variable rates equal to SOR and LIBOR (in the case of interest rate swaps) and pays fixed rates of between 1.33% and 3.62% on the notional amount. Details of these derivative instruments are disclosed in the notes to the financial statements.

Singapore dollar borrowings represented 75% (2017: 73% and 2016: 69%) of total borrowings. The balance was mainly in US dollars. Foreign currency borrowings were drawn to hedge against the Group's overseas investments and receivables that were denominated in foreign currencies.

Cash Flow

	2018 $ million	18 vs 17 +/(-)	2017^ $ million	17 vs 16 +/(-)	2016 $ million
Operating profit	**1,043**	242	801	(100)	901
Depreciation, amortisation & other non-cash items	**(495)**	(213)	(282)	(689)	407
Cash flow provided by operations before changes in working capital	**548**	29	519	(789)	1,308
Working capital changes	**(183)**	(1,284)	1,101	1,687	(586)
Interest receipt and payment & tax paid	**(240)**	177	(417)	11	(428)
Net cash from operating activities	**125**	(1,078)	1,203	909	294
Investments & capital expenditure	**(450)**	(263)	(187)	(31)	(156)
Divestments & dividend income	**1,057**	228	829	369	460
Advances to associated companies	**(217)**	(174)	(43)	15	(58)
Net cash from investing activities	**390**	(209)	599	353	246
Free Cash Flow*	**515**	(1,287)	1,802	1,262	540
Dividend paid to shareholders of the Company & subsidiaries	**(546)**	(156)	(390)	232	(622)

* Free cash flow excludes expansionary acquisitions and capital expenditure, and major divestments.
^ 2017 financial figures have been adjusted following the adoption of SFRS(I)s.

The weighted average tenor of the Group's debt was about four years at the beginning of 2018 and about four years at the end of 2018 with an increase in average cost of funds.

Capital Structure & Financial Resources

The Group maintains a strong balance sheet and an efficient capital structure to maximise return for shareholders.

Every new investment will have to satisfy strict criteria for return on investment, cash flow generation, EVA creation and risk management. New investments will be structured with an appropriate mix of equity and debt after careful evaluation and management of risks.

Capital Structure

Total equity as at end-2018 was $11.59 billion as compared to $11.97 billion as at end-2017 and $12.34 billion as at end-2016. The Group was in a net debt position of $5,567 million as at end-2018, which was slightly above the $5,519 million as at end-2017 but below the $6,966 million as at end-2016. The Group's net gearing ratio was 0.48 times as at end-2018, compared to 0.46 times as at end-2017.

Interest coverage decreased from 4.46 times in 2016 to 2.61 times in 2017 before increasing to 6.12 times in 2018. Interest coverage in 2018 was higher due to higher Earnings before Interest expense and Tax (EBIT).

Cash flow coverage increased from 2.00 times in 2016 to 5.98 times in 2017 before decreasing to 1.53 times in 2018. This was mainly due to lower operational cash inflow in 2018.

At the Annual General Meeting in 2018, shareholders gave their approval for the mandate to buy back shares. During the year, 11,300,000 shares were bought back and held as treasury shares. The Company also transferred 5,374,744 treasury shares to employees upon vesting of shares released under the KCL Share Plans and Share Option Scheme. As at end-2018, the Company had 5,936,044 treasury shares. Except for this transfer, there was no other sale, transfer, disposal, cancellation and/or use of treasury shares during the year.

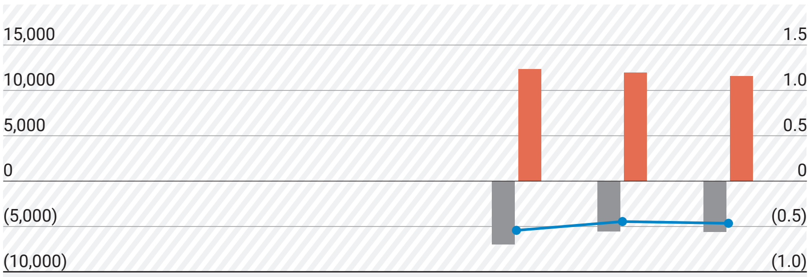
Financial Resources

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 as well as sufficient undrawn banking facilities and capital market programmes. Funding of working capital requirements, capital expenditure and investment needs

Net Cash/(Gearing)

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



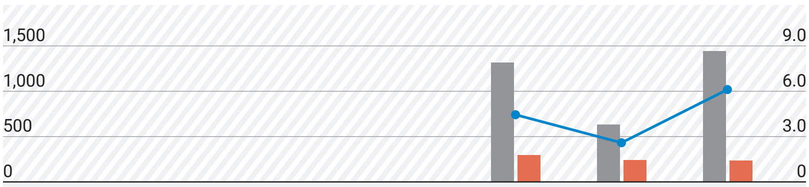
	2016	2017	**2018**
Net Cash / (Debt)	(6,966)	(5,519)	**(5,567)**
Total Equity	12,345*	11,973*	**11,587**
Net Cash / (Gearing)	(0.56)	(0.46)	**(0.48)**

* 2017 financial figures have been adjusted following the adoption of SFRS(I)s. 2016 financial figures were prepared in accordance with FRS and certain amounts have been reclassified for comparability purposes.

Interest Coverage

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

Note: EBIT = Profit before tax + Interest expense

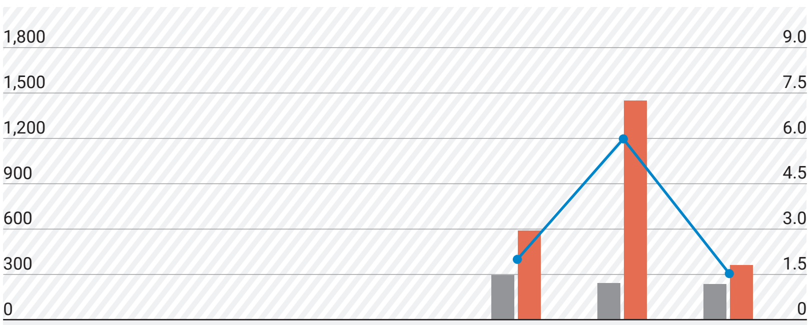


	2016	2017	**2018**
EBIT	1,313*	631*	**1,438**
Total Interest Cost	294	241	**235**
Interest Cover	4.46*	2.61*	**6.12**

* 2017 financial figures have been adjusted following the adoption of SFRS(I)s and EBIT for 2017 included the one-off financial penalty and related costs of $619 million. 2016 financial figures were prepared in accordance with FRS and certain amounts have been reclassified for comparability purposes.

Cash Flow Coverage

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



	2016	2017	**2018**
Total Interest Expense + Interest Capitalised	294	241	**235**
Operating Cash Flow + Interest	589	1,445	**360**
Cash Flow Coverage	2.00	5.98	**1.53**

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Keppel is committed to delivering value to shareholders, relying on our multi-business strategy and core strengths to deliver earnings growth.

was made through a mix of short-term money market borrowings, bank loans, as well as medium/long-term bonds via the debt 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 are actively reviewed on an ongoing basis.

As at end-2018, total available credit facilities, including cash at Corporate Treasury, amounted to $9.37 billion (2017: $11.51 billion).

Critical Accounting Policies

The Group's significant accounting policies are discussed in more detail in the notes to the financial statements. The preparation of financial statements requires management to exercise its judgement 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 judgement are described below.

Expected Credit Loss on Financial Assets Measured at Amortised Cost and Fair Value Through Other Comprehensive Income

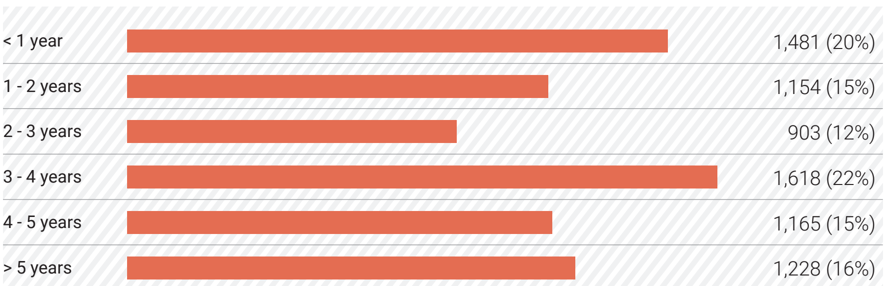
The Group assesses, on a forward looking basis, the expected credit losses (ECLs) associated with its financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI). The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. These events include probability of insolvency, significant financial difficulties of the debtor and default or significant delay in payments.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The Group uses a provision matrix to measure the ECLs. In measuring the ECLs, assets are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Debt Maturity ($m)



Financial Capacity

	$ million	Remarks
Cash at Corporate Treasury	406	20% of total cash of $1.98 billion
Available credit facilities to the Group	8,966	Credit facilities of $11.06 billion, of which $2.09 billion was utilised
Total	**9,372**	

The carrying amounts of trade, intercompany and other receivables, and financial assets at FVOCI 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 (CGUs). This requires the Group to estimate the future cash flows expected from the CGUs and an appropriate discount rate 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, and intangibles are disclosed in the balance sheet.

Revenue Recognition and Contract Cost
The Group recognises contract revenue and contract cost over time by reference to the Group's progress towards completing the construction of the contract work. The stage of completion is measured in accordance with the accounting policy stated in Note 2.20. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost, and the recoverability of the contracts. In making the assumption, the Group evaluates by relying on past experience and the work of engineers. Revenue from construction contracts is disclosed in Note 23.

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.

Recoverability of Contract Asset and Receivable Balances in Relation to O&M Construction Contracts

Contracts with Sete
The Group had previously entered into contracts with Sete for the construction of six rigs for which progress payments from Sete had ceased since November 2014. 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. Management has continually assessed the probable outcomes of these contracts by taking into consideration the progress and status of the discussions and market conditions in Brazil. During FY 2018, an expected credit loss on trade receivables of $102,000,000 (2017: $81,000,000) was recognised and a provision for contract related costs of $65,000,000 was made.

Taking into consideration cost of completion, cost of discontinuance, salvage cost and unpaid progress billings with regards to these rigs, the total cumulative loss recognised in relation to these rig contracts amounted to $476,000,000.

Other Contracts
As at 31 December 2018, the Group had several rigs that were under construction for customers where customers had requested for deferral of delivery dates of the rigs in prior years. See Note 14 on contract assets balances.

Management has assessed each deferred construction project individually to make a judgement as to whether the customers will be able to fulfil their contractual obligations and take delivery of the rigs at the revised delivery dates.

Management has also performed an assessment of the expected credit loss on contract assets and trade receivables of deferred projects to determine if a provision for expected loss is necessary.

In the event that the customers are unable to fulfil their contractual obligations, the Group can exercise their right to retain payments received to date and the legal possession of the rigs under construction. Management has further assessed if the values of the rigs would exceed the carrying values of contract assets and trade receivables. Management has estimated, with the assistance of an independent professional firm, the values of the rigs using Discounted Cash Flow (DCF) calculations that cover each class of rig under construction. The most significant inputs to the DCF calculations include day rates and discount rates.

During FY 2018, an expected credit loss on contract assets of $21,000,000 was recognised.

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 & Reviews
The Group enters into various contracts with third parties in its ordinary course of business and is exposed to the risk of claims, litigations, latent defects or review from the contractual parties and/or government agencies. These can arise for various reasons, including change in scope of work, delay and disputes, defective specifications or routine checks etc. The scope, enforceability and validity of any claim, litigation or review may be highly uncertain. In making its judgement as to whether it is probable that any such claim, litigation or review will result in a liability and whether any such liability can be measured reliably, management relies on past experience and the opinion of legal and technical expertise.

Civil Action by EIG Funds
In February 2018, the Company's subsidiary, Keppel O&M was served a summons by eight investment funds ("plaintiffs") managed by EIG Management Company (EIG) where a civil action was commenced by the plaintiffs pursuant to the Racketeer Influenced and Corrupt Organizations Act (RICO) in the US District Court, Southern District of New York. The plaintiffs seek damages for its loss of investment of US$221 million in Sete, trebled under RICO to US$663 million, plus interest, costs and mandatory attorneys' fees under RICO.

This new lawsuit came after an earlier civil action commenced by eight of EIG's managed funds in the US District Court, District of Columbia against, among others, the Company and Keppel O&M. The case was dismissed by the Court on 30 March 2017.

Management is of the view that the reported cause of action by the plaintiffs is without merit and Keppel O&M will vigorously defend itself. As at the date of these financial statements, it is premature to predict or determine the eventual outcome of the action and hence, the potential amount of any loss cannot currently be assessed. Keppel O&M has filed a motion to dismiss EIG's complaint.

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%
Keppel Marine & Deepwater Technology Pte Ltd	100%
Keppel AmFELS LLC *United States*	100%
Keppel FELS Brasil SA *Brasil*	100%
Keppel Philippines Marine Inc *The Philippines*	98%
Keppel Subic Shipyard Inc *The Philippines*	86%
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[3&4]	47%

Infrastructure

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

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 Infrastructure Services Pte Ltd	100%
INVESTMENTS	
Keppel Infrastructure Trust[4]	18%

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD	79%
LOGISTICS & DATA CENTRES	
Keppel Logistics Pte Ltd	100%
Keppel Data Centres Holding Pte Ltd	100%
UrbanFox Pte Ltd	85%
Keppel DC REIT[4]	25%

Investments

- Asset management
- Master development
- 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%
Keppel-KBS US REIT Management Pte Ltd	50%
Keppel-KBS US REIT[4]	7%

KEPPEL URBAN SOLUTIONS PTE LTD	100%
KRISENERGY LTD[4] *Cayman Islands*	40%
M1 LIMITED[2,4&7]	93%

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
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 (19%), a 79%-owned subsidiary of Keppel Corporation and Konnectivity (74%), a joint venture between Keppel Corporation and Singapore Press Holdings.
3 Owned by Keppel Land Limited (43%) and Keppel Capital Holdings Pte Ltd (4%).
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%).
7 Konnectivity will be exercising its right to compulsorily acquire all the shares of M1 from shareholders who had not accepted the Offer.

Updated as at 8 March 2019. The complete list of subsidiaries and significant associated companies is available at www.kepcorp.com.

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 (the "2012 CG Code"). In describing corporate governance practices, the Company also took guidance from the Code of Corporate Governance 2018 (the "2018 CG Code")[1] and accompanying Practice Guidance.

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 Chief Executive Officer (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 board meetings, the Chairman encourages a full and frank exchange of views, drawing out contributions from all directors so that the debate benefits from the full diversity of views, in a robust yet collegiate setting. At annual general meetings and other shareholders' meetings, the Chairman ensures constructive dialogue between shareholders, the Board and management. The Chairman sets the right ethical and behavioural tone and 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.

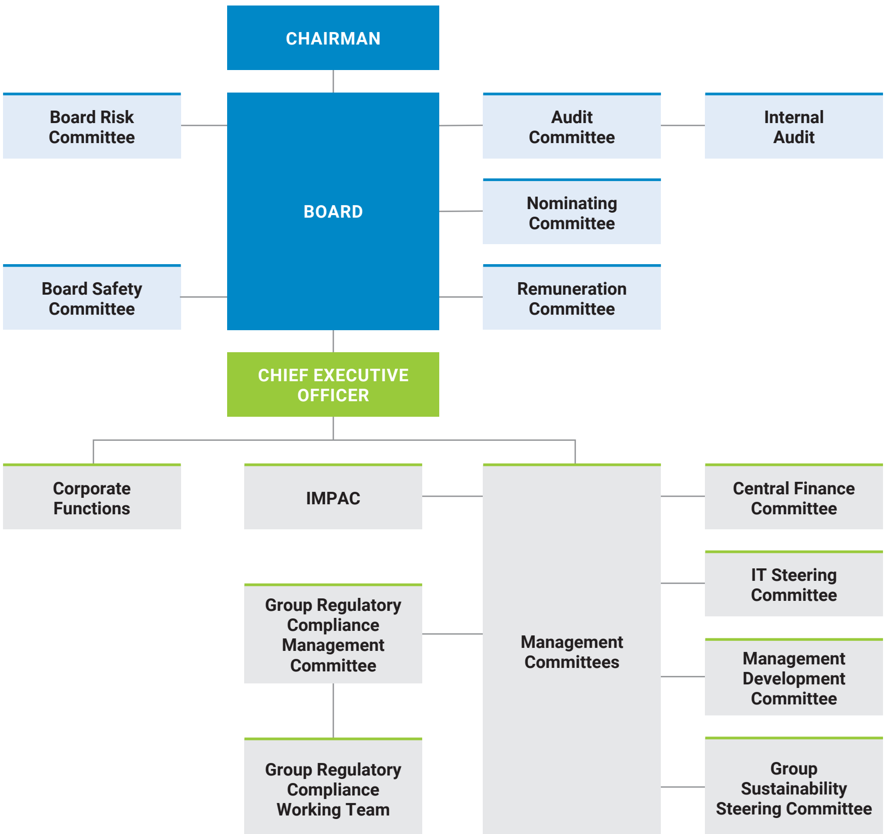
To assist the Board in the discharge of its oversight function, various board committees, namely the Audit, Board Risk, Nominating, Remuneration, and Board Safety Committees, have been constituted with clear written terms of reference. All the board committees are actively engaged and play an important 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, which were revised in January 2019 for alignment with the 2018 CG Code (see Appendix 1 for details).

The CEO, assisted by the management team, makes strategic proposals to the Board and after robust and constructive board discussion, executes the agreed strategy, manages and develops the Group's businesses and implements the Board's decisions. 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 guides the Group to exercise the spirit of enterprise as well as prudence to earn optimal risk-adjusted returns on invested capital for its chosen lines of business, taking into consideration the risks, in a controlled manner;

(2) *Management Development Committee (MDC),* 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. The MDC also provides inputs, guidance and direction on operational policies and human resources/organisational matters;

Governance Framework 2018



[1] The 2018 CG Code was issued on 6 August 2018 by the Monetary Authority of Singapore to replace the 2012 CG Code and will apply to annual reports covering financial years commencing from 1 January 2019 onwards.

(3) *Central Finance Committee,* which reviews, guides and monitors financial policies and activities of Group companies;

(4) *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 an guidelines, and facilitates the implementation and sharing of policies and procedures across the Group;

(5) *Group Regulatory Compliance Working Team (Group RCWT),* which supports the Group RCMC and oversees the development and review of over-arching compliance policies and guidelines for the Group, as well as reviews training and communication programmes[2];

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

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

Board Matters

Role: The principal functions of the Board are to:

- provide entrepreneurial leadership and decide on matters in relation to the Group 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 (including appropriate focus on value creation, innovation and sustainability), monitor the performance of management and ensure that the Company has necessary resources to meet its strategic objectives;
- set the Company's values, standards (including ethical standards), appropriate tone-from-the-top and desired organisational culture, and put in place policies, structures and mechanism to ensure such values, standards and culture are complied with;
- hold management accountable for performance and ensure proper accountability within the Group;
- oversee processes for evaluating the adequacy and effectiveness of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy and effectiveness of such processes;
- be responsible for the governance of risk and ensure that management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its stakeholders; and
- assume responsibility for corporate governance and ensure transparency and accountability to key stakeholder groups.

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[2] which sets out the vision, operating principles and values of the Group, and the roadmap[3] to take the Group's businesses into 2020 and beyond 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 provide the Board an opportunity to perform an in-depth review into each of the Group's core businesses.

Independent Judgement: All directors are expected to exercise independent judgement 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 2018, all directors have discharged this duty consistently well.

Conflicts of Interest: Every director is required to promptly disclose any conflict of interest, whether direct or indirect, in relation to 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. Directors facing conflicts of interest recuse themselves when the conflict-related matter is discussed, unless the Board is of the opinion that his/her presence and participation is necessary to enhance the efficacy of such discussion, and abstain from voting in relation to conflict-related matters. In January 2019, the Board had, on the recommendation of the Nominating Committee ("NC"), approved and adopted the "Keppel Group – Directors' Conflict of Interest Policy" to help inform Keppel directors about the general principles relating to conflicts of interest, as well as to guide directors in identifying, disclosing and managing conflict situations. The policy further serves to emphasise the Keppel Group's commitment to ethics and compliance with the law, for the protection of the Company's interest and the promotion of transparency for the benefit of shareholders.

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 from time to time and on a need basis, and any relevant feedback would be shared and discussed with the executive director. The number of board and board committee meetings held

[2] With effect from FY 2014, and following a review and update in 2017, 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 our operating principles and core values, the Company's mission is to deliver solutions for sustainable urbanisation profitably, safely and responsibly.

[3] 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.

in FY 2018, as well as the attendance of each Board member at these meetings, are disclosed in the table below.

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/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, all transactions exceeding $150 million by any Group company (not separately listed) require the approval of the Board. For transactions between $30 million and $150 million, IMPAC will determine if Board approval is required, depending on the individual considerations for each case. 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 roles, duties, obligations and responsibilities 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 responsibilities of a director of a listed company and industry specific matters. In FY 2018, some KCL directors attended talks on topics relating to corporate governance and ethics (including case studies), cybersecurity governance, health safety and environment (HSE) performance, and macroeconomic trends. 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.

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. Please refer to page 75 of this report for details on the process.

Board Independence: The NC determines on an annual basis whether or not a director is independent. In January 2019, the NC carried out the review on the independence of each non-executive director based on the respective directors' self-declaration in the Directors' Independence Checklist and their actual performance on the Board and board committees, taking into account the recent amendments to listing rules on the circumstances in which a director will not be deemed independent and guidance in the 2018 CG Code as to the circumstances in which a director should not be deemed independent.

In this connection, the NC (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 NC that although he is a partner with a 5% or more stake in WongPartnership LLP, he did not involve himself in the selection and appointment of legal advisers for the Group, and that he supported the selection of legal advisers based on assessment of quality, and for their remuneration to be based on market rate. In addition, the NC noted that Keppel Infrastructure (KI) management had, of their own accord, appointed Mr Yeo as lead counsel to represent KI in its arbitration proceedings with the State of Qatar in relation to the Doha South Waste Management Centre project, based on merit and taking

Board and Committee Meetings and Attendance

		Board Committee Meetings				
	Board Meetings	Audit	Nomination	Remuneration	Safety	Risk
Lee Boon Yang	11	–	3	4	4	–
Loh Chin Hua	11	–	–	–	4	–
Tow Heng Tan	8	–	3	2	–	4
Alvin Yeo Khirn Hai	9	5	1	–	–	–
Tan Ek Kia	9	5	–	–	4	4
Danny Teoh	10	5	–	4	–	4
Tan Puay Chiang[1]	10	–	3	–	4	4
Till Vestring	11	–	3	4	–	–
Veronica Eng	11	5	–	–	–	4
Jean-François Manzoni[2]	3 out of 3	–	–	–	–	–
No. of Meetings Held	**11**	**5**	**3**	**4**	**4**	**4**

Notes:
1 Mr Tan Puay Chiang ceased to be a member of the Board Risk Committee with effect from 2 January 2019.
2 Prof Jean-François Manzoni was appointed to the Board as a non-executive and independent director with effect from 1 October 2018, and was appointed as a member of the Board Risk Committee on 2 January 2019.

into consideration the complexity of the matter. Taking these factors into consideration together with Mr Yeo's comments, along with his active participation and actual performance on the Board and board committees in the discharge of his duties, his valuable contributions to the Board and board committees, and the outcome of the recent self and peer Individual Director Performance assessment, the NC unanimously agreed that Mr Yeo has at all times exercised independent judgement 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 NC 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, and he is also the independent non-executive chairman of KrisEnergy Ltd which has an interest person transaction ("IPT") framework agreement with the Company and its subsidiaries. Mr Tan had declared to the NC that (i) he was not involved in the negotiation of contracts or business dealings between TransOcean with the Keppel Offshore & Marine Group, and (ii) the IPT framework agreement with KrisEnergy is renewed annually by a vote of the independent shareholders of KrisEnergy and he abstains from making any recommendations to the board and shareholders of KrisEnergy and from voting in respect of such agreement. The NC also took into account Mr Tan's active participation and actual performance on the Board and board committees, his valuable contributions to the Board and board committees and the outcome of the recent self and peer Individual Director Performance assessment, and unanimously agreed that Mr Tan has at all times exercised independent judgement 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 5% shareholder is deemed as non independent under the 2018 CG Code. Mr Tow Heng Tan is the CEO of Pavilion Capital International Pte Ltd, a wholly-owned subsidiary of Temasek Holdings (Private) Limited ("Temasek"). As Mr Tow is currently employed by a wholly-owned subsidiary of Temasek, the NC (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 NC further noted that Dr Lee Boon Yang and Mr Alvin Yeo have both served beyond nine years since their respective first appointments. The 2012 CG Code states that the independence of any director who has served on the Board beyond nine years from the date of his/her first appointment should be subject to particularly rigorous review. In relation to Dr Lee, taking into consideration, among other things, his active participation and actual performance on the Board and board committees in the discharge of his duties, his valuable contributions to the board and board committees and leadership as Chairman, and the outcome of the recent self and peer Individual Director Performance assessment, the NC agreed unanimously that Dr Lee has at all times exercised independent judgement 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. In relation to Mr Alvin Yeo, please see above the NC's reasons for considering him independent.

Following the review, the NC 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, Ms Veronica Eng and Prof Jean-François Manzoni should be deemed independent. The Board has reviewed the basis of the NC's recommendations, and concurred with the assessment of independence in respect of the above-mentioned directors.

In view of the above, the Board currently comprises majority independent directors, with a total of 10 directors of whom eight are independent.

Lead Independent Director: The NC has deliberated and decided that it was not necessary to appoint a Lead Independent Director given the majority independence of the Board and that the Chairman was independent. Further, matters affecting the Chairman such as succession and remuneration were deliberated by the board committees where the majority of the members (including the Chairman) were independent directors, and where the Chairman was conflicted, he would recuse himself and abstain from voting.

Board Size: The Board, in concurrence with the NC, 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. 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 90 herein.

Board Diversity: The NC is satisfied that the Board and the board committees comprise directors who, as a group, provide an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age. The NC is also satisfied that the directors, as a group, possess core competencies including 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 NC 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, while due consideration would be given to the benefits of diversity, new directors will continue to be selected on merits based on objective criteria set as part of the "Process for appointment of new directors and Board succession planning" (detailed on the next page). In FY 2018, there was one female director out of a total of 10 directors.

Taking into account the independence and diversity of the Board, the NC is of the view that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

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. The Board also reviews the budget on an annual basis, and any material variance between the projections and actual results would be disclosed and explained. 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. Directors are also entitled to request from management, and would be provided with, such additional information as may be needed from time to time in order to make informed decisions.

Non-executive Directors' Meetings:
The non-executive directors meet on a need-be basis at the end of each scheduled quarterly meeting 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.

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 the 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 89 and 90 herein.

Process for appointment of new directors and Board succession planning

The NC is responsible for reviewing the succession plans for the Board. In this regard, it has put in place a formal process for the renewal of the Board and the selection of new directors. The NC leads the process and makes recommendations to the Board as follows:

(a) NC reviews annually the balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, and the size of the Board which would facilitate decision-making. In this review, the NC will also take into account the needs of the Group, the collective skills and competencies of the Board and service tenure spread of the directors. In the year under review (FY 2018), for purposes of Board succession planning, the NC also took into consideration the 2018 CG Code and the amendments to the SGX Listing Rules relating to the continued appointment as "independent directors" of a director who has served for an aggregate period of more than nine years, bearing in mind that these rules would come into effect from 1 January 2022.
(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 and search consultants) 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

Pursuant to the above appointment process and criteria, the Board will be recommending at the upcoming annual general meeting the re-election of a new director, Prof Jean-François Manzoni, who was appointed as an independent director on 1 October 2018.

Prof Manzoni is currently the President (Dean) and Nestlé Professor at the International Institute for Management Development (IMD) in Switzerland, where he is based. Prior to re-joining IMD in 2016, he had served at INSEAD's Singapore campus where he co-directed the International Directors Program. He was also on the faculty of INSEAD (Fontainebleau), where he founded and directed the PwC Research Initiative on High Performance Organisations. Prof Manzoni is the recipient of several awards for excellence in research and teaching, and has been involved in consulting, top management team support and leadership development with several international organisations, spanning more than 30 countries over the years. Prof Manzoni is a member of the International Advisory Panels of Digital Switzerland, Singapore's Public Service Division and the Russian

Presidential Academy of National Economy and Public Singapore Institute of Directors, and served on the Board of Singapore's Civil Service College from 2015 to 2017. Prof Manzoni also sits on the board of AACSB International, the world's largest business education alliance. Please refer to Appendix 2 on pages 93 and 94 herein for further details.

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. Please refer to Appendix 2 on pages 93 and 94 herein for further details.

Annual Review of Board Committees Composition

The NC reviews the composition of the board committees on an annual basis to ensure that they comprise members with the necessary qualifications and skills to discharge their responsibilities effectively.

Annual Review of Directors' Independence

The NC is also charged with determining the "independence" status of the directors annually. Please refer to pages 73 and 74 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 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. Instead of fixing a maximum number of listed company board representation and/or other principal commitments 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 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 director's actual conduct and participation on the Board and board committees, including availability and attendance at regular scheduled meetings and ad-hoc meetings. The NC is of the view that such an assessment is sufficiently robust to detect and address, on a timely basis, any time commitment issues that may hinder the effectiveness of the directors.

In respect of FY 2018, 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 2018, all the directors performed well. The NC was therefore satisfied that in FY 2018, 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 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 22 to 25: 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 111 and 112: 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. Mr Michael Lim, former Chairman, PricewaterhouseCoopers and Land Transport Authority, and currently Chairman of Nomura Singapore Limited, was appointed for this role. Mr Michael Lim does not have business relationships or any other connections with the Company or its directors which may affect his independent judgement.

Formal Process and Performance Criteria: The evaluation processes and performance criteria are disclosed in the Appendix 1 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 facilitate their access to and review of board materials. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insights into the matters at hand would be present at the relevant time during the board meeting. The directors are also provided with the names and contact details of the Company's senior management and the Company Secretaries to facilitate direct access to senior management and the Company Secretaries.

The Company fully recognises that the flow of relevant information on an accurate and timely basis is critical for the Board to be effective in the discharge of its duties. Management is therefore expected to provide the Board with accurate information in a timely manner concerning the Company's progress or shortcomings in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues facing the Company.

Management also provides the Board members with management accounts on a monthly basis and as the Board may require from time to time. Such reports keep the Board informed, on a balanced and understandable basis, of the Group's performance, financial position and prospects.

The Company Secretaries administer, attend and prepare minutes of board proceedings. They assist the Chairman to ensure that board procedures (including but not limited to assisting the Chairman to ensure timely and good information flow to the Board and board committees, and between senior management and the non-executive directors, and facilitating orientation and assisting in the professional development of the directors) are followed and regularly reviewed to ensure effective functioning of the Board, and that the Company's constitution and relevant rules and regulations, including requirements of the Companies Act, Securities & Futures Act and Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX") are complied with. They also assist the Chairman and the Board to implement and strengthen corporate governance practices and processes with a view to enhancing long-term shareholder value. They are also the primary channel of communication between the Company and the SGX.

The appointment and removal of the Company Secretaries are subject to the approval of the Board.

Subject to the approval of the Chairman, the directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company.

Remuneration Matters

Principle 7:

The procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors should be formal and transparent

Principle 8:

The level and structure of director fees are aligned with the long-term interest of the Company and appropriate to attract, retain and motivate directors to provide good stewardship of the Company

The level and structure of key management remuneration are aligned with the long-term interest and risk policies of the Company and appropriate to attract, retain and motivate key management to successfully manage the Company

Principle 9:

There should be clear disclosure of remuneration policy, level and mix of remuneration, and procedure for setting remuneration

Remuneration Committee

The Remuneration Committee (RC) comprises entirely non-executive directors, 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, share-based incentives and awards, benefits in kind and termination payments) and the specific remuneration packages for each director and the key management personnel. The RC also reviews the remuneration of senior management and administers the KCL Share Option Scheme in respect of the outstanding options granted prior to the termination of the KCL Share Option Scheme in 2010, the KCL Restricted Share Plan (the "KCL RSP") and the KCL Performance Share Plan (the "KCL PSP"). In addition, the RC reviews the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC has access to expert advice from external remuneration consultants where required. In FY 2018, 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 and an additional fee for services performed on board committees. 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 during the year and are not paid for attending such meetings. Executive directors are not paid directors' fees.

The directors' fee structure, which remained unchanged from FY 2017, is set out in the table below.

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.

The RC is of the view that the remuneration of non-executive directors is appropriate to their level of contribution, taking into account factors such as effort, time spent and responsibilities.

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, and is aligned with shareholders' interests.

In designing the remuneration 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 remuneration, and between cash versus equity incentive remuneration.

The total remuneration structure reflects the following four key objectives:

(a) Shareholder Alignment: To incorporate performance measures that are aligned to shareholders' interests
(b) Long-term Orientation: To motivate employees to drive sustainable long-term growth
(c) Simplicity: To ensure that the remuneration structure is easy to understand and communicate to stakeholders
(d) Synergy: To facilitate talent mobility and enhance collaboration across businesses

The total remuneration structure comprises three components; that is, annual fixed cash, annual performance bonus, 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 size of the Company's annual performance bonus pot is determined by the Group's financial and non-financial performance, and is distributed to employees based on their individual performance. The KCL Share Plans are in the form of two share plans approved by shareholders, the KCL RSP and the KCL PSP. A portion of the annual performance bonus is granted in the form of deferred shares that are awarded under the KCL RSP. The KCL PSP comprises performance targets determined on an annual basis. The KCL RSP and KCL PSP are long-term incentive plans which vest over a longer term horizon. Executives who have a greater ability to influence Group outcomes have a greater proportion of their overall remuneration at risk.

The RC exercises broad discretion and independent judgement in ensuring that the amount and mix of remuneration

Directors' Fee Structure

	Basic Fee (per annum)
Board Chairman	$750,000 (all-in)
Board Member	$108,000

	Additional Fees for Membership in Board Committees (per annum)	
	Chairman	Member
Audit Committee	$67,000	$36,000
Board Risk Committee	$67,000	$36,000
Remuneration Committee	$47,000	$31,000
Board Safety Committee	$47,000	$31,000
Nominating Committee	$40,000	$24,000

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 remuneration structure is directly linked to corporate and individual performance, both in terms of financial and non-financial performance. This link is achieved in the following ways:

(a) by placing a significant portion of executives' remuneration at risk ("At Risk component") and subject to a vesting schedule;
(b) by incorporating appropriate key performance indicators ("KPIs") for awarding of annual performance bonus:
    (i) There are four scorecard areas that the Company has identified as key to measuring the performance of the Group – (i) Financial and Business Drivers; (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, compliance and controls measures, corporate social responsibilities activities, employee engagement, talent development and succession planning;
    (ii) 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. The Remuneration Committee reviews and approves the scorecard annually;
(c) by selecting performance conditions for the KCL PSP awards, such as Total Shareholder Return, Return on Capital Employed and Net Profit 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 remuneration 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 remuneration structure through several initiatives, including but not limited to:

(a) prudent funding of annual performance bonus;
(b) granting a portion of the annual performance bonus in the form of deferred shares, to be awarded under the KCL RSP;
(c) vesting of contingent share awards under the KCL PSP being subject to KPIs and/or performance conditions being met;
(d) potential forfeiture of variable incentives in any year due to misconduct; and
(e) requiring the executive director and key management personnel to hold a minimum number of shares under the share ownership guideline.

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 2018.

In order to align the interests of the 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. They are also 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.

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

KCL Share Plans

The KCL Share Plans are put in place to reward, retain and motivate employees to achieve superior performance and to motivate them to continue to strive for 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. The range of performance targets to be set under the KCL PSP emphasise stretched or strategic targets aimed at sustaining longer-term growth.

The RC has the discretion not to award variable incentives in any year if an executive is directly involved in a material restatement of financial statements, in misconduct resulting in restatement of financial statements, or in misconduct resulting in financial loss to the Company.

Outstanding performance bonuses, KCL RSP and KCL PSP are also subject to RC's discretion before further payment or vesting can occur.

Details of the KCL Share Plans are set out in pages 113 to 115 and 149 to 151.

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 2018

The level and mix of each of the directors' remuneration are set out below.

Remuneration of employees who are immediate family members of a Director or the CEO

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 2018. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

	Base/Fixed Salary ($)	Performance-Related Cash Bonuses Earned[1] ($)	Directors' Total Fees[2] ($)		Benefits-in-Kind ($)	Contingent awards of shares[3] ($)		Total Remuneration ($)
			Cash component[4]	Shares component[4]		PSP	RSP	
Remuneration & Name of Director								
Loh Chin Hua	1,229,360	1,855,450	–	–	n.m.[5]	2,108,800	1,532,434	6,726,044[6]
Lee Boon Yang	–	–	525,000	225,000	–	–	–	750,000
Tow Heng Tan	–	–	139,300	59,700	–	–	–	199,000
Alvin Yeo Khirn Hai	–	–	117,600	50,400	–	–	–	168,000
Tan Ek Kia	–	–	158,900	68,100	–	–	–	227,000
Danny Teoh	–	–	169,400	72,600	–	–	–	242,000
Tan Puay Chiang	–	–	150,500	64,500	–	–	–	215,000
Till Vestring	–	–	125,300	53,700	–	–	–	179,000
Veronica Eng	–	–	147,700	63,300	–	–	–	211,000
Jean-François Manzoni	–	–	19,055	8,167	–	–	–	27,222

Notes:

1 The RC is satisfied that the quantum of performance-related cash bonuses earned by the executive director was fair and appropriate taking into account the extent to which his KPIs for FY 2018 were met.

2 Based on the non-executive directors' fee structure set out in Table 2, the total fees amount to $2,218,222. 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 a three-year performance period. As at 30 April 2018, being the grant date for the contingent awards under the KCL PSP, the estimated value of each share was $6.59. As at 15 February 2019, being the grant date for the contingent deferred shares award under the KCL RSP, the estimated value of each share was $5.84. 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 pages 78 and 79 of this report.

5 n.m. – not material

6 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.

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 ($)[7]	RSP Awards	Vesting Date	Contingent Awards of RSP Shares	Number of RSP Shares Vested	Value of RSP Shares Vested ($)[7]
Loh Chin Hua	2015 Awards	28 Feb 2018	0 to 330,000	0	0	2015 Awards	26 Feb 2016 9 Mar 2017 28 Feb 2018	150,000	50,000 50,000 50,000	265,500 337,500 393,500
	2016 Awards	28 Feb 2019	0 to 450,000[8]	–	–	2016 Awards	9 Mar 2017 28 Feb 2018 28 Feb 2019	180,000	60,000 60,000 –	405,000 472,200 –
		28 Feb 2022	0 to 1,125,000[9]	–	–					
	2017 Awards	28 Feb 2020	0 to 495,000	–	–	2018 Awards	28 Feb 2018 28 Feb 2019 28 Feb 2020	272,352	90,784 – –	714,470 – –
	2018 Awards	26 Feb 2021	0 to 480,000	–	–	2019 Awards	28 Feb 2019 28 Feb 2020 26 Feb 2021	262,403	– – –	– – –

Notes:
7 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 2018 were met.
8 Refers to contingent shares awarded under the KCL PSP.
9 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 2018 was $12,137,512. 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 Cash Bonuses Earned[10]	Benefits-in-Kind	Contingent awards of shares	
				PSP	RSP
Above $3,000,000 to $3,250,000					
Chan Hon Chew	22%	27%	n.m.	29%	22%
Ong Tiong Guan	19%	29%	n.m.	29%	23%
Above $2,500,000 to $2,750,000					
Tan Hua Mui, Christina[11]	24%	24%	n.m.	32%	20%
Above $1,750,000 to $2,000,000					
Ong Leng Yeow, Chris	26%	20%	n.m.	38%	16%
Above $1,250,000 to $1,500,000					
Pang Thieng Hwi, Thomas[12]	29%	31%	n.m.	9%	31%

Notes:
10 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 2018 were met.
11 Total remuneration shown above for Ms Tan Hua Mui, Christina does not include vested share of carried interests for funds created during the time she was Managing Director at Alpha Investment Partners. These carried interests are only earned at the end of the fund life and depend entirely on the actual performance of the funds after they have been liquidated.
12 On Keppel Telecommunications & Transportation Ltd ("KTT") share based remuneration scheme for the PSP award. As at 30 April 2018, being the grant date, the estimated value of each share granted in respect of the contingent awards under the KTT PSP was $1.15. Mr Thomas Pang is an eligible participant of the KTT share based remuneration plan and the KCL RSP. Due to the on-going scheme of arrangement in respect of KTT, the decision on the grant of contingent share awards under any of such plans to Mr Pang has been deferred until the conclusion of the scheme.

Corporate Governance

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 113 to 115 and 149 to 151 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, and can be viewed or downloaded from the Annual Report microsite at www.kepcorp.com/annualreport2018/. In line with the Company's drive towards sustainable development, the Company encourages shareholders to read the Annual Report 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.

The Board, supported by the Audit Committee (AC) and Board Risk Committee (BRC), oversees the Company's Keppel's System of Management Controls Framework (the "Framework"), which outlines the Company's internal control and risk management processes and procedures to, among others, ensure compliance with legislative and regulatory requirements. Details of the Framework are set out on pages 83 and 84 of this Annual Report.

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 two years 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 pages 88 and 89 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.

KCL's Group Internal Audit also conducts regular reviews of the adequacy and effectiveness of the Group's material internal 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 AC met with the external auditors five times, and with the internal auditors five times during the year, and, in each case, at least one of these meetings was conducted without the presence of management.

The AC 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 financial, operational, compliance and IT risks of the Company. All significant audit findings and recommendations put up by the internal and the external auditors were reported to the AC, and discussed at AC meetings.

The AC reviewed and approved the Group external auditor's audit plan for the year and assessed the quality of the work carried out by the external auditors in accordance with the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority (ACRA), and is satisfied with the performance. Taking into account the requirements under the Accountants Act (Chapter 2) of Singapore, the AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditors would not affect their independence. For details of fees payable to the auditors in respect of audit and non-audit services, please refer to Note 25 of the Notes to the Financial Statements on page 174.

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 and effectiveness of the internal audit function and is satisfied that the team is independent and adequately resourced, staffed with persons with the relevant qualifications and experience, 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 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 92 hereto.

On a quarterly basis, management reported to the AC the interested person transactions ("IPTs") in accordance with the Company's Shareholders' Mandate for IPT. The IPTs were reviewed by the internal auditors. All findings were reported during AC meetings.

Financial Matters

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 meetings 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.

During the year, the AC performed independent review 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 judgement applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials.

In its review of the financial statements of the Group and the Company for FY 2018, the AC reviewed the key areas of management's estimates and judgement applied for key financial issues, including valuation and assessment of impairment of assets, recoverability of contract assets and stocks, financial exposure in relation to contracts with Sete Brasil, global resolution with criminal authorities in relation to corrupt payments and revenue recognition, that might affect the integrity of the financial statements. The AC also considered the report from the external auditors, including their findings on the key audit matters as set out in the independent auditor's report for the financial year ended 31 December 2018.

In addition to the findings of the external auditors, the AC took into consideration the methodology applied in determining the valuation and value-in-use of different asset classes, including the reasonableness of the estimates and key assumptions used. The AC also reviewed management's assessment of recoverability of contract assets and stocks, as well as financial exposure in relation to contracts with Sete Brasil, including expectation of probable outcomes, assessment on whether there was a potential for any additional provision in relation to the corrupt payments or to the matters described in sub-paragraph (2) on page 86 of this Annual Report, as well as estimates of the total costs and physical proportion of work completed in determining the stage of completion. Furthermore, external independent valuations as well as opinions from internal and external legal counsel, where applicable, were considered when reviewing management's assessment.

The AC concurs with the methodology, accounting treatment and estimates adopted, as well as the disclosures made in the financial statements for each of the key audit matters set out by the external auditors in their report.

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 Ek Kia
  Independent Member
- Prof Jean-François Manzoni
  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 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 fifth member is Prof Jean-François Manzoni, who is currently the President (Dean) and Nestlé Professor at the International Institute for Management Development (IMD) in Switzerland, where he is based. Prior to re-joining IMD in 2016, he had served at INSEAD's Singapore campus where he co-directed the International Directors Program. He was also on the faculty of INSEAD (Fontainebleau), where he founded and directed the PwC Research Initiative on High Performance Organisations.

The BRC considers the nature and extent of the significant risks which the Company may take in achieving its strategic objectives and value creation; and 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 89 herein.

The Group's approach to risk management is set out in the "Risk Management" section on pages 104 to 106 of this Annual Report. The Group is guided by a set of Risk Tolerance Guiding Principles, as disclosed on page 104.

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.

Corporate Governance

KCL's Group Internal Audit also conducts regular reviews of the adequacy and effectiveness of the Group's material internal 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 Keppel's System of Management Controls Framework (the "Framework") outlining the Group's internal control and risk management processes and procedures. The Framework comprises three Lines of Defence towards ensuring the adequacy and effectiveness of the Group's system of internal controls and risk management.

Under the first Line of Defence, management is required to ensure good corporate governance through the implementation and management of policies and procedures relevant to the Group's business scope and environment. Such policies and procedures govern financial, operational, IT and regulatory compliance matters and are reviewed and updated periodically. Compliance governance is governed by the respective regulatory compliance management committees and working teams. Employees are also guided by the Group's Core Values and expected to comply strictly with Keppel's 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.

Enhancements to Compliance Programme in FY 2018

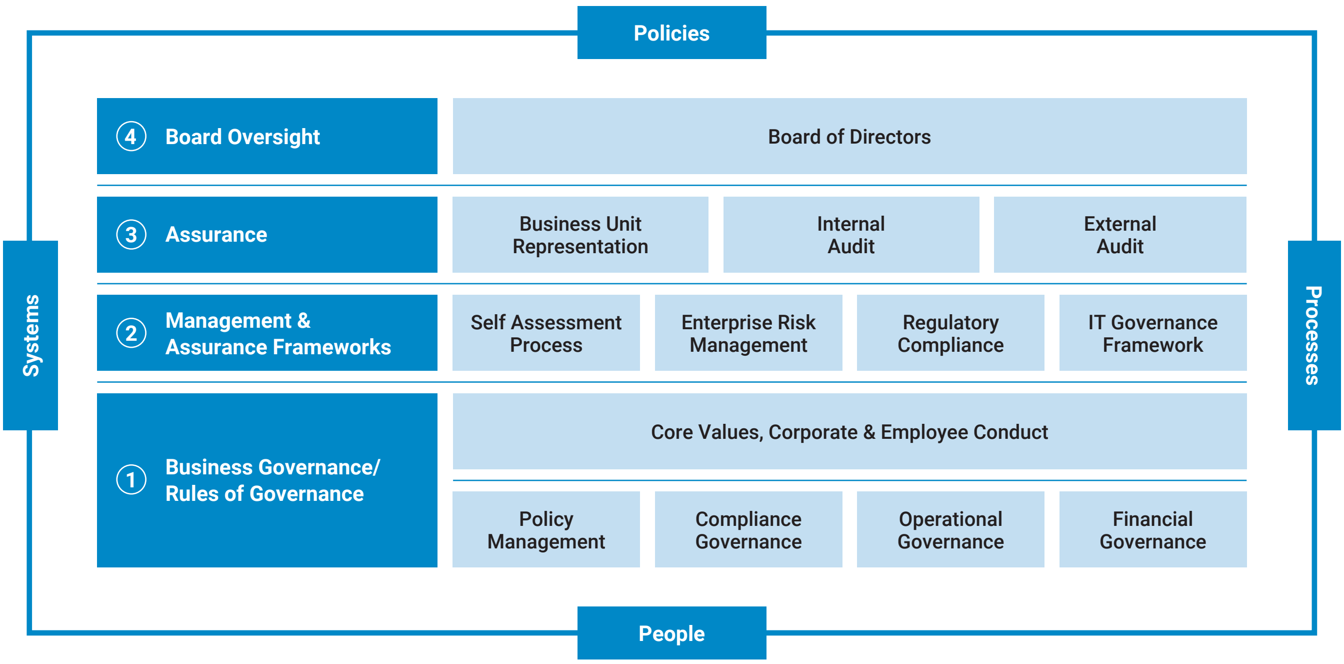
At Keppel, integrity is a core value. As our Code of Conduct states, "we care how results are achieved, not just that they are attained". Implementing that core value through enhancing our regulatory compliance process and by reminding every Keppelite of that value is a focus of attention for us, our boards, and officers and line managers across the globe.

This section provides an overview of the improvements and enhancements that have been made to strengthen Keppel's compliance programme over the past year. Further details of our compliance initiatives are set out on pages 107 and 108 of this Annual Report. The Company is committed to a continuous review and, where necessary and appropriate, further improvements and enhancements to the Group's compliance programme will be made.

The Group has taken the following steps over the past year to further enhance its internal controls, policies and procedures:

(i) retained an independent consultant and successfully attained ISO 37001 certification in November 2018 for the Singapore operations of our wholly-owned subsidiary, Keppel Offshore & Marine Limited ("Keppel O&M"). Both the independent consultant and certifying authority have conducted additional compliance and risk assessments and recommended further enhancements of Keppel O&M's compliance programme;

Keppel's System of Management Controls (KSMC)



(ii) continuing to hire and integrate professional and experienced compliance officers in each business unit and to increase the Group's internal audit headcount; and hired a Senior Legal & Ethics counsel at the KCL level;

(iii) continued training in each business unit, including focused 'gate-keeper' training for finance personnel, compliance training by external trainers for personnel who are involved in compliance, specialised compliance workshops on doing business in specific jurisdictions as well as continued training of senior management within the Group;

(iv) rolled out and implemented a new Solicitations and Extortions Policy to provide guidance to employees on how to avoid and resist such types of improper payments, and enhanced the Group's Gifts and Hospitality Policy to address among others the area of customer travel;

(v) simplified and consolidated various policies into user-friendly documents, such as with the introduction of the Group's Global Anti-Bribery Policy as a single plain language reference guide for all Keppel employees, and a stand-alone document specifying the Group's due diligence procedures with respect to intermediaries;

(vi) regular messaging by the Group's and each business unit's senior management stressing the importance of compliance;

(vii) regular discussions of compliance issues and matters at meetings of senior management, core functions, and board (or board committee) levels;

(viii) enhancements to the Group's due diligence procedures with respect to intermediaries including, at Keppel O&M, having its board of directors, in addition to Keppel O&M board's audit and risk committee, review the due diligence procedures relating to Keppel O&M's commercial agents (i.e., third parties retained to assist Keppel O&M in obtaining business);

(ix) conducted special compliance audits by Group Internal Audit on Keppel O&M's Singapore operations, as well as its Brazilian and U.S. operations; and

(x) enhancements to our Whistle-Blower Policy with centralised procedures and established additional whistle-blower reporting channels, including an email hotline, local toll-free whistle-blower hotlines for Singapore, Brazil, China, U.S., Vietnam, Indonesia, Philippines, Australia, UK and Germany respectively, and an online reporting portal. The manning of these additional reporting channels has been outsourced to a third party (KPMG). Further details of our Whistle-Blower Policy are set out on page 92 of this Annual Report.

The Group's Enhanced Compliance Programme

The Group's enhanced compliance programme also includes the following:

(i) a compliance governance structure that is overseen by a Regulatory Compliance Management Committee and Regulatory Compliance Working Team, bringing together senior management, compliance personnel, and other core function leads to discuss compliance enhancements and address compliance issues as they arise;

(ii) a 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 Group are expected to abide by the Supplier Code of Conduct, which covers areas pertaining to business conduct (including specific anti-bribery provisions), labour practices, safety and health, and environmental management;

(iii) the dedicated independent Group-wide compliance function has reporting lines independent of business divisions. The Head of the Group's compliance function has a primary line of reporting to the Chairman of the BRC, with an administrative reporting line to the Chief Financial Officer (CFO) of the Company; and

(iv) an enhanced Whistle-Blower Policy with centralised procedures and established local toll-free whistle-blower hotlines for Singapore, Brazil, China, USA, Vietnam, Indonesia, Philippines, Australia, UK and Germany respectively.

The Group's compliance programme is and will be subjected to a periodic review to ensure it meets the following standards, i.e. that:

1. **Board and Senior Management Commitment**
   The Group's senior management, including members of the Board, provide continuous, clear and explicit support to the compliance programme.

2. **Policies and Procedures**
   The Group continuously implements and communicates its corporate policy against violations of any anti-corruption laws. This policy has been and will continue to be documented in writing, include appropriate measures to reduce the prospect of violations of anti-corruption laws, and encourage and support the observance of compliance policies and procedures by personnel at all levels of the Group. These anti-corruption policies and procedures apply to all directors, officers and employees and, where necessary and appropriate, outside parties acting on behalf of Keppel, including but not limited to, agents and intermediaries, consultants, representatives, partners, and suppliers.

   Individuals at all levels of Keppel comply with Keppel's Code of Conduct and its compliance policies and procedures. Such policies and procedures address, among other areas:

   (a) gifts;
   (b) hospitality, entertainment, and expenses;
   (c) agent fees;
   (d) political contributions;
   (e) charitable donations and sponsorships;
   (f) facilitation payments; and
   (g) solicitation and extortion.

   The Group ensures that:

   (a) books, records and accounts are in reasonable detail, and accurately and fairly reflect the transactions and disposition of assets; and
   (b) the Group develops and maintains a system of internal accounting controls, sufficient to provide reasonable assurance that:

      i. transactions are performed in accordance with the Group's general guidelines or specific authorisation;
      ii. transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets;
      iii. access to assets shall only be permitted in accordance with the Group's general guidelines or specific authorisation; and
      iv. the recorded accountability for assets shall be compared with the existing assets at reasonable intervals and appropriate action be taken with respect to any differences.

3. **Periodic Risk-based Review**
   The Group continues to enhance its compliance policies and procedures on the basis of a periodic risk assessment to ensure their continued effectiveness, taking into account relevant developments such as international and industry standards, and addressing the individual

circumstances of the Group, and in particular corruption risks, including but not limited to its geographical organisation and sectors of industrial operation.

4. Training and Orientation
The Group continuously ensures that its compliance policies and procedures are communicated effectively to all employees, including officers, directors, and where necessary and appropriate agents, and business partners. These mechanisms include:

(a) periodic focused 'gate-keeper' training for senior management members (including directors), employees in positions of leadership, and targeted training for employees in positions otherwise exposed to corruption risks, and where necessary and appropriate, compliance training for agents and business partners, and annual e-training for directors, officers and employees; and
(b) corresponding certifications by such senior management members (including directors), employees, agents and business partners, acknowledging their understanding of policies and conformity with training requirements.

5. Internal Reporting, Communication and Investigation
The Group maintains a system for the internal reporting/communication of potential violations of compliance policies and procedures and applicable laws, that ensures as far as possible confidentiality to the whistle-blower and investigation subjects.

The Group maintains a process for receiving internal reports/communications with sufficient resources to respond and document allegations of violations of compliance policies and procedures and applicable law. When necessary, the Group undertakes independent investigations of the alleged violations.

6. Enforcement and Discipline
The Group maintains and, where necessary, improves its mechanisms designed to effectively enforce its compliance policies and procedures including, where appropriate, the imposition of disciplinary measures in the case of violations.

The Group institutes disciplinary measures with reference to, among other things, violations of compliance policies and procedures and applicable law by its senior management (including directors) and employees. Such procedures should be applied consistently and fairly, regardless of the position held by, or the perceived importance of the senior management member (including directors) or employee. Where misconduct is discovered, measures are taken promptly to cease the misconduct or irregularities, and remedy the harm resulting from such misconduct.

7. Third-party Relationships
The Group continues to implement the following procedures with reference to its agents and business partners:

(a) due diligence relating to the hiring of third-parties;
(b) appropriate oversight of third-parties; and
(c) seeking reciprocal commitments regarding ethical conduct from third-parties, associates and business partners.

When necessary, the Group includes in contracts with third-parties, agents and business partners, anti-corruption provisions, which may include the following:

(a) commitment to act in accordance with applicable laws;
(b) right to conduct audits of the books and records of third-parties, agents or business partners; and
(c) right to terminate a contract due to violations of compliance policies and procedures or any applicable anti-corruption law by any third-party, agent or business partner.

8. Mergers, Acquisitions and Corporate Restructuring
The Group implements policies and procedures aimed at identifying misconduct, irregularities, or the existence of vulnerabilities in potential new entities in the context of mergers, acquisitions and corporate restructuring.

The Group applies its compliance codes, policies and procedures in a speedy and efficient manner to newly-acquired businesses or entities, and conducts training for new employees, senior management (including directors), agents, and business partners.

9. Monitoring and Developments
The Group conducts continuous monitoring of its compliance programme to enhance its effectiveness in preventing and detecting violations of its compliance policies and procedures and applicable law.

Annual Assurance
The Board has received assurance from CEO, Mr Loh Chin Hua and CFO, Mr Chan Hon Chew, that except for the matters described in sub-paragraph (2) below, 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 IT risks which the Group considers relevant and material to its current business scope and environment and that they are not aware of any material weaknesses in the system of internal controls; and

(c) they are of the view that the Group's risk management system is adequate and effective.

Based on the review of the Group's governing framework, systems, policies and processes in addressing the key risks under the Group's Enterprise Risk Management Framework, the monitoring and review of the Group's overall performance and representation from the management, the Board, with the concurrence of the BRC, is of the view that, as at 31 December 2018, except for the matters described in sub-paragraph (2) below, 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 2018, except for the matters described in sub-paragraph (2) below, 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.

(1) As part of the global resolution with the authorities, the Group has committed to strengthening the compliance and governance regime in Keppel O&M. Amongst others, it included a commitment to secure certification of ISO 37001 Anti-Bribery Management System and testing of the effectiveness of the policies and procedures put in place. In November 2018, Keppel O&M's entities in Singapore achieved certification for the ISO 37001 Anti-Bribery Management System.

(2) Anti-bribery and corruption compliance audits were also performed during the year on entities within the Keppel O&M Group. These audits revealed that the enhanced policies and procedures put in place to-date were, in general, functioning as intended in the current year. The audits did, however, identify certain matters relating to contracts entered into several years ago which require follow-up actions

and further review. Notwithstanding, based on currently available information, management is of the opinion that no additional provisions would be required in relation to these matters.

(3) With the Group's enhanced compliance programme in place as part of the global resolution, there is reasonable assurance that the current internal controls are adequate and effective.

(4) The Group reiterates its zero tolerance for bribery and corruption and its commitment to continue to review its compliance measures and put in place effective and robust compliance and governance regimes to ensure that the Group secures business legally and ethically.

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 judgement 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 has an in-house internal audit function that supports the Group ("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. Group Internal Audit adopts a risk-based approach to evaluate the adequacy and effectiveness of key controls and procedures when performing audits of high-risk areas. They also undertake investigations as directed by the AC.

Staffed by suitably qualified executives, Group Internal Audit has direct access to the AC and unrestricted 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 Professional Practices Framework set by the IIA. External quality assessment reviews are carried out at least once every five years by qualified professionals, with the last assessment conducted in 2016. The results re-affirmed that the internal audit activity conforms to the International Standards for the Professional Practice of Internal Auditing. Group Internal Audit staff performs a yearly declaration of independence and confirm their adherence to Keppel's 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.

The purpose, authority, and responsibility of Group Internal Audit is formally defined in an internal audit charter, which is approved by the AC. The internal audit charter establishes Group Internal Audit's position within the organisation, including the nature of its functional reporting relationship with the AC; authorises access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. The Charter mandates Group Internal Audit to maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity, including the evaluation of its conformance with the Standards, and an evaluation of whether internal auditors apply the IIA's Code of Ethics.

During the year, Group Internal Audit adopted a risk-based auditing approach that focuses on key risks, including financial, operational, compliance and IT 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 personnel. In addition, Group Internal Audit's summary of findings and recommendations are discussed at the AC meetings. To ensure timely and adequate closure of audit findings, the status of implementation of the actions agreed by management is tracked and discussed with the AC.

Shareholder Rights and Communication with Shareholders

Principle 14:

Fair and equitable treatment of shareholders and protection of shareholders' rights

Principle 15:

Regular, effective and fair communication with shareholders

Principle 16:

Greater shareholder participation at Annual General Meetings

In addition to the matters mentioned above in relation to "Access to Information", the Company's Group Corporate Communications Department (with assistance from the Group Control & Accounts 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 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, and sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions.

The Company's mobile-friendly website is regularly updated with the latest information. These include latest updates on business and operations, quarterly financial statements and dividend information, 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.

The Company employs various platforms to effectively engage 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, email communications, publications and content on the Company's corporate website, as well as through facility visits, where shareholders may raise any queries or concerns that they may have. In addition, senior management meets investors, analysts and the media, as well as travels on roadshows, and participates in selected conferences organised by major brokerage firms to solicit and understand the views of the investment community. In FY 2018, the Company hosted about 216 meetings and conference calls with institutional investors, including several facility visits to its residential and commercial properties in China and Vietnam. Management also traveled on non-deal roadshows to meet overseas investors in the United States, the United Kingdom, Japan and Hong Kong.

The Company engages retail shareholders at the general meeting. In addition, the Company has, since 2017, been collaborating with the Securities Investors Association (Singapore) (SIAS) to hold briefings for retail shareholders. In 2018, senior management briefed about 120 retail shareholders on the Company's strategy and performance.

All materials presented on these occasions are also made available on the SGXNET and the Company's website in a timely manner, to ensure fair disclosure of information for the benefit of all shareholders.

The Company's general meetings are held in central locations which are easily accessible by public transportation, ensuring that shareholders have the opportunity to participate effectively and vote at shareholders' meetings. Shareholders are informed of the meetings through notices published in the newspapers and via SGXNET, and reports or circulars sent or made available 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/she is allowed to appoint up to two proxies to vote on his/her 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 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.

At shareholders' meetings, each distinct issue is proposed as a separate resolution. Such resolutions include matters of significance to shareholders such as, where applicable, proposed amendments to the Company's constitution, the authorisation to issue additional shares, the transfer of significant assets, re-election of directors, and the remuneration of non-executive directors. The rationale for the resolutions to be proposed at the meeting is set out in the notices to the meeting or its accompanying appendices. However, where the issues are interdependent and linked so as to form one significant proposal, the Company may propose "bundled resolutions" and will set out the reasons and material implication 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 shareholders' meetings. External auditors are also present at such meetings to assist the directors to address shareholders' queries, if necessary.

The constitution of the Company allows for absentia voting at general meetings. However, the Company is not implementing absentia voting methods such as voting via mail, email 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.

The Company is committed to rewarding shareholders fairly and sustainably, while balancing the payment of dividends with its capital requirements to ensure that the best interests of the Company are served. While it does not have a formal dividend policy, the Company has a consistent track record of distributing about 40 to 50% of its annual net profit as dividends. Any payment of interim dividend or, upon receipt of shareholders' approval at annual general meetings, final dividend, will be paid to all shareholders in an equitable and timely manner. For FY 2018, the Company will be paying out a total cash dividend of 30.0 cents per share to shareholders. Excluding the special cash dividend of 5.0 cents per share distributed in August 2018 to celebrate the Company's 50th anniversary, the total dividend for FY 2018 represented a payout ratio of 48%.

The Company has identified and prioritised its material environmental, social and governance issues. An overview of the Company's approach to sustainability management can be found on pages 36 to 39 of this Annual Report. More details on Keppel Corporation's sustainability management and materiality approach will be made available through a separate Sustainability Report published by the Company annually in May.

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 and associated companies, 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 1

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 judgements 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 IT 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 results of the external audit and 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 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 internal audit, 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, 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 interests of 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 Perform such other functions as the Board may determine.

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

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

B. Board Risk Committee

1.1 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 levels of risk tolerance and risk policies.

1.2 Review and discuss, as and when appropriate, with Management the Group's risk governance structure and 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 Receive and review updates from Management to assess the adequacy and effectiveness of the Group's compliance framework in line with relevant laws, regulations and best practices.

1.6 Through interactions with the Compliance Lead who has a direct reporting line to the Committee, review and oversee performance of the Group's implementation of compliance programmes.

1.7 Review and monitor the Group's approach to ensuring compliance with regulatory commitments, including progress of remedial actions where applicable.

1.8 Review and monitor Management's responsiveness to the risks and matters identified and recommendations of the Group Risk and Compliance department.

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

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

1.11 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.

1.12 Perform such other functions as the Board may determine.

1.13 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.

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).

Corporate Governance

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.

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/her.

E. Board Safety Committee

1.1 Ensure there is a set of Group 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 Group company 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 Group company.

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 each Group company 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.

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
Till Vestring	Independent	–	Member	Chairman	–	–
Veronica Eng	Independent	Member	–	–	Chairman	–
Jean-François Manzoni	Independent	–	–	–	Member	–

Keppel's Board Safety Committee regularly conducts site visits to the Group's operations such as the Keppel Marina East Desalination Plant in Singapore.

1.11 Consider management's proposals on safety-related matters.

1.12 Carry out such investigations into safety-related matters as the Committee deems fit.

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

1.14 Perform such other functions as the Board may determine.

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

Board Assessment

Evaluation Processes

Board

Each board member is required to complete a Board Evaluation Questionnaire and send the Questionnaire directly to the Independent Co-ordinator ("IC") within five working days. An "Explanatory Note'" is attached to the Questionnaire to clarify the background, rationale and objectives of the various performance criteria used in the Board Evaluation Questionnaire with the aim of achieving consistency in the understanding and interpretation of the questions. Based on the returns from each of the directors, the IC prepares a consolidated report and briefs the Chairman of the Nominating Committee ("NC") and the Board Chairman on the report. Thereafter, the IC presents the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.

Individual Directors

The Board differentiates the assessment of an executive director from that of a 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 in consultation with the Board Chairman thereafter meet with the executive director, where necessary, to provide feedback to the executive director 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 in consultation with the Board Chairman thereafter meet with the NEDs individually, where necessary, to provide feedback to the NEDs 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 judgement, 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 email, 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 Policy
Keppel Whistle-Blower Policy (the "Policy") took effect on 1 September 2004 and was enhanced on 15 February 2017 to encourage reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined and centralised 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/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 Audit Committee (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/she may make the report directly to the Receiving Officer or the AC Chairman.

Other Whistle-Blowers may report a suspected Reportable Conduct directly to the Receiving Officer or the AC Chairman, or via the whistle-blower reporting channels that the Group has established. There is an email hotline (kpmgethicsline@kpmg.com) and local toll-free numbers in Singapore, Brazil, China, USA, Vietnam, Indonesia, Philippines, Australia, UK and Germany. Manning of the whistle-blower hotline has been outsourced to a third party (KPMG) and provides for reporting in the languages listed above. KPMG also maintains the aforementioned email hotline and an on line portal, the link to which is available on the "Contact Us" section of the Company's website at www.kepcorp.com.

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
Every Protected Report (referring to a report made in good faith that discloses suspected Reportable Conduct) received will be assessed by the Receiving Officer, who will review the information disclosed, interview the Whistle-Blower(s) when required and if contactable and, either exercising her own discretion or in consultation with the Investigation Advisory Committee, make recommendations to the AC Chairman as to whether the circumstances warrant an investigation. If the AC Chairman or the AC (if the AC Chairman consults the other AC members), determines that an investigation should be carried out, the AC Chairman or the AC (as the case may be) shall determine the appropriate investigative process to be employed and the corrective or remedial actions (if any) to be taken. The AC Chairman and the Investigation Advisory Committee (if consulted) will use their respective best endeavours to ensure that there is no conflict of interests on the part of any person involved in the investigations. The Investigation Advisory Committee (comprising of representatives from each of the Group HR, Group Legal and Group Risk & Compliance departments), or such other representatives as the AC mat determine) assists the AC Chairman with overseeing the investigation process and any matters arising therefrom.

All employees have a duty to cooperate with investigations initiated under the Policy. An employee may be placed on administrative leave or investigatory leave when it is determined by the AC Chairman that it would be in the best interests of the employee, the Company or both. Such leave is not to be interpreted as an accusation or a conclusion of guilt or innocence of any employee, including the employee on leave. All participants in the investigation must also refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. In no circumstance should such persons discuss matters relating to the investigation with the person(s) who is/are subject(s) of the investigation ("Investigation Subject(s)").

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

Appendix 2
Rule 720(6) of the Listing Manual of the SGX-ST
The information required under Rule 720(6) read with Appendix 7.4.1 of the Listing Manual in respect of Directors whom the Company is seeking re-election by shareholders at the annual general meeting to be held in 2019 is set out below.

Name of Director	Alvin Yeo	Tan Ek Kia	Loh Chin Hua	Jean-François Manzoni
Date of Appointment	1 June 2009	1 October 2010	1 January 2014	1 October 2018
Date of last re-appointment (if applicable)	19 April 2016	19 April 2016	19 April 2016	N.A.
Age	57	70	57	57
Country of principal residence	Singapore	Singapore	Singapore	Switzerland
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The process for succession planning for the Board, appointment of directors, and the re-nomination and re-election of Directors to the Board, is set out in pages 73 to 76 of this Annual Report.			
Whether the appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive	Executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-executive and Independent Director; Audit Committee (Member); Nominating Committee (Member)	Non-executive and Independent Director; Board Safety Committee (Chairman); Board Risk Committee (Member); Audit Committee (Member)	Executive Director and Chief Executive Officer; Board Safety Committee (Member)	Non-executive and Independent Director; Board Risk Committee (Member)
Professional qualifications	LLB Honours, King's College London; University of London Gray's Inn (Barrister-at-Law); Senior Counsel, Singapore	BSc Mech Eng (First Class Hons), Nottingham University, UK; Management Development Programme, International Institute for Management Development Lausanne, Switzerland; Fellow of the Institute of Engineers, Malaysia Chartered Engineer of Engineering Council, UK; Member of Institute of Mechanical Engineer, UK	Bachelor in Property Administration, Auckland University; Presidential Key Executive MBA, Pepperdine University; *CFA® charterholder*	DBA, Harvard Business School, Boston; MBA, McGill University, Montreal ; Bachelor, Business Administration; l'Ecole des Hautes Etudes Commerciales de Montréal; Fellow of the Singapore Institute of Directors
Working experience and occupation(s) during the past 10 years	2007 to Present Chairman & Senior Partner, WongPartnership LLP	Non-executive directorship role in various companies and full time executive as interim CEO of SMRT Corporation Ltd in year 2012.	1 Jan 2014 to Present: Chief Executive Officer, Keppel Corporation 1 Jan 2012 to 31 Dec 2013: Chief Financial Officer, Keppel Corporation 19 Sep 2011 to Present: Chairman, Alpha Investment Partners Limited 1 May 2003 to 31 Dec 2011: Managing Director, Alpha Investment Partners Limited	2016 to Present: IMD (the International Institute for Management Development) Switzerland 2011 to 2016: INSEAD Singapore Shell Chair in Human Resources and Organisational Development and Professor of Management Practice 2004 to 2010: IMD Singapore, Professor of Leadership and Organisational Development
Shareholding interest in the listed issuer and its subsidiaries	44,225 (direct interests) and 42,000 (deemed interests)	42,825 (direct interests)	1,310,592 (direct interest) and 38,500 (deemed interest)	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No	No
Conflict of interest (including any competing business)	No	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes

Corporate Governance

Appendix 2
Rule 720(6) of the Listing Manual of the SGX-ST

Name of Director	Alvin Yeo	Tan Ek Kia	Loh Chin Hua	Jean-François Manzoni
Other Principal Commitments including Directorships – Past (for the last 5 years)	Singapore Land Limited; Tuas Power Ltd; Thomson Medical Pte. Ltd.	CitySpring Infrastructure Management Pte Ltd (as Trustee-Manager of CitySpring Infrastructure Trust); City Gas Pte Ltd	KrisEnergy Ltd; Keppel REIT Management Limited (Manager of Keppel REIT); Various fund companies under management of Alpha Investment Partners Limited	Singapore Civil Service College
Other Principal Commitments including Directorships – Present	United Industrial Corporation Limited; United Overseas Bank Limited; Valencia C.F	KrisEnergy Ltd (Chairman); PT Chandra Asri Petrochemical Tbk; Transocean Ltd; SMRT Corporation Ltd; Keppel Offshore & Marine Ltd; Star Energy Group Holdings Pte Ltd (Chairman); Dialog Systems (Asia) Pte Ltd; Singapore LNG Corporation Pte Ltd	Keppel Telecommunication & Transportation Ltd (Chairman); 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	IMD Foundation Board; Association to Advance Collegiate Schools of Business (AACSB) International
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	Yes Mr Yeo is the subject of an investigation by the Law Society/ disciplinary tribunal in relation to WongPartnership's representation of an elderly individual, in Court proceedings brought by family members to appoint Deputies to take charge of her assets, which were ultimately granted by the Court. The investigation is ongoing.	No	No	No
Any prior experience as a director of an issuer listed on the Exchange?	Yes	Yes	Yes	No
If yes, please provide details of prior experience.	Please see above in relation to Other Principal Commitments including Directorships (both Past and Present)	Please see above in relation to Other Principal Commitments including Directorships (both Past and Present)	Please see above in relation to Other Principal Commitments including Directorships (both Past and Present)	Please see above in relation to Other Principal Commitments including Directorships (both Past and Present)
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.	N.A.	N.A.

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?	All transactions exceeding $150 million by any Group company (not separately listed) require the approval of the Board. For transactions between $30 million and $150 million, IMPAC will determine if Board approval is required, depending on the individual considerations for each case.
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regards to diversity in identifying director nominees?	The Nominating Committee (NC) reviews annually the balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, 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 mix of skills, knowledge, experience, and other aspects of diversity such as gender and age. The NC is also satisfied that the directors, as a group, possess core competencies including 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** (a) The NC reviewed the balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, and the size of the Board which would facilitate decision-making. In this review, the NC also took into account the needs of the Group, the collective skills and competencies of the Board and service tenure spread of the directors. In the year under review (FY 2018), for purposes of Board succession planning, the NC also took into consideration the 2018 CG Code and the amendments to the SGX Listing Rules relating to the continued appointment as "independent directors" of a director who has served for an aggregate period of more than nine years, bearing in mind that these rules would come into effect from 1 January 2022. (b) In the light of such review and in consultation with management, the NC assessed if there was any inadequate representation in respect of any of those attributes and determined the role and the desirable competencies for a particular appointment. (c) NC met with the short-listed candidates to assess suitability and to ensure that the candidates are aware of the expectations and the level of commitment required. (d) NC made recommendations to the Board for approval. **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 him/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.

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
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 representations and/or other principal commitments 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 director's 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 91 of the Corporate Governance Report.
	(b) Has the Board met its performance objectives?	Yes.

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, and he is also the independent non-executive chairman of KrisEnergy Ltd which has an IPT framework agreement with the Company and its subsidiaries.
	(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 although he is a partner with a 5% or more stake in WongPartnership LLP, he did not involve himself in the selection and appointment of legal advisers for the Group, and that he supported the selection of legal advisers based on assessment of quality, and for their remuneration to be based on market rate. In addition, the NC noted that Keppel Infrastructure (KI) management had, of their own accord, appointed Mr Yeo as lead counsel to represent KI in its arbitration proceedings with the State of Qatar in relation to the Doha South Waste Management Centre project, based on merit and taking into consideration the complexity of the matter. Taking these factors into consideration together with Mr Yeo's comments, along with his active participation and actual performance on the Board and board committees in the discharge of his duties, his valuable contributions to the Board and board committees, and the outcome of the recent self and peer Individual Director Performance assessment, the NC unanimously agreed that Mr Yeo has at all times exercised independent judgement 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 (i) he was not involved in the negotiation of contracts or business dealings between TransOcean with the Keppel Offshore & Marine Group, and (ii) the IPT framework agreement with KrisEnergy is renewed annually by a vote of the independent shareholders of KrisEnergy and he abstains from making any recommendations to the board and shareholders of KrisEnergy and from voting in respect of such agreement. The NC also took into account Mr Tan's active participation and actual performance on the Board and board committees, his valuable contributions to the Board and board committees and the outcome of the recent self and peer Individual Director Performance assessment, and unanimously agreed that Mr Tan has at all times exercised independent judgement 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 first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Yes. Dr Lee Boon Yang and Mr Alvin Yeo have both served beyond nine years since their respective first appointments. In relation to Dr Lee, taking into consideration, among other things, his active participation and actual performance on the Board and board committees in the discharge of his duties, his valuable contributions to the board and board committees and leadership as Chairman, and the outcome of the recent self and peer Individual Director Performance assessment, the NC agreed unanimously that Dr Lee has at all times exercised independent judgement 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. In relation to Mr Alvin Yeo, please see above the NC's reasons for considering him independent.

Corporate Governance

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 $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 five key management personnel: $12,137,512
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds $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 bonus, 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 bonus is tied to the Company's, business unit's and individual employee's 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 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 remuneration structure is directly linked to corporate and individual performance, both in terms of financial and non-financial performance. The key performance indicators ("KPIs") for awarding of annual performance bonus are based on the four scorecard areas that the Company has identified as key to measuring the performance of the Group – (i) Financial and Business Drivers; (ii) Process; (iii) Stakeholders; and (iv) People. For the KCL PSP, performance conditions that are aligned with shareholder interests such as Total Shareholder Return, Return on Capital Employed and Net Profit 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 senior executive directors, executive director and key management personnel was fair and appropriate taking into account the extent to which their KPIs and performance conditions for FY 2018 were met. Please refer to pages 78 to 81 of the Corporate Governance Report for more details.

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. The Board also reviews the budget on an annual basis, and any material variance between the projections and actual results would be disclosed and explained. 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. Directors are also entitled to request from management, and would be provided with, such additional information as may be needed from time to time in order to make informed decisions. 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. The Board reviews the Group's key risks and, on an annual basis, 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.

Corporate Governance

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Guideline 11.3	(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), except for the matters described in sub-paragraph (2) below. The Board received assurance from the external auditor on the adequacy and effectiveness of the Company's internal control systems. (1) As part of the global resolution with the authorities, the Group has committed to strengthening the compliance and governance regime in Keppel O&M. Amongst others, it included a commitment to secure certification of ISO 37001 Anti-Bribery Management System and testing of the effectiveness of the policies and procedures put in place. In November 2018, Keppel O&M's entities in Singapore achieved certification for the ISO 37001 Anti-Bribery Management System. (2) Anti-bribery and corruption compliance audits were also performed during the year on entities within the Keppel O&M Group. These audits revealed that the enhanced policies and procedures put in place to-date were, in general, functioning as intended in the current year. The audits did, however, identify certain matters relating to contracts entered into several years ago which require follow-up actions and further review. Notwithstanding, based on currently available information, management is of the opinion that no additional provisions would be required in relation to these matters. (3) With the Group's enhanced compliance programme in place as part of the global resolution, there is reasonable assurance that the current internal controls are adequate and effective. (4) The Group reiterates its zero tolerance for bribery and corruption and its commitment to continue to review its compliance measures and put in place effective and robust compliance and governance regimes to ensure that the Group secures business legally and ethically.
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 2018 is $5,122,000. The Group's non-audit services fees paid to external auditors of the Company and other auditors of subsidiaries amounted to $640,000.
	(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.

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
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 2018, the Company hosted about 216 meetings and conference calls with institutional investors, including several facility visits to its residential and commercial properties in China and Vietnam. Management also traveled on non-deal roadshows to meet overseas investors in the United States, the United Kingdom, Japan and Hong Kong. Such meetings provide useful platforms for management to engage with investors and analysts. In addition, the Company engaged retail shareholders through a Briefing to Retail Shareholders, organised with SIAS, during which senior management briefed about 120 retail shareholders on the Company's strategy and performance.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	This role is performed by Group Communications Department (with assistance from the Group Control & Accounts and Group Legal departments, where required).
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	The Company employs various platforms to effectively engage 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, email communications, publications and content on the Company's corporate website, as well as through facility visits, where shareholders may raise any queries or concerns that they may have. The Company also attends selected conferences and overseas non-deal roadshows to engage institutional investors and shareholders. The Company engages retail shareholders at the general meeting. In addition, the Company has, since 2017, been collaborating with SIAS to hold briefings for retail shareholders. All materials presented on these occasions are also made available on the SGXNET and the Company's website in a timely manner, to ensure fair disclosure of information for the benefit of all shareholders. In addition to shareholder meetings, senior management meets investors, analysts and the media, as well as travels on roadshows, and participates in selected conferences organised by major brokerage firms 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 71
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 73
Guideline 1.5 The type of material transactions that require board approval under guidelines	Page 73
Guideline 1.6 The induction, orientation and training provided to new and existing directors	Page 73
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 73 and 74
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.	Pages 73 and 74
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 75, 89 and 90
Guideline 4.4 The maximum number of listed company board representations which directors may hold should be disclosed	Page 96
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	Pages 75 and 76
Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	Pages 22 to 25
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	Pages 91 and 92
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 77 and 90
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 77
Guideline 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	Pages 77 to 81
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 77 to 81
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 80

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 $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 81
Guideline 9.4 Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds $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 $50,000	Page 80
Guideline 9.5 Details and important terms of employee share schemes	Pages 113 to 115 and 149 to 151
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 78 to 81
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 83 to 87
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 82, 88 and 89
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 82 and 100
Guideline 12.7 The existence of a whistle-blowing policy should be disclosed in the Company's Annual Report	Page 92
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 82 and 83
Guideline 12.9 A former partner or director of the Company's existing auditing firm or auditing corporation should not act as a member of the Company's AC: (a) within a period of 12 months commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for as long as he has any financial interest in the auditing firm or auditing corporation	Page 82
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 87 and 88
Guideline 15.5 Where dividends are not paid, companies should disclose their reasons.	N.A.

Risk Management

We maintain a balanced approach to risk management, undertaking only appropriate and well-considered risks to optimise returns for our shareholders.

As an enterprise that seeks to deliver solutions for sustainable urbanisation, Keppel adopts a balanced approach to risk management, undertaking only appropriate and well-considered risks to optimise returns for our shareholders. Keppel's risk management approach stems from the philosophy of seeking sustainable growth opportunities and creating economic value, while ensuring only appropriate and well-considered risks are assumed.

Risk management is an integral part of the way in which we develop and execute our business strategies. It is consistent with our operating principles and belief that a holistic approach of balancing risks and rewards is key to delivering long-term value and growth for our shareholders.

In 2018, we continued a disciplined pursuit of new opportunities, innovation and revenue streams to safeguard shareholders' interests and the Group's assets. Our robust risk-centric culture and risk management system have enabled us to continue to respond effectively to the dynamic business environment and shifting business demands to seize new value-added opportunities for our stakeholders.

Risk-Centric Culture

Effective risk management hinges not only on systems and processes, but equally on mindsets and attitudes. The Group fosters a risk-centric culture through several aspects.

1. **Leadership & Governance**
   Our management is fully committed to fostering a strong risk-centric culture and consistently demonstrate strong support for risk management in all initiatives. Key messages encouraging prudent risk-taking in decision making and business processes are interwoven into major meetings, speeches and publications.

2. **Framework & Values**
   When considering risks in daily activities, the Group's management and staff are guided by our Enterprise Risk Management (ERM) framework; our core values of integrity, accountability, people centredness and safety, as well as our mission and vision to responsibly deliver sustainable urbanisation solutions in our chosen markets.

3. **Process & Methods**
   An integral aspect of both strategic and operational decision making includes consideration and management of risks at all levels of the businesses. As part of the Group's framework and process, the appropriate tools, techniques and risk management methodologies are applied, along with the requisite domain knowledge capabilities, in making decisions.

4. **Training & Communications**
   Training and communications are conducted regularly to enhance risk management competency across the Group. Through various forums and in-house publications, including different modes of training, risk management is reinforced as a discipline and developed through awareness and practice.

5. **Transparency & Competency**
   We promote transparency in information sharing and escalation of risk-related matters. Risk identification and assessment are embedded in key control processes. A Group-wide survey is conducted periodically to assess risk awareness amongst employees.

6. **Ownership & Accountability**
   To maintain our standards in risk management, we advocate ownership and accountability through the employee performance evaluation process.

Enterprise Risk Management Framework

Keppel's Board is responsible for risk governance and ensures that management maintains a sound system of risk management and internal controls. Through the Board Risk Committee (BRC), the Board provides valuable advice to management in formulating and implementing the risk management framework, policies and guidelines. Keppel's management surfaces significant risk issues for discussion with the BRC and the Board to keep them apprised of key issues in a timely manner. The terms of reference for the BRC are disclosed on page 89 of this report. The Board has defined three risk tolerance guiding principles for the Group, which serves to determine the nature and extent of the significant risks which the Board is willing to take in achieving our 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 83 to 87 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 are cognisant of the dynamic environment in which the Group operates and constantly enhance the framework and systems where necessary, to ensure strong risk governance across the Group.

Keppel's ERM framework, a component of Keppel's System of Management Controls, provides the Group with a systematic approach to risk management. It outlines the reporting structure, monitoring mechanisms, processes and tools, as well as policies and limits, applied in addressing the Group's key risks.

Our ERM framework is constantly refined to ensure it remains relevant in our operating environment and where required, is tailored to the requirements of each business unit (BU) depending on specific industry practices and objectives. The framework takes reference from the Singapore Code of Corporate Governance, ISO 31000, ISO 22313 and the Guidebook for Board Risk Committees.

Our Risk and Compliance Committee, comprising relevant subject matter risk champions across the BUs, drives and coordinates Group-wide risk management activities and initiatives. The Committee's activities are facilitated by regular bilateral and BU-level meetings to ensure that pertinent risks are identified, assessed and mitigated in a timely manner.

We keep abreast of the latest developments and best practices through participation in industry seminars and interacting with risk management practitioners.

Keppel adopts a balanced approach to risk management. Whilst our financial performance and operating environment are influenced by a vast range of risk factors, we recognise that not all risks can be eliminated. We are committed to undertaking appropriate and well-considered risks to optimise returns for the Group.

Strategic Risks

Market & Competition

A large part of the Group's strategic risks include market driven forces, evolving competitive landscapes, changing customer demands and disruptive innovation. The Group remains vulnerable to several external factors including uncertainties in the global economy, implications of recent and impending geo-political developments, intense competition in our core markets and threats of disruptive technology. These risks receive constant high-level attention throughout the year.

Strategy meetings are held across the Group 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 principles. These policies and principles are subject to periodic reviews to ensure that they continue to support business objectives and are aligned to our risk tolerance levels. Taking into consideration the prevailing business climate and the Group's risk tolerance, the policies aim to address market and competition risks effectively and proactively.

Strategic Ventures, Investments & Divestments

We have an established process for evaluating investment and divestment decisions including strategic ventures. Investments, divestments and strategic ventures are monitored to ensure that they are on track to meet the Group's strategic intent, investment objectives and returns, and where required, the need for timely recalibration of strategies in response to the changing business environment. 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 in taking considered risks in a controlled manner, exercising the spirit of enterprise and prudence to earn the best risk-adjusted returns on invested capital across our businesses.

Investment risk assessment involves rigorous due diligence, feasibility studies and sensitivity analyses of key assumptions and variables. Some of the critical factors considered include alignment with Group strategy, financial viability, country-specific political and regulatory developments, contractual risk implications, as well as lessons learnt. 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 continue to maintain a strong emphasis on attracting and building a deep pool of talent. This includes nurturing employees, maintaining good industrial relations and fostering a conducive work environment for all employees. The Group is focused on strengthening succession planning and bench strength, as well as building new organisational capabilities to drive business growth whilst maintaining our status as an employer of choice.

In talent development programmes, we emphasise the importance of having a risk-centric mindset and endeavour to inculcate the ability to identify and assess risks, develop and implement mitigation actions, as well as monitor risks. Keppel Leadership Institute, established as a global centre to groom leaders and equip employees 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 Risks

Project Management

From project initiation through to completion, risk management processes are an integral part of project management activities to facilitate early risk detection and proactive management. The Group adopts a systematic assessment and monitoring process to help manage the key risks in projects. Particular attention is given to technically challenging and high-value projects, including greenfield developments and deployment of new technology and/or operations in new geographies. Projects are managed in accordance with the respective country's environmental laws and labour practices.

At the project execution stage, we execute project reviews and quality assurance programmes to address issues involving cost, schedule and quality. Project Key Risk Indicators are used as early warning signals to determine if remedial actions are required.

In addition, we conduct knowledge-sharing workshops to share best practices and lessons learnt across the Group. These processes help to ensure that projects are completed on time and within budget, without compromising safety and quality standards, as well as contract obligations.

Health, Safety & Environment

Maintaining a high level of Health, Safety and Environmental (HSE) standard is of paramount importance to the Group. We constantly strive to raise awareness, maintain vigilance and foster a strong HSE-centric culture across the Group and particularly 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, deploying standard Root Cause Analysis across the Group, as well as developing more proactive and leading risk indicators/matrices to monitor HSE performance in each BU.

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. Testament to the Group's concerted efforts in safety, Keppel clinched 28 awards at the Workplace Safety and Health (WSH) Awards for exemplary safety performances, implementation of strong WSH management systems, as well as efforts to create solutions that improve workplace safety.

Business & Operational Processes

We continue to streamline our business processes. We have established common shared services platforms which enable us to better manage costs while enhancing efficiency, productivity, compliance and controls.

Risk Management

Recognising the need to keep at the forefront of technology, we have embarked on digitalisation initiatives and continue to take measured steps, applying a risk-based approach, to embrace the appropriate technologies in optimising our processes.

We have adopted ISO standards and certifications to achieve standardisation of some of our processes and kept up with best practices. In addition, procedures relating to defect management, operations, project control and supply chain management continue to be refined to improve the 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 with a robust Business Continuity Management (BCM) Plan that will equip us to respond effectively to business disruptions, ensuring that critical business functions continue to operate with minimal impact to our people, operations and assets.

As a Group, we are cognisant of the risk of natural disasters, terrorism and cyber threats, and we seek to maintain operational resilience through regular review and testing of our BCM plans under different threat scenarios. The BCM Steering Committee provides direction and guidance to ensure BCM plans across the Group are effectively managed.

With the increasing risk of cyber threats and attacks, we have increased our efforts and focus on ensuring adequacy of our defense against the risk and our response plans in the event of an incident. The Group maintains a close watch and keeps abreast of evolving techniques and threats in order to develop the appropriate mitigation measures. We constantly evaluate our ongoing state of readiness against business disruptions to ensure that plans remain current and relevant.

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, and to expedite recovery. We are focused on building capabilities to respond to crises effectively while safeguarding our people and assets, and the interests of our stakeholders.

Information Technology

Information Technology risks are an integral aspect of our processes. The Group has in place an Information Technology (IT) governance structure and IT security framework to address both general IT and data security controls, as well as evolving IT risks including cybersecurity, theft or loss of confidential data and data integrity.

Our IT security, governance and controls continue to be strengthened through the refinement and alignment of our IT policies, processes and systems, and the consolidation of servers and storages. We have also appointed IT security officers and instituted policies on end-user computing and safeguarding information, as well as IT self-assessments to identify security gaps.

Our pool of dedicated IT experts enables us to keep abreast of the latest developments, innovation and threats in the IT domain. They are assisted by Keppel Technology and Innovation to assess risks at various levels, and to further the adoption of technology and innovation within Keppel. Extensive training and assessment exercises have been conducted on user security education to heighten overall awareness of IT threats. Measures and considerations have also been taken to safeguard corporate data assets against loss of information, data security and service disruption of critical IT systems.

Compliance Risks

Laws, Regulations & Compliance

Given the geographical diversity of our businesses, we closely monitor developments in laws and regulations of 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 updated on changes to laws and regulations, ensuring that we can assess our exposures and risks effectively.

We recognise that non-compliance with laws and regulations not only have significant financial impact but have potentially detrimental reputational impact on Keppel. While we have significantly strengthened our regulatory compliance framework, we remain fully committed to enhancing our regulatory compliance policies and processes, ensuring that the Group maintains a high level of compliance and ethical standards in the way in which we conduct our business. Our emphasis is clear and consistently reiterated. We have zero tolerance for fraud, bribery, corruption and violation of laws and regulations.

In 2018, we made significant progress in our regulatory compliance initiatives, ensuring that compliance principles are embedded in our activities, and implementing best practices from industry leaders as we develop and strengthen our compliance framework. More details on the steps taken to operationalise our regulatory compliance framework are set out on pages 107 and 108 of this report.

Financial Risks

Fraud, Misstatement of Financial Statements & Disclosures

We maintain a strong emphasis on ensuring that financial statements are accurate and presented fairly in accordance with applicable financial reporting standards and frameworks.

Regular external and internal audits are conducted to provide assurance on accuracy of financial statements and adequacy of the internal control framework supporting the statements. Where required, we leverage the expertise of the engaged auditors in the interpretation of financial reporting standards and changes.

We conduct regular training and education programmes to enhance competency of the Group's finance managers. Keppel's System of Management Controls framework outlines our internal control and risk management processes and procedures. For more details on the framework, please refer to pages 83 and 84 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.

We are focused on financial discipline and seek to deploy our capital to earn the best risk-adjusted returns for shareholders, while maintaining a strong balance sheet to seize new opportunities.

Our procedures include the evaluation of counterparties and other related risks against pre-established internal guidelines. We conduct impact assessments and stress tests to gauge the Group's exposure to changing market situations, to enable informed decision making and implementation of prompt mitigating actions. We also regularly monitor our asset concentration exposure in countries where we have a presence to ensure that our portfolio of assets, investments and businesses are well diversified and adequately safeguarded against the systemic risks of operating in a specific geography. For more details, please refer to page 66 of this report.

Proactive Risk Management

Effective risk management requires a dynamic approach and we recognise the need to continually evolve our framework and processes to ensure our risk identification and mitigation remains effective. We remain vigilant against emerging threats that may affect our different businesses. We have a dedicated focus group across BUs to identify, discuss and analyse emerging risks which may have an impact on the Group's activities. Where applicable, these are escalated for discussion and consideration at various governance committees.

Through close collaboration with stakeholders and constant vigilance, we will continue to proactively assess our risks and review our risk management system to ensure that our ability to manage and respond to threats remains adequate and effective.

Regulatory Compliance

The tone for regulatory compliance is driven from the top. Guided by our core values, we are committed to building a more disciplined and sustainable company.

Guided by our core values and enhanced code of conduct, we are fully committed to ensuring that compliance is a central pillar of our management and an integral part of our corporate culture and business processes. We will do business the right way and comply with all applicable laws and regulations wherever we operate. We strive to achieve outstanding performance, whilst maintaining the highest level of ethical integrity.

Our tone for regulatory compliance is clear and consistently reiterated from the top and throughout all levels of the Group. We have zero tolerance for fraud, bribery, corruption and violation of laws and regulations.

Strategic Objectives
Following the improvements and enhancements to the compliance framework and processes, we remain focused on ensuring consistency in application and operational effectiveness of the compliance programme across the Group. We are developing a compliance framework that commensurate with the size, role and activity of our businesses, including appropriate compliance control systems, to be able to effectively detect and remedy gaps. Most importantly, we remain focused on rebuilding our credibility and reputation with our stakeholders, and building a sustainable compliance framework that supports the Group's growth.

Governance Structure
Our Regulatory Compliance Governance Structure is designed to strengthen our corporate governance. The Board Risk Committee (BRC) supports the Board in its oversight of regulatory compliance and is responsible for driving the Group's implementation of effective compliance and governance systems. The Group Risk & Compliance department serves as a secretariat to the BRC, assessing and reporting on the Group's compliance risks, controls and mitigations.

The Group Regulatory Compliance Management Committee (Group RCMC) is chaired by Keppel Corporation's Chief Executive Officer and its members includes all business unit (BU) heads. 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 effective implementation of policies and procedures.

The Group RCMC is supported by the Group Regulatory Compliance Working Team (Group RCWT), which is chaired by the Head of Group Risk & Compliance. The Group RCWT oversees the development and review of pertinent regulatory compliance matters, over-arching compliance policies and guidelines for the Group, as well as reviewing training and communication programmes.

Each BU has a dedicated Compliance Lead, supported by the respective risk and compliance teams, and is responsible for driving and administering the compliance function and agenda for the BU. This includes providing support to BU management with subject matter expertise, process excellence and regular reporting to ensure that compliance risks are effectively managed and mitigated. Across the Group, continued recruitment efforts are in progress to strengthen the Compliance team with additional professional and experienced compliance officers.

Under the direction of the Group RCMC and Group RCWT, BUs 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 procedures. They are also responsible for ensuring that risk assessments in relation to material regulatory compliance risks are conducted, and that control measures are adequate and effective, to mitigate the identified risks which the BUs may face.

Regulatory Compliance Framework
As part of ongoing efforts to strengthen our regulatory compliance framework, we have defined our focus on compliance covering broadly the following areas: culture; policies and procedures; training and communication; key compliance processes; compliance risk assessment, reviews and monitoring; and compliance resources.

A key aspect of the framework is the structure of the compliance organisation. Our reporting structure of the compliance organisation reinforces independence of the function. The Head of Group Risk & Compliance reports directly to the Chairman of the BRC. Similarly, the Compliance Leads of the BUs have established direct reporting lines to the respective Audit or Board Risk Committees. Furthermore, BU Compliance Leads report directly to the Head of Group Risk & Compliance. This reporting structure reinforces independence of the function and enables senior management, including members of the Board, to provide continuous, clear and explicit support to the Group's compliance programme.

Culture
Culture and mindset are critical in ensuring the effectiveness of our compliance programme. Management has a key role in setting the right tone and walking the talk. The tone for

Regulatory Compliance

full regulatory compliance must cascade down the organisation. We have posters on anti-bribery, anti-corruption and reporting mechanisms that are exhibited in our offices globally to reinforce the message. Individual performance measures to influence personal behaviour, and periodic compliance-focused messages are also delivered by BU heads to employees.

Policies & Procedures

Employee Code of Conduct

We have a strict Code of Conduct (the Code) that applies to all employees, and who are required to acknowledge and comply with the Code. The Code sets out important principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity. It covers areas from conduct in the workplace to business conduct, including clear provisions on prohibitions against bribery and corruption, and conflicts of interests amongst others. We continually review and enhance our Code to ensure that it stays updated and properly instructive.

Appropriate disciplinary action, including suspension or termination of employment, will be taken if an employee is found to have violated the rules set out in the Code. The Code of Conduct is also provided to all third parties who represent Keppel in business dealings, including joint venture partners, who are required to acknowledge understanding and compliance with the requirements of the Code. We ensure that disciplinary actions are carried out consistently and fairly across all levels of employees.

Supplier Code of Conduct

The acknowledgement to abide by our Supplier Code of Conduct, which was developed to integrate Keppel's sustainability principles across our supply chain, and positively influence the environmental, social and governance performance of our suppliers, is mandatory for all key suppliers of the Keppel Group.

The areas covered within the Supplier Code of Conduct include proper business conduct, fair labour practices, stringent safety and health standards, and responsible environmental management.

Whistle-Blower Policy

Keppel's Whistle-Blower Policy encourages the reporting of suspected bribery, violations or misconduct through a clearly-defined process and reporting channel, by which reports can be made in confidence and without fear of reprisal.

The process is reviewed regularly. In 2018, the whistle-blower hotline was outsourced to an external and independent service provider to cater to language and time zone requirements across the different countries in which the Group operates.

Compliance Policies

We maintain a comprehensive list of policies covering compliance-related matters including anti-bribery, gifts & hospitality, agent fees, donations & sponsorships, solicitation & extortion, conflict of interest, and insider trading amongst others. These policies are reviewed periodically to ensure that they commensurate with the activities in the jurisdictions in which the Group operates. Group policies are applicable to all BUs and unless the jurisdictional regulatory requirements are more stringent, these policies represent the minimum standard for the Group.

Compliance remains a key focus for the Group. Our written policy on commitment to compliance with anti-corruption laws was strengthened in 2018 with the issuance of the Global Anti-Bribery Policy, consolidating the multiple relevant policies which form part of our compliance programme. The procedures and rules defined in the Policy encapsulates key points of the Group's zero-tolerance approach towards bribery. In November 2018, Keppel Offshore & Marine's Singapore entities achieved the ISO 37001 certification on Anti-Bribery Management System. We continue to work towards certification for the other entities within Keppel Offshore & Marine and the Group.

Training & Communication

Training is an essential component of Keppel's regulatory compliance framework. Our programmes are tailored to specific audiences and we leverage Group-wide forums to reiterate key messages.

We have a comprehensive annual e-learning training programme which is mandatory for directors, officers and employees. The content of the training covers key compliance policies, and directors, officers and employees are required to complete assessments at the end of the training to successfully mark completion. As part of the annual training, directors, officers and employees are also required to formally acknowledge their understanding of policies and declare any potential conflicts of interest. Toolbox training on anti-bribery are also carried out for industrial/general workers.

We continue to focus on refining our compliance training programmes and curriculum for new and existing employees. We are also focused on developing and tailoring training content depending on the target audience.

In addition to policy-related training programmes, we conduct trainings focused on the line manager's responsibilities in developing the desired culture and mindset regarding compliance. These responsibilities include the need to establish and maintain effective internal controls to ensure that processes are robust, and that potential gaps are identified and mitigated in a timely manner.

Training focused on building risk and compliance competencies are also organised to ensure that we are apprised on changes in approaches, best practices and tools.

Group Risk & Compliance conducts periodic site visits, particularly to locations susceptible to higher corruption risks, to raise awareness of compliance risks. We also leverage opportunities at various management conferences and employee meetings to stress the importance of compliance.

Key Processes

Due Diligence

We continue to improve our risk-based due diligence process for all third party associates who represent the Keppel Group in business dealings, including our joint venture partners, to assess the compliance risk of the business partner. In addition to background checks, the due diligence process incorporates requirements for third party associates to acknowledge understanding and compliance with our Code of Conduct.

Other Processes

As part of our ongoing review of policies and procedures, we ensure compliance oversight is embedded in key processes including areas such as gifts and hospitality, agent fees, donations and sponsorships, as well as conflicts of interest.

Risk Assessment, Review & Monitoring

We continue to develop our compliance resources and framework. This will enable the Compliance team to conduct independent risk assessments to identify and mitigate key compliance risks. Regular discussions are held with all business units, focusing on risk assessments including specific compliance risks identified for their respective businesses. Separately, independent reviews of compliance risks are carried out within the scope of internal audits including thematic reviews of the effectiveness of key aspects of our compliance programmes.

Resources

We recognise the need for an experienced compliance team to effectively support the business in compliance advisory, as well as to ensure that compliance programmes and controls are effectively implemented. Senior management, including members of the Board, are fully committed to ensuring that we build a strong compliance function.

Directors’ Statement & Financial Statements

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Directors' Statement

For the financial year ended 31 December 2018

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 2018.

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 123 to 204, 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 2018, 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
Jean-François Manzoni (appointed on 1 October 2018)

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;
– 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		
	1.1.2018	**31.12.2018**	**21.1.2019**
Keppel Corporation Limited			
(No. of ordinary shares)			
Lee Boon Yang	264,000	290,000	290,000
Loh Chin Hua	694,557	895,341	895,341
Loh Chin Hua (deemed interest)	38,500	38,500	38,500
Tow Heng Tan	48,888	55,888	55,888
Tow Heng Tan (deemed interest)	28,789	28,789	28,789
Alvin Yeo Khirn Hai	38,225	44,225	44,225
Alvin Yeo Khirn Hai (deemed interest)	42,000	42,000	42,000
Tan Ek Kia	34,825	42,825	42,825
Danny Teoh	65,825	73,825	73,825
Tan Puay Chiang	50,600	57,600	57,600
Tan Puay Chiang (deemed interest)	7,103	7,103	7,103
Till Bernhard Vestring	68,000	74,000	74,000
Veronica Eng	12,000	19,000	19,000
(Unvested restricted shares to be delivered after 2015)			
Loh Chin Hua	50,000	-	-
(Unvested restricted shares to be delivered after 2016)			
Loh Chin Hua	120,000	60,000	60,000
(Unvested restricted shares to be delivered after 2017)			
Loh Chin Hua	-	181,568	181,568
(Contingent award of performance shares issued in 2015 to be delivered after 2017) [1]			
Loh Chin Hua	220,000	-	-
(Contingent award of performance shares issued in 2016 to be delivered after 2018) [1]			
Loh Chin Hua	300,000	300,000	300,000
(Contingent award of performance shares issued in 2017 to be delivered after 2019) [1]			
Loh Chin Hua	330,000	330,000	330,000
(Contingent award of performance shares issued in 2018 to be delivered after 2020) [1]			
Loh Chin Hua	-	320,000	320,000
(Contingent award of performance shares – Transformation Incentive Plan issued in 2016 to be delivered after 2021) [1]			
Loh Chin Hua	750,000	750,000	750,000
(3.145% Fixed Rate Notes due 2022)			
Tan Puay Chiang	$250,000	$250,000	$250,000
Subsidiary			
- Keppel Land Limited			
(3.90% Fixed Rate Notes due 2024)			
Tan Puay Chiang	$250,000	$250,000	$250,000

4. Directors' interests in shares and debentures (continued)

	Holdings At		
	1.1.2018	31.12.2018	21.1.2019
Associated Companies			
- Keppel REIT			
(No. of units)			
Lee Boon Yang	16,989	17,385	17,385
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	95,550	95,550	95,550
Tan Puay Chiang	100,000	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 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 791,500 Shares issued by virtue of exercise of options and options to take up 3,407,100 Shares were cancelled during the financial year. At the end of the financial year, there were 1,890,185 Shares under option as follows:

	Number of Share Options					
Date of grant	Balance at 1.1.2018	Exercised	Cancelled	Balance at 31.12.2018	Exercise price	Date of expiry
14.02.08	1,444,800	(136,800)	(1,308,000)	-	$8.46	13.02.18
14.08.08	2,077,000	(73,700)	(2,003,300)	-	$8.73	13.08.18
05.02.09	88,400	(15,400)	(4,400)	68,600	$3.07	04.02.19
06.08.09	1,036,785	(307,600)	(40,800)	688,385	$6.86	05.08.19
09.02.10	1,441,800	(258,000)	(50,600)	1,133,200	$6.89	08.02.20
	6,088,785	(791,500)	(3,407,100)	1,890,185		

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

6. Share plans of the Company

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

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

Contingent awards:

	Number of Shares					
Date of Grant	**Balance at 1.1.2018**	**Contingent awards granted**	**Adjustments upon release**	**Released**	**Cancelled**	**Balance at 31.12.2018**
KCL PSP						
31.3.2015	405,000	-	(405,000)	-	-	-
30.7.2015	170,000	-	(170,000)	-	-	-
29.4.2016	830,000	-	-	-	(185,000)	645,000
28.4.2017	1,120,000	-	-	-	(50,000)	1,070,000
30.4.2018	-	1,180,000	-	-	-	1,180,000
	2,525,000	1,180,000	(575,000)	-	(235,000)	2,895,000
KCL PSP-TIP						
29.4.2016	4,707,491	-	-	-	(771,524)	3,935,967
28.4.2017	2,040,000	-	-	-	(10,000)	2,030,000
	6,747,491	-	-	-	(781,524)	5,965,967

Awards:

	Number of Shares					
Date of Grant	**Balance at 1.1.2018**	**Awards granted**	**Adjustments upon release**	**Released**	**Cancelled**	**Balance at 31.12.2018**
KCL RSP-Deferred shares						
23.2.2018	-	4,099,369	-	(4,097,507)	(1,862)	-
	-	4,099,369	-	(4,097,507)	(1,862)	-

Awards released but not vested:

	Number of Shares					
Date of Grant	**Balance at 1.1.2018**	**Released**	**Vested**	**Cancelled**	**Other adjustments**	**Balance at 31.12.2018**
KCL RSP						
31.3.2014	5,400	-	-	(1,200)	-	4,200
31.3.2015	1,359,391	-	(1,312,918)	(35,473)	-	11,000
30.7.2015	224,325	-	(223,925)	(400)	-	-
29.4.2016	3,513,249	-	(1,741,200)	(141,531)	(15,600)	1,614,918
	5,102,365	-	(3,278,043)	(178,604)	(15,600)	1,630,118
KCL RSP-Deferred shares						
23.2.2018	-	4,097,507	(1,365,201)	(111,969)	(34,100)	2,586,237
	-	4,097,507	(1,365,201)	(111,969)	(34,100)	2,586,237

6. Share plans of the Company (continued)

The information on Director of the Company participating in the KCL RSP, the KCL PSP and the KCL PSP-TIP 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	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	-	644,757	-	(644,757)	-
KCL PSP					
Director of the Company					
Loh Chin Hua	320,000	1,520,814	(501,014)	(69,800)	950,000
KCL PSP-TIP					
Director of the Company					
Loh Chin Hua	-	750,000	-	-	750,000

Awards:

Name of Director	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-Deferred shares					
Director of the Company					
Loh Chin Hua	272,352	272,352	-	(272,352)	-

Awards released but not vested:

Name of Director	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards vested since commencement of plans to the end of financial year	Aggregate awards released but not vested as at the end of financial year
KCL RSP			
Director of the Company			
Loh Chin Hua	644,757	(584,757)	60,000
KCL RSP-Deferred shares			
Director of the Company			
Loh Chin Hua	272,352	(90,784)	181,568
KCL PSP			
Director of the Company			
Loh Chin Hua	69,800	(69,800)	-

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

Name of Director	Contingent shares granted during the financial year (%)	Aggregate contingent shares granted to date (%)
Loh Chin Hua	11.2%	6.0%

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

7. 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 no unissued shares of Keppel Telecommunications & Transportation Ltd under option relating to Keppel T&T Share Option Scheme. In addition, there were 1,225,485 unvested shares under Keppel T&T Restricted Share Plan and 830,000 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, 25 February 2019

Independent Auditor's Report

to the Shareholders of Keppel Corporation Limited
For the financial year ended 31 December 2018

Report on the audit of the financial statements

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"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") 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 2018, 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 2018;
- the consolidated profit and loss account of the Group for the financial year then ended;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the statements of changes in equity of the Group and of the Company for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial 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 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.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended 31 December 2018. 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
1. Recoverability of contract assets and stocks (work-in-progress) in relation to Offshore and Marine ("O&M") business unit *(Refer to Notes 2.27(ii), 13 and 14 to the financial statements)* As at 31 December 2018, the Group has: (i) Stocks (work-in-progress) ("WIP") amounting to $594 million (after a provision of $52 million made in prior year); and (ii) contract assets relating to certain rig building contracts where the scheduled delivery dates of the rigs had been deferred and have higher counterparty risks, amounting to $1,383 million (after a provision for expected credit loss of $21 million in 2018). We focused on this area because significant judgement and assumptions are required in: (i) estimating the net realisable values ("NRV") of the WIP balance; and (ii) estimating the expected credit loss of the contract asset balance.	We reviewed management's assessment of the NRV of the WIP and the recovery of the contract assets balance. We reviewed the most significant inputs to the DCF calculations and engaged our valuation specialists to review the discount rates applied. We also considered the adequacy of the disclosures in the financial statements in respect of this matter. Based on our procedures, we found management's judgement around the NRV of the WIP and the recovery of contract assets to be appropriate.

Key Audit Matter	How our audit addressed the Key Audit Matter
In determining whether the NRV of the WIP exceeds its carrying amount, management has considered arrangements to market the WIP and estimated its NRV based on Discounted Cash Flow ("DCF") model. NRV of the WIP was estimated to be above the carrying value at the balance sheet date. For contract assets relating to certain rig building contracts where the scheduled delivery dates of the rigs had been deferred and have higher counterparty risks, in the event that the customers are unable to fulfil their contractual obligations, the Group can exercise their right to retain payments received to date and take legal possession of the rigs under construction. Management has assessed if the values of the rigs would exceed the carrying values of the contract assets. Management has estimated, with the assistance of an independent professional firm, the values of the rigs using DCF calculations that cover each class of rig under construction. The most significant inputs to the DCF calculations include day rates and discount rates. Arising from management's assessment, an expected credit loss provision of $21 million was made against contract assets in 2018.	In respect of the independent professional firm, we found that it possessed the requisite competency and experience to assist management in assessment of the valuation. We also found the disclosures in the financial statements in respect of the critical judgement and sources of estimation uncertainty to be adequate.
2. 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"), an associated company listed on the Singapore Exchange. KrisEnergy is an independent upstream company focused on the production and development of oil and gas in the basins of Southeast Asia. At 31 December 2018, the carrying value of the Group's equity interest in KrisEnergy was significantly higher than the fair value of the investment (based on KrisEnergy's quoted market 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 Value-In-Use ("VIU") basis using a DCF model with the assistance of an independent professional firm. Based on the result of the assessment, an impairment loss of $53 million was recognised in 2018 to write down the carrying amount of the investment to its estimated recoverable amount. We focused on this area as the assessment of the recoverable amount required management to make projections of cash flows arising from oil reserves in which several estimates and assumptions were applied.	We read recent public announcements made by KrisEnergy to obtain an understanding of the financial position of KrisEnergy and its ability to repay its debt obligations. We evaluated the reasonableness of the estimates and assumptions in the DCF model, with focus on the estimates of reserves available and estimated future oil prices of US$67 to US$73 per barrel for 2019 to 2037, which were the most sensitive inputs to the model. We also involved our valuation specialists in the evaluation of the model and the discount rates applied. We also considered the adequacy of the disclosures in the financial statements in respect of this matter. Based on our procedures, we found the significant estimates and key assumptions within the discounted cash flow model to be reasonable. In respect of the independent professional firm, we found that it possessed the requisite competency and experience to assist management in the assessment of the recoverable amount of KrisEnergy. We also found the disclosures in the financial statements in respect of the impairment to be adequate.

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
3. Financial exposure in relation to contracts with Sete Brasil *(Refer to Note 2.27(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. Since 2016, Sete's authorised representatives have been in discussions with the Group on the eventual completion and delivery of some of the rigs. Management has continually assessed the probable outcomes of these contracts by taking into consideration the progress and status of the discussions and market conditions in Brazil. Based on the latest information available at 31 December 2018, taking into consideration cost of completion, cost of discontinuance, salvage cost and unpaid progress billings with regards to these rigs, an expected credit loss of $102 million and a provision of $65 million for contract related costs were recognised in the current year. The total cumulative expected losses recognised on these contracts amounted to $476 million. We focused on this area because of the significant judgement required in assessing if the expected credit loss and contract related costs recognised by the Group as at 31 December 2018 was adequate.	We enquired with management on their assessment of the contracts with Sete, including their expectation of the probable 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 reviewed management's computation of the provisions recognised during the year and corroborated the inputs against supporting documents and externally available information. We also considered the adequacy of the disclosures in the financial statements in respect of this matter. Based on our procedures, we found management's assessment in respect of the expected credit loss and contract related costs recognised in 2018 from these contracts to be reasonable. We also found that the disclosures in the financial statements in respect of this matter to be adequate.
4. Global resolution with criminal authorities in relation to corrupt payments *(Refer to Note 19 to the financial statements)* In December 2017, a wholly-owned subsidiary, Keppel Offshore and Marine Ltd ("KOM") reached a global resolution with the Corrupt Practices Investigation Bureau ("CPIB") in Singapore, the U.S. Department of Justice ("DOJ"), and the Public Prosecutor's Office in Brazil, Ministério Público Federal ("MPF") in relation to corrupt payments made in Brazil by Zwi Skornicki, a former agent of certain Keppel subsidiaries in the O&M division. As part of the resolution, KOM and its subsidiary has paid US$106 million and US$211 million to the United States Treasury and MPF respectively. In addition, under the Conditional Warning issued by CPIB, KOM has committed to certain undertakings, has paid US$52 million to CPIB and recorded a further US$52 million payable.	We obtained understanding of management's compliance and governance regime, including the progress of its implementation, through enquiries of appropriate personnel within the Group and attendance at the board of directors meetings. We read the reporting by KOM to DOJ and CPIB and sighted the ISO 37001 certificate. We discussed with management to understand the scope, approach and findings of the anti-bribery and corruption compliance audits performed during the year. We also considered the adequacy of the disclosures in the financial statements in respect of this matter. We found that the disclosures in the financial statements to be adequate.

Key Audit Matter	How our audit addressed the Key Audit Matter
As part of the global resolution with the authorities, the Group has committed to strengthening the compliance and governance regime in KOM. Amongst others, it included a commitment to secure certification of ISO 37001 Anti-Bribery Management System and testing of the effectiveness of the policies and procedures put in place. In November 2018, Keppel O&M's entities in Singapore achieved certification for the ISO 37001 Anti-Bribery Management System. Anti-bribery and corruption compliance audits were also performed during the year on entities within the KOM Group. These audits revealed that the enhanced policies and procedures put in place to-date were, in general, functioning as intended in the current year. The audits did, however, identify certain matters relating to contracts entered into several years ago which require follow-up actions and further review. Notwithstanding, based on information currently available, management is of the opinion that no additional provisions would be required in relation to these matters. We focused on this area because of the management judgement required in determining if additional provision is required.	Based on our procedures and representations obtained from management, we found management's assessment of the matter described to be appropriate.
5. Revenue recognition - measurement of progress towards performance obligation *(Refer to Notes 2.20 and 23 to the financial statements)* During the year, the Group recognised $1,876 million of revenue relating to its rigbuilding, shipbuilding and repairs, and long-term engineering contracts ("construction contracts"). The Group recognises revenue over time by reference to the Group's progress towards completing the construction of the contract work. The stage of completion was measured by reference to either the percentage of the physical proportion of the contract work completed or the proportion of contract costs incurred to date to the estimated total contract costs. We focused on this area because of the significant management judgement 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 contracts where progress was measured based on the percentage of the physical proportion of the contract work completed, 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. In respective of construction contracts where progress was measured based on the proportion of contract costs incurred to date to the estimated total contract costs, 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 recognised for the current financial year based on the respective percentage of completion and traced these to the accounting records. We also considered the adequacy of the Group's disclosures in respect of this matter. Based on our procedures, we found that assumptions made in the measurement of the progress of construction contracts to be reasonable. We also found the disclosures in the financial statements to be adequate.

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
6. Valuation of properties held for sale *(Refer to Note 13 to the financial statements)*	
At 31 December 2018, the Group has residential properties held for sale of $4,653 million mainly in China, Singapore, Indonesia and Vietnam. Properties held for sale are stated at the lower of cost and net realisable values. 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. For certain development projects, fair values based on independent valuation reports are used to determine the net realisable value of these properties. We focused on this area as significant judgment is required in making estimates of future selling prices and the estimated cost to complete the development project. In instances where independent valuation reports are used, the valuation process involves significant judgement 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 discount rate and price of comparable plots and properties. Continued unfavourable market conditions in certain of the markets in 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 these financial statements exceed future selling prices, resulting in losses when the properties are sold.	We found that, in making its estimates of future selling prices, the Group took into account macroeconomic and real estate price trend information. Management 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. For projects where management has used independent valuation reports as a basis to determine the net realisable value, we evaluated the qualifications and competence of the external valuer and considered the valuation methodologies used against those applied by other valuers for similar property type. We tested the reliability of inputs used in the valuation and corroborated key inputs such as the discount rate and price of comparable plots and properties 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 effect of additional factors and, when necessary, held further discussions with the valuers. We focused our work on development projects with slower-than-expected sales or with low or negative margins. For projects which are expected to sell below cost, we checked the computation of the provision for properties held for sale. We also considered the adequacy of the disclosures in the financial statements, in describing the provision 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
7. Valuation of investment properties *(Refer to Note 7 and Note 33 to the financial statements)* At 31 December 2018, the Group owns a portfolio of investment properties of $2,851 million comprising office buildings, hotel, retail mall and mixed-use development projects, located primarily in China, Singapore, Indonesia and Vietnam. Investment properties are stated at their fair values based on independent external valuations. We focused on this area as the valuation process involves significant judgement 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 such as the capitalisation rate, discount rate, net initial yield, terminal yield and price of comparable plots and properties.	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, net initial yield, terminal yield, discount rate and price of comparable plots used in the valuation methodology 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. 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" (but does not include the financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report and other sections of the Keppel Corporation Limited Report to Shareholders 2018 ("Other Sections of the Annual Report") which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections 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, SFRS(I)s and IFRSs, 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.

Independent Auditor's Report

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 Yeoh Oon Jin.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 25 February 2019

Balance Sheets
As at 31 December 2018

	Note	Group			Company		
		31 December		1 January	31 December		1 January
		2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000
Share capital	3	**1,291,722**	1,291,310	1,288,394	**1,291,722**	1,291,310	1,288,394
Treasury shares	3	**(45,073)**	(74)	(15,523)	**(45,073)**	(74)	(15,523)
Reserves	4	**10,031,561**	10,151,498	10,395,101	**6,396,589**	6,341,656	5,346,838
Share capital & reserves		**11,278,210**	11,442,734	11,667,972	**7,643,238**	7,632,892	6,619,709
Non-controlling interests	5	**308,930**	530,225	676,918	**-**	-	-
Total equity		**11,587,140**	11,972,959	12,344,890	**7,643,238**	7,632,892	6,619,709
Represented by:							
Fixed assets	6	**2,372,560**	2,432,963	2,645,456	**6,676**	296	852
Investment properties	7	**2,851,380**	3,460,608	3,550,290	**-**	-	-
Subsidiaries	8	**-**	-	-	**7,867,959**	7,972,849	8,154,201
Associated companies	9	**6,239,685**	5,913,777	5,423,831	**-**	-	-
Investments	10	**449,515**	458,638	377,704	**16,957**	15,012	14,340
Long term assets	11	**679,464**	774,316	814,438	**8,801**	14,346	97,557
Intangibles	12	**129,007**	132,594	140,669	**-**	-	-
		12,721,611	13,172,896	12,952,388	**7,900,393**	8,002,503	8,266,950
Current assets							
Stocks	13	**5,514,006**	5,780,042	6,567,740	**-**	-	-
Contract assets	14	**3,212,712**	3,643,495	4,157,146	**-**	-	-
Amounts due from:							
- subsidiaries	15	**-**	-	-	**4,043,121**	3,498,920	3,982,362
- associated companies	15	**291,729**	342,960	433,380	**548**	733	688
Debtors	16	**2,702,300**	3,088,417	3,373,841	**6,229**	4,590	2,965
Derivative assets		**45,976**	181,226	98,984	**23,217**	93,530	42,923
Short term investments	17	**136,587**	202,776	273,928	**27,400**	-	-
Bank balances, deposits & cash	18	**1,981,406**	2,273,788	2,087,078	**370**	2,213	542
		13,884,716	15,512,704	16,992,097	**4,100,885**	3,599,986	4,029,480
Current liabilities							
Creditors	19	**4,391,023**	5,720,165	5,483,318	**76,172**	68,585	112,471
Derivative liabilities		**119,405**	37,969	379,910	**27,796**	29,528	345,313
Contract liabilities	14	**1,918,547**	1,950,151	1,612,984	**-**	-	-
Provisions for warranties	20	**69,614**	115,972	81,679	**-**	-	-
Amounts due to:							
- subsidiaries	15	**-**	-	-	**162,611**	236,403	1,062,722
- associated companies	15	**115,824**	253,331	111,543	**-**	-	-
Term loans	21	**1,480,757**	1,714,084	1,835,321	**460,657**	551,530	692,311
Taxation	27	**297,922**	220,761	364,845	**43,519**	33,955	17,263
		8,393,092	10,012,433	9,869,600	**770,755**	920,001	2,230,080
Net current assets		**5,491,624**	5,500,271	7,122,497	**3,330,130**	2,679,985	1,799,400
Non-current liabilities							
Term loans	21	**6,067,752**	6,078,919	7,217,721	**3,495,610**	2,939,800	3,325,600
Deferred taxation	22	**196,626**	334,674	331,175	**-**	-	-
Other non-current liabilities	19	**361,717**	286,615	181,099	**91,675**	109,796	121,041
		6,626,095	6,700,208	7,729,995	**3,587,285**	3,049,596	3,446,641
Net assets		**11,587,140**	11,972,959	12,344,890	**7,643,238**	7,632,892	6,619,709

The accompanying notes form an integral part of these financial statements.

Consolidated Profit and Loss Account

For the financial year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Revenue	23	**5,964,781**	5,963,773
Materials and subcontract costs		**(4,187,631)**	(3,957,402)
Staff costs	24	**(987,830)**	(1,027,019)
Depreciation and amortisation		**(182,386)**	(212,380)
Impairment loss on financial assets		**(95,457)**	(130,110)
Other operating income - net		**531,089**	164,184
Operating profit	25	**1,042,566**	801,046
One-off financial penalty & related costs [i]		**-**	(618,722)
Investment income	26	**9,991**	19,871
Interest income	26	**164,260**	137,928
Interest expenses	26	**(198,443)**	(189,227)
Share of results of associated companies	9	**221,518**	290,533
Profit before tax		**1,239,892**	441,429
Taxation	27	**(283,747)**	(244,049)
Profit for the year		**956,145**	197,380
Attributable to:			
Shareholders of the Company		**943,829**	196,025
Non-controlling interests	5	**12,316**	1,355
		956,145	197,380
Earnings per ordinary share	28		
- basic		**52.0 cts**	10.8 cts
- diluted		**51.7 cts**	10.7 cts

[i] One-off financial penalty and related costs arose from Keppel Offshore & Marine's global resolution with criminal authorities in the United States, Brazil and Singapore and related legal, accounting and forensics costs.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2018

	2018 $'000	2017 $'000
Profit for the year	956,145	197,380
Items that may be reclassified subsequently to profit and loss account:		
Available-for-sale assets		
- Fair value changes arising during the year	-	1,619
- Realised and transferred to profit and loss account	-	(28,815)
Cash flow hedges		
- Fair value changes arising during the year, net of tax	(238,794)	357,211
- Realised and transferred to profit and loss account	132,017	(49,852)
Foreign exchange translation		
- Exchange difference arising during the year	(132,866)	(220,787)
- Realised and transferred to profit and loss account	5,574	(9,537)
Share of other comprehensive income of associated companies		
- Available-for-sale assets	-	719
- Cash flow hedges	20,031	(8,384)
- Foreign exchange translation	(42,821)	(93,232)
	(256,859)	(51,058)
Items that will not be reclassified subsequently to profit and loss account:		
Financial assets, at FVOCI		
- Fair value changes arising during the year	(31,566)	-
Foreign exchange translation		
- Exchange difference arising during the year	(3,545)	(17,311)
Share of other comprehensive income of associated companies		
- Financial assets, at FVOCI	581	-
	(34,530)	(17,311)
Other comprehensive expense for the year, net of tax	(291,389)	(68,369)
Total comprehensive income for the year	664,756	129,011
Attributable to:		
Shareholders of the Company	656,303	144,491
Non-controlling interests	8,453	(15,480)
	664,756	129,011

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2018

	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								
2018								
As at 31 December 2017								
As previously reported	1,291,310	(74)	281,407	10,486,054	(626,009)	11,432,688	527,746	11,960,434
Adoption of SFRS(I) 1	-	-	-	(302,453)	302,453	-	-	-
Adoption of SFRS(I) 15	-	-	-	10,046	-	10,046	2,479	12,525
As adjusted at 31 December 2017	1,291,310	(74)	281,407	10,193,647	(323,556)	11,442,734	530,225	11,972,959
Adoption of SFRS(I) 9	-	-	1,058	(236,296)	-	(235,238)	(255)	(235,493)
As reported at 1 January 2018	1,291,310	(74)	282,465	9,957,351	(323,556)	11,207,496	529,970	11,737,466
Total comprehensive income for the year								
Profit for the year	-	-	-	943,829	-	943,829	12,316	956,145
Other comprehensive income *	-	-	(117,413)	-	(170,113)	(287,526)	(3,863)	(291,389)
Total comprehensive income for the year	-	-	(117,413)	943,829	(170,113)	656,303	8,453	664,756
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid (Note 29)	-	-	-	(526,152)	-	(526,152)	-	(526,152)
Share-based payment	-	-	33,073	-	-	33,073	481	33,554
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(20,321)	(20,321)
Shares issued	412	-	-	-	-	412	-	412
Purchase of treasury shares	-	(90,758)	-	-	-	(90,758)	-	(90,758)
Treasury shares reissued pursuant to share plans and share option scheme	-	45,759	(40,435)	-	-	5,324	-	5,324
Transfer of statutory, capital and other reserves from revenue reserves	-	-	44,771	(44,771)	-	-	-	-
Contributions to defined benefits plans	-	-	814	-	-	814	-	814
Other adjustments	-	-	-	30	-	30	4,442	4,472
Total contributions by and distributions to owners	412	(44,999)	38,223	(570,893)	-	(577,257)	(15,398)	(592,655)
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in subsidiaries	-	-	(8,332)	-	-	(8,332)	(1,426)	(9,758)
Disposal of interest in subsidiaries	-	-	-	-	-	-	(210,166)	(210,166)
Other adjustments	-	-	-	-	-	-	(2,503)	(2,503)
Total change in ownership interests in subsidiaries	-	-	(8,332)	-	-	(8,332)	(214,095)	(222,427)
Total transactions with owners	412	(44,999)	29,891	(570,893)	-	(585,589)	(229,493)	(815,082)
As at 31 December 2018	1,291,722	(45,073)	194,943	10,330,287	(493,669)	11,278,210	308,930	11,587,140

* 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.

	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								
2017								
As at 1 January 2017								
As previously reported	1,288,394	(15,523)	11,486	10,655,379	(280,787)	11,658,949	674,691	12,333,640
Adoption of SFRS(I) 1	-	-	-	(280,787)	280,787	-	-	-
Adoption of SFRS(I) 15	-	-	-	9,023	-	9,023	2,227	11,250
As adjusted at 1 January 2017	1,288,394	(15,523)	11,486	10,383,615	-	11,667,972	676,918	12,344,890
Total comprehensive income for the year								
Profit for the year	-	-	-	196,025	-	196,025	1,355	197,380
Other comprehensive income *	-	-	272,022	-	(323,556)	(51,534)	(16,835)	(68,369)
Total comprehensive income for the year	-	-	272,022	196,025	(323,556)	144,491	(15,480)	129,011
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid	-	-	-	(363,531)	-	(363,531)	-	(363,531)
Share-based payment	-	-	31,124	-	-	31,124	470	31,594
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	(26,574)	(26,574)
Shares issued	2,916	-	-	-	-	2,916	-	2,916
Purchase of treasury shares	-	(19,428)	-	-	-	(19,428)	-	(19,428)
Treasury shares reissued pursuant to share plans and share option scheme	-	34,877	(33,503)	-	-	1,374	-	1,374
Transfer of statutory, capital and other reserves from revenue reserves	-	-	22,462	(22,462)	-	-	-	-
Cash subscribed by non-controlling shareholders	-	-	-	-	-	-	77	77
Contributions to defined benefits plans	-	-	707	-	-	707	152	859
Other adjustments	-	-	-	-	-	-	3,368	3,368
Total contributions by and distributions to owners	2,916	15,449	20,790	(385,993)	-	(346,838)	(22,507)	(369,345)
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in subsidiaries	-	-	(22,891)	-	-	(22,891)	(43,489)	(66,380)
Disposal of interest in subsidiaries	-	-	-	-	-	-	(69,451)	(69,451)
Other adjustments	-	-	-	-	-	-	4,234	4,234
Total change in ownership interests in subsidiaries	-	-	(22,891)	-	-	(22,891)	(108,706)	(131,597)
Total transactions with owners	2,916	15,449	(2,101)	(385,993)	-	(369,729)	(131,213)	(500,942)
As at 31 December 2017	1,291,310	(74)	281,407	10,193,647	(323,556)	11,442,734	530,225	11,972,959

* 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

	Share Capital $'000	Treasury Shares $'000	Capital Reserves $'000	Revenue Reserves $'000	Total $'000
Company					
2018					
As at 1 January 2018	**1,291,310**	**(74)**	**209,506**	**6,132,150**	**7,632,892**
Total comprehensive income for the year					
Profit for the year	**-**	**-**	**-**	**588,420**	**588,420**
Other comprehensive income	**-**	**-**	**1,945**	**-**	**1,945**
Total comprehensive income for the year	**-**	**-**	**1,945**	**588,420**	**590,365**
Transactions with owners, recognised directly in equity					
Dividends paid	**-**	**-**	**-**	**(526,152)**	**(526,152)**
Share-based payment	**-**	**-**	**31,125**	**-**	**31,125**
Shares issued	**412**	**-**	**-**	**-**	**412**
Purchase of treasury shares	**-**	**(90,758)**	**-**	**-**	**(90,758)**
Treasury shares reissued pursuant to share plans and share option scheme	**-**	**45,759**	**(40,435)**	**-**	**5,324**
Other adjustments	**-**	**-**	**-**	**30**	**30**
Total transactions with owners	**412**	**(44,999)**	**(9,310)**	**(526,122)**	**(580,019)**
As at 31 December 2018	**1,291,722**	**(45,073)**	**202,141**	**6,194,448**	**7,643,238**
Company					
2017					
As at 1 January 2017	1,288,394	(15,523)	213,116	5,133,722	6,619,709
Total comprehensive income for the year					
Profit for the year	-	-	-	1,361,959	1,361,959
Other comprehensive income	-	-	672	-	672
Total comprehensive income for the year	-	-	672	1,361,959	1,362,631
Transactions with owners, recognised directly in equity					
Dividends paid	-	-	-	(363,531)	(363,531)
Share-based payment	-	-	29,221	-	29,221
Shares issued	2,916	-	-	-	2,916
Purchase of treasury shares	-	(19,428)	-	-	(19,428)
Treasury shares reissued pursuant to share plans and share option scheme	-	34,877	(33,503)	-	1,374
Total transactions with owners	2,916	15,449	(4,282)	(363,531)	(349,448)
As at 31 December 2017	1,291,310	(74)	209,506	6,132,150	7,632,892

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Operating activities			
Operating profit		1,042,566	801,046
Adjustments:			
Depreciation and amortisation		182,386	212,380
Share-based payment expenses		34,885	32,583
Profit on sale of fixed assets and an investment property		(2,795)	(20,142)
Gain on disposal of subsidiaries		(604,638)	(146,542)
Gain on disposal of associated companies		(48,783)	(62,673)
Impairment/write-off of fixed assets		6,911	15,530
Impairment/(write-back of impairment) of associated companies		60,782	(39,192)
Impairment of investments		-	14,330
Fair value gain on investment properties		(84,886)	(177,939)
Profit on sale of investments		(2,232)	(35,294)
(Gain)/loss from change in interest in associated companies		(63,622)	13,075
Unrealised foreign exchange differences		27,622	(87,745)
Operational cash flow before changes in working capital		548,196	519,417
Working capital changes:			
Stocks		(394,258)	438,670
Contract assets		357,046	478,634
Debtors		543,245	122,556
Creditors		(696,015)	(217,728)
Contract liabilities		12,430	357,652
Investments		(5,448)	(17,549)
Intangibles		(561)	(731)
Amount due to/from associated companies		177	(60,578)
		364,812	1,620,343
Interest received		154,482	130,832
Interest paid		(198,637)	(184,841)
Net income taxes paid		(195,904)	(363,377)
Net cash from operating activities		124,753	1,202,957
Investing activities			
Acquisition of subsidiaries	A	(38,052)	-
Acquisition and further investment in associated companies		(365,818)	(291,356)
Acquisition of fixed assets and investment properties		(254,511)	(392,991)
Disposal of subsidiaries	B	1,085,671	878,873
Proceeds from disposal of associated companies and return of capital		179,342	96,954
Proceeds from disposal of fixed assets		5,524	37,385
Advances to/from associated companies		(216,636)	(42,555)
Dividends received from investments and associated companies		281,375	270,199
Net cash from investing activities		676,895	556,509
Financing activities			
Acquisition of additional interest in subsidiaries		(3,337)	(66,380)
Proceeds from share issues		412	2,916
Proceeds from reissuance of treasury shares pursuant to share option scheme		5,324	1,374
Proceeds from non-controlling shareholders of subsidiaries		-	77
Proceeds from term loans		1,549,445	1,700,023
Repayment of term loans		(1,939,475)	(2,707,102)
Purchase of treasury shares		(90,758)	(19,428)
Dividend paid to shareholders of the Company		(526,152)	(363,531)
Dividend paid to non-controlling shareholders of subsidiaries		(20,321)	(26,574)
Net cash used in financing activities		(1,024,862)	(1,478,625)
Net (decrease)/increase in cash and cash equivalents		(223,214)	280,841
Cash and cash equivalents as at beginning of year		2,241,448	2,018,772
Effects of exchange rate changes on the balance of cash held in foreign currencies		(46,390)	(58,165)
Cash and cash equivalents as at end of year	C	1,971,844	2,241,448

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Reconciliation of liabilities arising from financing activities

2018

	1 January 2018 $'000	Principal and interest payments (net of proceeds) $'000	Non-cash changes				31 December 2018 $'000
			Acquisition of subsidiaries $'000	Disposal of subsidiaries $'000	Interest expense (Note 26) $'000	Foreign exchange movement $'000	
Term loans	7,793,003	(588,667)	297,923	(171,380)	199,464	18,166	7,548,509

2017

	1 January 2017 $'000	Principal and interest payments (net of proceeds) $'000	Non-cash changes			31 December 2017 $'000
			Disposal of subsidiaries $'000	Interest expense (Note 26) $'000	Foreign exchange movement $'000	
Term loans	9,053,042	(1,191,920)	(138,288)	189,223	(119,054)	7,793,003

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:

	2018 $'000	2017 $'000
Fixed assets	47	-
Investment Properties	360,000	-
Debtors and other assets	530	-
Bank balances and cash	18,521	-
Creditors	(6,778)	-
Borrowings	(297,923)	-
Current and deferred taxation	(3,827)	-
Total identifiable net assets at fair value	70,570	-
Amount previously accounted for as associated companies	(32,484)	-
Loss on remeasurement of previously held equity interest at fair value at acquisition date	18,487	-
Net assets acquired	56,573	-
Total purchase consideration	56,573	-
Less: Bank balances and cash acquired	(18,521)	-
Cash outflow on acquisition	38,052	-

Acquisition of subsidiaries during the year relates mainly to the acquisition of 77.6% interest in PRE 1 Investments Pte Ltd on 20 December 2018.

The accompanying notes form an integral part of these financial statements.

B. Disposal of Subsidiaries

During the financial year, the book values of net assets of subsidiaries disposed were as follows:

	2018 $'000	2017 $'000
Fixed assets	(4,272)	(129,536)
Investment properties	(948,613)	(405,604)
Long term investments	-	(2,102)
Stocks	(692,651)	(282,344)
Debtors and other assets	(7,939)	(159,030)
Bank balances and cash	(39,194)	(36,374)
Creditors and other liabilities	446,973	77,431
Borrowings	171,380	138,288
Current and deferred taxation	139,863	13,280
Non-controlling interests	210,166	69,451
	(724,287)	(716,540)
Amount accounted for as associated company	-	73,593
Net assets disposed of	(724,287)	(642,947)
Net profit on disposal	(604,638)	(146,542)
Realisation of foreign currency translation reserve	(7,575)	9,698
Sale proceeds	(1,336,500)	(779,791)
Add: Payments received in advance	-	(174,538)
Less: Advance payments received in prior year	174,538	-
Less: Bank balances and cash disposed	39,194	36,374
Less: Deferred proceeds	37,097	39,082
Cash inflow on disposal	(1,085,671)	(878,873)

Significant disposal of subsidiaries during the year relates to the sale of Keppel China Marina Holdings Pte Ltd, Keppel Township Development (Shenyang) Co. Ltd, Keppel Bay Property Development (Shenyang) Co. Ltd and Aether Limited.

Significant disposal in the prior year relates to the sale of Keppel Lakefront (Nantong) Property Development Co Ltd, Wiseland Investment (Myanmar) Limited, 80% interest in PT Sentral Tunjungan Perkasa, Keppel DC Singapore 4, 90% interest in Keppel DC Singapore 3, Keppel Verolme and Kepwealth Property Phils., Inc. In addition, the Group lost control of some entities in the prior year but continued to retain significant influence. These entities were deconsolidated from the Group's financial statements for the financial year ended 31 December 2017 and were accounted for as associated companies using the equity method from their respective dates of ceasing control.

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:

	2018 $'000	2017 $'000
Bank balances, deposits and cash	1,981,406	2,273,788
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	(9,562)	(32,340)
	1,971,844	2,241,448

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2018

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 2018 and the balance sheet and statement of changes in equity of the Company at 31 December 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 25 February 2019.

2. Significant accounting policies

2.1 Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

2.2 Adoption of SFRS(I)s and IFRSs

The Group has adopted a new financial reporting framework, SFRS(I)s, on 1 January 2018. SFRS(I)s comprise standards and interpretations that are equivalent to International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. An entity that complies with SFRS(I)s can also elect to simultaneously include an explicit and unreserved statement of compliance with IFRS. The Group has elected to assert dual compliance with both SFRS(I)s and IFRSs with effect from annual periods beginning on or after 1 January 2018. All references to SFRS(I)s and IFRSs are referred to collectively as SFRS(I)s in these financial statements, unless specified otherwise. The financial statements for the year ended 31 December 2018 are the first set of annual financial statements the Group prepared in accordance with SFRS(I)s. The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("FRS").

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening balance sheet under SFRS(I)s has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s.

(a) Application of SFRS(I) 1

The Group has elected for the optional exemption to reset its cumulative translation differences for all foreign operations to nil at the date of transition at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition. Consequently, the gains on disposal of subsidiaries and associated companies during the financial year ended 31 December 2017 were adjusted.

The Group has presented (i) land appreciation tax under taxation instead of materials and subcontract costs, and (ii) share of taxation of associated companies under share of results of associated companies instead of taxation.

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 *Financial Instruments* on 1 January 2018. Accordingly, the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9. As a result, the requirements under FRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

The Group has elected to apply the optional exemption relating to SFRS(I) 3 *Business Combinations*. Accordingly, SFRS(I) 3 has not been applied to business combinations that occurred before the date of transition on 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS. The Group has not applied SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I) on 1 January 2017. Such fair value adjustments and goodwill continue to be accounted for using the same basis as under FRS 21.

(b) Reconciliation of the Group's balance sheets reported in accordance with FRS to SFRS(I)

	Explanatory Note	As at 1 Jan 2017 reported under FRS $'000	Effect of applying SFRS(I) 1 $'000	Effect of applying SFRS(I) 15 $'000	As at 1 Jan 2017 reported under SFRS(I) $'000
Share capital		1,288,394	-	-	1,288,394
Treasury shares		(15,523)	-	-	(15,523)
Reserves	A1, C	10,386,078	*	9,023	10,395,101
Share capital & reserves		11,658,949	-	9,023	11,667,972
Non-controlling interests	A1	674,691	-	2,227	676,918
Total equity		12,333,640	-	11,250	12,344,890
Represented by:					
Fixed assets		2,645,456	-	-	2,645,456
Investment properties		3,550,290	-	-	3,550,290
Associated companies	A1	5,412,581	-	11,250	5,423,831
Investments		377,704	-	-	377,704
Long term assets		814,438	-	-	814,438
Intangibles		140,669	-	-	140,669
		12,941,138	-	11,250	12,952,388
Current assets					
Stocks & work-in-progress in excess of related billings	A2	10,025,805	-	(10,025,805)	-
Stocks	A2	-	-	7,116,105	7,116,105
Contract assets	A2	-	-	3,608,781	3,608,781
Amounts due from associated companies		433,380	-	-	433,380
Debtors		3,373,841	-	-	3,373,841
Derivative assets		98,984	-	-	98,984
Short term investments		273,928	-	-	273,928
Bank balances, deposits & cash		2,087,078	-	-	2,087,078
		16,293,016	-	699,081	16,992,097
Current liabilities					
Creditors	A2, C	4,753,492	(25,737)	755,563	5,483,318
Derivative liabilities		379,910	-	-	379,910
Billings on work-in-progress in excess of related costs	A2	1,669,466	-	(1,669,466)	-
Contract liabilities	A2	-	-	1,612,984	1,612,984
Provisions for warranties		81,679	-	-	81,679
Amounts due to associated companies		111,543	-	-	111,543
Term loans		1,835,321	-	-	1,835,321
Taxation	C	339,108	25,737	-	364,845
		9,170,519	-	699,081	9,869,600
Net current assets		7,122,497	-	-	7,122,497
Non-current liabilities					
Term loans		7,217,721	-	-	7,217,721
Deferred taxation		331,175	-	-	331,175
Other non-current liabilities		181,099	-	-	181,099
		7,729,995	-	-	7,729,995
Net assets		12,333,640	-	11,250	12,344,890

* Effects of applying SFRS (I) 1 includes a reclassification of cumulative translation losses of $280,787,000 from foreign exchange translation account to revenue reserves as at 1 January 2017. Both foreign exchange translation account and revenue reserves are recorded under Reserves on the balance sheets.

Notes to the Financial Statements

2. Significant accounting policies (continued)

	Explanatory Note	As at 31 Dec 2017 reported under FRS $'000	Effect of applying SFRS(I) 1 $'000	Effect of applying SFRS(I) 15 $'000	As at 31 Dec 2017 reported under SFRS(I) $'000	Effect of applying SFRS(I) 9 $'000	As at 1 Jan 2018 reported under SFRS(I) $'000
Share capital		1,291,310	-	-	1,291,310	-	1,291,310
Treasury shares		(74)	-	-	(74)	-	(74)
Reserves	A1, B1, B2, C	10,141,452	*	10,046	10,151,498	(235,238)	9,916,260
Share capital & reserves		11,432,688	-	10,046	11,442,734	(235,238)	11,207,496
Non-controlling interests	A1, B1, B2	527,746	-	2,479	530,225	(255)	529,970
Total equity		11,960,434	-	12,525	11,972,959	(235,493)	11,737,466
Represented by:							
Fixed assets		2,432,963	-	-	2,432,963	-	2,432,963
Investment properties		3,460,608	-	-	3,460,608	-	3,460,608
Associated companies	A1	5,901,252	-	12,525	5,913,777	1,611	5,915,388
Investments	B1	458,638	-	-	458,638	(40,846)	417,792
Long term assets	B1	774,316	-	-	774,316	(170,524)	603,792
Intangibles		132,594	-	-	132,594	-	132,594
		13,160,371	-	12,525	13,172,896	(209,759)	12,963,137
Current assets							
Stocks & work-in-progress in excess of related billings	A2	8,782,251	-	(8,782,251)	-	-	-
Stocks	A2	-	-	5,981,322	5,981,322	-	5,981,322
Contract assets	A2	-	-	3,442,215	3,442,215	-	3,442,215
Amounts due from associated companies		342,960	-	-	342,960	-	342,960
Debtors	A2, B2	3,169,417	-	(81,000)	3,088,417	(25,734)	3,062,683
Derivative assets		181,226	-	-	181,226	-	181,226
Short term investments		202,776	-	-	202,776	-	202,776
Bank balances, deposits & cash		2,273,788	-	-	2,273,788	-	2,273,788
		14,952,418	-	560,286	15,512,704	(25,734)	15,486,970
Current liabilities							
Creditors	A2, C	5,371,618	(26,462)	375,009	5,720,165	-	5,720,165
Derivative liabilities		37,969	-	-	37,969	-	37,969
Billings on work-in-progress in excess of related costs	A2	1,764,874	-	(1,764,874)	-	-	-
Contract liabilities	A2	-	-	1,950,151	1,950,151	-	1,950,151
Provisions for warranties		115,972	-	-	115,972	-	115,972
Amounts due to associated companies		253,331	-	-	253,331	-	253,331
Term loans		1,714,084	-	-	1,714,084	-	1,714,084
Taxation	C	194,299	26,462	-	220,761	-	220,761
		9,452,147	-	560,286	10,012,433	-	10,012,433
Net current assets		5,500,271	-	-	5,500,271	(25,734)	5,474,537
Non-current liabilities							
Term loans		6,078,919	-	-	6,078,919	-	6,078,919
Deferred taxation		334,674	-	-	334,674	-	334,674
Other non-current liabilities		286,615	-	-	286,615	-	286,615
		6,700,208	-	-	6,700,208	-	6,700,208
Net assets		11,960,434	-	12,525	11,972,959	(235,493)	11,737,466

* Effects of applying SFRS (I) 1 relate to a reclassification of cumulative translation losses of $302,453,000 from foreign exchange translation account to revenue reserves as at 31 December 2017. Both foreign exchange translation account and revenue reserves are recorded under Reserves on the balance sheets.

(c) Reconciliation of the Group's total comprehensive income reported in accordance with FRS to SFRS(I)

For the financial year ended 31 December 2017	Explanatory Note	Reported under FRS $'000	Effect of applying SFRS(I) 1 $'000	Effect of applying SFRS(I) 15 $'000	Reported under SFRS(I) $'000
Revenue		5,963,773	-	-	5,963,773
Materials and subcontract costs	C	(3,999,053)	41,651	-	(3,957,402)
Staff costs		(1,027,019)	-	-	(1,027,019)
Depreciation and amortisation		(212,380)	-	-	(212,380)
Impairment loss on financial assets		(130,110)	-	-	(130,110)
Other operating income/(expenses) - net	C	180,467	(16,283)	-	164,184
Operating profit		775,678	25,368	-	801,046
One-off financial penalty & related costs		(618,722)	-	-	(618,722)
Investment income		19,871	-	-	19,871
Interest income		137,928	-	-	137,928
Interest expenses		(189,227)	-	-	(189,227)
Share of results of associated companies	A1, C	390,039	(100,781)	1,275	290,533
Profit before tax		515,567	(75,413)	1,275	441,429
Taxation	C	(298,388)	54,339	-	(244,049)
Profit for the year		217,179	(21,074)	1,275	197,380
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss account:					
Available-for-sale assets					
- Fair value changes arising during the year		1,619	-	-	1,619
- Realised and transferred to profit and loss account		(28,815)	-	-	(28,815)
Cash flow hedges					
- Fair value changes arising during the year		357,211	-	-	357,211
- Realised and transferred to profit and loss account		(49,852)	-	-	(49,852)
Foreign exchange translation					
- Exchange difference arising during the year		(237,715)	16,928	-	(220,787)
- Realised and transferred to profit and loss account		(30,994)	21,457	-	(9,537)
Share of other comprehensive income of associated companies					
- Available-for-sale assets		719	-	-	719
- Cash flow hedges		(8,384)	-	-	(8,384)
- Foreign exchange translation		(93,232)	-	-	(93,232)
Items that will not be reclassified subsequently to profit and loss account:					
Foreign exchange translation					
- Exchange difference arising during the year		-	(17,311)	-	(17,311)
		(89,443)	21,074	-	(68,369)
Total comprehensive income for the year		127,736	-	1,275	129,011

(d) There were no material adjustments to the Group's statement of cash flows arising from the transition from FRS to SFRS(I).

(e) The adoption of SFRS(I)s has no impact on the financial statements of the Company for the financial year ended 31 December 2017.

Notes to the Financial Statements

2. Significant accounting policies (continued)

Explanatory notes to reconciliations:
The effects of transition to SFRS(I) mainly arises from the adoption of SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS(I) 9 as well as the application of SFRS (I) 1.

A. Adoption of SFRS (I) 15
SFRS (I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under SFRS (I) 15, 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.

In accordance with the requirements of SFRS(I) 1, the Group has adopted the SFRS(I) 15 retrospectively. The adoption of the SFRS(I) 15 resulted in adjustments to the previously issued FRS financial statements as explained below:

A1. The Group has equity accounted for an associated company's impact arising from the application of SFRS (I) 15.

A2. Presentation of contract assets and contract liabilities
The Group has also changed the presentation of balances relating to construction contracts with customers in the balance sheets. Balances which were previously presented under work-in-progress in excess of related billings and billings on work-in-progress in excess of related costs were reclassified to contract assets, debtors, contract liabilities and creditors.

B. Adoption of SFRS(I) 9
As disclosed in Note 2.2(a), the Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9. As a result, the requirements under FRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

B1. Classification and measurement of financial assets
For financial assets held by the Group on 1 January 2018, management has assessed the business models that are applicable on that date to these assets so as to classify them into the appropriate categories under the SFRS(I) 9. Material reclassifications resulting from management's assessment are disclosed below.

	Note	Investments at fair value through profit & loss (FVPL) $'000	Available-for-sale investments (AFS) $'000	Long term assets and debtors $'000	Associated companies $'000	Investments at fair value through other compre-hensive income (FVOCI) $'000	Fair value reserve $'000	Revenue reserves $'000	Non-controlling interests $'000
Balance as at 31 December 2017 - before adoption of SFRS(I) 9		**253,438**	**407,976**	**3,862,733**	**5,913,777**	**-**	**99,169**	**10,193,647**	**530,225**
Reclassify unlisted equities from AFS to FVOCI	(i)	-	(270,904)	-	-	271,956	1,058	-	(6)
Reclassify listed equities from AFS to FVOCI	(i)	-	(55,048)	-	-	55,048	-	-	-
Reclassify unlisted debt securities from AFS to FVPL	(ii)	22,256	(22,256)	-	-	-	-	-	-
Reclassify unquoted preference shares from AFS to FVPL	(ii)	17,870	(42,989)	-	-	-	-	(25,119)	-
Reclassify loan to associate from amortised cost to FVPL	(iii)	-	-	(185,692)	-	-	-	(185,692)	-
Reclassify listed equity from FVPL to FVOCI	(iv)	(4,123)	-	-	-	4,123	-	-	-
Reclassify unquoted shares from AFS to associated company and long term assets	(v)	-	(16,779)	15,168	1,611	-	-	-	-
Provision for expected credit losses									
- Trade debtors	B2	-	-	(25,734)	-	-	-	(25,485)	(249)
Balance as at 1 January 2018 - after adoption of SFRS(I) 9		**289,441**	**-**	**3,666,475**	**5,915,388**	**331,127**	**100,227**	**9,957,351**	**529,970**

(i) Equity investments reclassified from AFS to FVOCI
The Group has elected to recognise changes in the fair value of all its equity investments not held for trading and previously classified as available-for-sale, in other comprehensive income.

As a result, unlisted equities with fair value of $271,956,000 were reclassified from AFS to FVOCI on 1 January 2018, with related fair value gain of $1,058,000 recognised in fair value reserve. Listed equities with fair value of $55,048,000 were also reclassified from AFS to FVOCI on 1 January 2018.

(ii) Reclassification of unlisted debt securities and unquoted preference shares from AFS to FVPL
Investments in unlisted debt securities and unquoted preference shares was reclassified from AFS to FVPL. They are non-equity instruments that do not meet the criteria to be classified as amortised cost in accordance with SFRS(I) 9, because their cash flows do not represent solely payments of principal and interest. Related fair value loss of $25,119,000 was recognised in revenue reserves on 1 January 2018.

(iii) Reclassification of loan to associate from amortised cost to FVPL
Loan to an associated company where the cash flows do not represent solely payments of principal and interest was reclassified from amortised cost to FVPL at its fair value of $93,312,000 at 1 January 2018. Related fair value loss of $185,692,000 was recognised in revenue reserves on 1 January 2018. The loan to an associated company is presented as part of "long term assets" in the balance sheet.

(iv) Reclassify listed equity from FVPL to FVOCI
The Group has elected to recognise changes in the fair value of an equity investment in other comprehensive income from 1 January 2018.

(v) Reclassify unquoted shares from AFS to associated companies and long term assets
Long term investment amounting to $1,611,000 and $15,168,000 have been reclassified from AFS to investment in associated company and long term assets following reassessment of the investments.

B2. Impairment of financial assets
SFRS(I) 9 replaces the 'incurred loss model' in FRS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost and FVOCI, and contract assets. The application of SFRS(I) 9 impairment requirements at 1 January 2018 results in additional allowances for impairment of $25,734,000.

C. Application of SFRS(I) 1
As disclosed in Note 2.2(a), the Group has elected for the optional exemption to reset its cumulative translation differences for all foreign operations to nil at the date of transition at 1 January 2017. As a result, cumulative translation losses of $280,787,000 was reclassified from foreign exchange translation account to revenue reserves as at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition. Consequently, the gains on disposal of subsidiaries and associated companies in 2017 were adjusted, resulting in a reduction of $21,074,000 to the profit for the year ended 31 December 2017 or a reduction of $21,666,000 to the net profit attributable to shareholders of the Company for the year ended 31 December 2017.

The Group has presented (i) the land appreciation tax expenses of $41,651,000 for the year ended 31 December 2017 under taxation instead of materials and subcontract costs and the corresponding land appreciation tax balances of $26,462,000 as at 31 December 2017 and $25,737,000 as at 1 January 2017 under taxation instead of creditors, and (ii) the share of taxation of associated companies of $95,990,000 for the year ended 31 December 2017 under share of results of associated companies instead of taxation.

2.3 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.

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.

2. Significant accounting policies (continued)

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.

2.4 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	3 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.

2.5 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.

2.6 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.

2.7 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.

2.8 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.

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.

2. Significant accounting policies (continued)

2.9 Service Concession Arrangement

The Group entered into a service concession arrangement with a governing agency (the grantor) to design, build, own and operate a desalination plant in Singapore. Under the service concession arrangement, the Group will operate the plant for 25 years. At the end of the concession period, the grantor may require the plant to be handed over in a specified condition or to be demolished at reasonable costs borne by the grantor. Such service concession arrangement falls within the scope of SFRS(I) INT 12 *Service Concession Arrangements*.

The Group constructs the plant (construction services) used to provide public services and operates and maintains the plant (operation services) for the concession period as specified in the contract. The Group recognises and measures revenue in accordance with SFRS(I) 15 for the services it performs.

The Group recognises a financial asset arising from the provision of the construction services when it has a contractual right to receive fixed and determinable amounts of payments irrespective of the output produced. The consideration receivable is measured initially at fair value and subsequently measured at amortised amount using the effective interest method.

2.10 Investments

(i) Before 1 January 2018

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.

(ii) From 1 January 2018

Investments are classified as fair value through other comprehensive income or fair value through profit or loss.

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 at fair value through other comprehensive income are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the investments. Investments at fair value through profit or loss are initially measured at fair value with the related transaction costs recognised immediately as expenses in the profit and loss account.

Investments are subsequently carried at fair value. For investments at fair value through other comprehensive income, gains or losses arising from changes in fair value are included in other comprehensive income until the investment is disposed of, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the revenue reserves. For investments at fair value through profit or loss, gains or losses arising from changes in fair value are included in 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.

2.11 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.

For fair value hedges, changes in the fair value of the designated hedging instruments are recognised in the profit and loss account. The hedged item is adjusted to reflect change in its fair value in respect of the risk hedged, with any gain or loss recognised in 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.

2.12 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.

2.13 Stocks

Stocks, consumable materials and supplies are stated at the lower of cost and net realisable value, cost being principally determined on the weighted average method. 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.

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.

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.

2.14 Contract Assets and Contract Liabilities

For contract where the customer is invoiced on a milestone payment schedule, a contract asset is recognised if the value of the contract work transferred by the Group exceed the receipts from the customer and a contract liability is recognised if the receipts from the customer exceed the value of the contract work transferred by the Group.

2. Significant accounting policies (continued)

2.15 Impairment of Assets

Financial Assets

(i) Before 1 January 2018
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 preceding 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.

(ii) From 1 January 2018
The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 33 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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.

2.16 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.

2.17 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.

2.18 Leases

<u>When a group company is the lessee</u>

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.

<u>When a group company is the lessor</u>

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.

2.19 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.

2.20 Revenue

Revenue consists of:

- Revenue recognised on rigbuilding, shipbuilding and repairs, property construction and long term engineering contracts;
- Sale of goods and services;
- Rental income from investment properties;
- Investment and fee income; and
- Dividend income.

<u>Revenue recognition</u>

The Group enters into rigbuilding, shipbuilding and repairs, property construction and long term engineering contracts with customers. These contracts are fixed in prices. Revenue is recognised when the control over the contract work is transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the contract work over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

2. Significant accounting policies (continued)

The contract work, except for overseas property construction contracts, has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the contract work. For overseas property construction contracts, the Group does not have enforceable rights to payment arising from the contractual terms. Revenue from overseas property construction contracts is recognised at a point in time when the rights to payment become enforceable.

The measure of progress for rigbuilding contracts, and shipbuilding and repair contracts, is determined by engineers' estimates. The measure of progress for property construction and long term engineering contracts is determined based on the proportion of contract costs incurred to date to the estimated total contract costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress.

An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

Revenue from sale of goods is recognised when the Group satisfies a performance obligation by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligation.

Revenue from the rendering of services including electricity supply, logistic services, and operations and maintenance under service concession arrangement, 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.

2.21 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.

2.22 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.

2.23 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.

2.24 Foreign Currencies

<u>Functional Currency</u>

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.

<u>Foreign Currency Transactions</u>

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.

<u>Foreign Currency Translation</u>

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 disposal.

<u>Disposal or partial disposal of a foreign operation</u>

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.

2. Significant accounting policies (continued)

2.25 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.

2.26 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.

2.27 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 47% (2017: approximately 45%) gross ownership interest of units in Keppel REIT as at 31 December 2018. 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 does not have control over Keppel REIT but continues to have significant influence over the investment.

<u>Control over KrisEnergy</u>

The Group has approximately 40% (2017: approximately 40%) gross ownership interest of shares in KrisEnergy Limited ("KrisEnergy") as at 31 December 2018. 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 20% (2017: approximately 26%) interest held by another two shareholders (2017: another single shareholder) of KrisEnergy, management concluded that the Group does not have sufficient dominant vesting interest to exert control over KrisEnergy but continues to have significant influence over the investment.

(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>Expected credit loss on financial assets measured at amortised cost and fair value through other comprehensive income</u>

The Group assesses on a forward looking basis the expected credit losses ("ECLs") associated with its financial assets measured at amortised cost and fair value through other comprehensive income ("FVOCI"). The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 33 details how the Group determines whether there has been a significant increase in credit risk.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. These events include probability of insolvency, significant financial difficulties of the debtor and default or significant delay in payments.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The Group uses a provision matrix to measure the ECLs. In measuring the ECLs, assets are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

The carrying amounts of trade, intercompany and other receivables, and financial assets at FVOCI 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, and intangibles are disclosed in the balance sheet. Management performed impairment tests on these non-financial assets as at 31 December 2018. Refer to Notes 6, 8, 9 and 12 for more details.

Revenue recognition and contract cost
The Group recognises contract revenue and contract cost over time by reference to the Group's progress towards completing the construction of the contract work. The stage of completion is measured in accordance with the accounting policy stated in Note 2.20. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. In making the assumption, the Group evaluates by relying on past experience and the work of engineers. Revenue from construction contracts is disclosed in Note 23.

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.

Recoverability of contract asset and receivable balances in relation to Offshore & Marine construction contracts
Contracts with Sete Brasil ("Sete")
The Group had previously entered into contracts with Sete for the construction of six rigs for which progress payments from Sete had ceased since November 2014. 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. Management has continually assessed the probable outcomes of these contracts by taking into consideration the progress and status of the discussions and market conditions in Brazil. During the financial year ended 31 December 2018, an expected credit loss on trade receivables of $102,000,000 (2017: $81,000,000) was recognised and a provision for contract related costs of $65,000,000 was made. Taking into consideration cost of completion, cost of discontinuance, salvage cost and unpaid progress billings with regards to these rigs, the total cumulative loss recognised in relation to these rig contracts amounted to $476,000,000.

Other contracts
As at 31 December 2018, the Group had several rigs that were under construction for customers where customers had requested for deferral of delivery dates of the rigs in prior years. See Note 14 on contract assets balances.

Management has assessed each deferred construction project individually to make judgment as to whether the customers will be able to fulfil their contractual obligations and take delivery of the rigs at the revised delivery dates.

Management has also performed an assessment of the expected credit loss on contract assets and trade receivables of deferred projects to determine if a provision for expected loss is necessary.

In the event that the customers are unable to fulfill their contractual obligations, the Group can exercise their right to retain payments received to date and the legal possession of the rigs under construction. Management has further assessed if the values of the rigs would exceed the carrying values of contract assets and trade receivables. Management has estimated, with the assistance of an independent professional firm, the values of the rigs using Discounted Cash Flow ("DCF") calculations that cover each class of rig under construction. The most significant inputs to the DCF calculations include day rates and discount rates.

During the financial year ended 31 December 2018, an expected credit loss on contract assets of $21,000,000 was recognised.

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.

2. Significant accounting policies (continued)

Civil action by EIG funds
In February 2018, the Company's subsidiary, Keppel Offshore & Marine Limited ("KOM") was served a summons by eight investment funds ("plaintiffs") managed by EIG Management Company, LLC ("EIG") where a civil action was commenced by the plaintiffs pursuant to the Racketeer Influenced and Corrupt Organizations Act ("RICO") in the United States District Court, Southern District of New York. The plaintiffs seek damages for its loss of investment of US$221 million in Sete Brasil, trebled under RICO to US$663 million, plus interest, costs and mandatory attorneys' fees under RICO.

This new lawsuit came after an earlier civil action commenced by eight of EIG's managed funds in the United States District Court, District of Columbia against, among others, the Company and KOM. The case was dismissed by the Court on 30 March 2017.

Management is of the view that the reported cause of action by the plaintiffs is without merit and KOM will vigorously defend itself. As at the date of these financial statements, it is premature to predict or determine the eventual outcome of the action and hence, the potential amount of any loss cannot currently be assessed. KOM has filed a motion to dismiss EIG's complaint.

3. Share capital

	Group and Company			
	Number of Ordinary Shares ("Shares")			
	Issued Share Capital		Treasury Shares	
	2018	2017	**2018**	2017
Balance at 1 January	**1,818,334,180**	1,817,910,180	**(10,788)**	(2,232,510)
Issue of shares under the share option scheme	**60,000**	424,000	**-**	-
Treasury shares transferred pursuant to share option scheme	**-**	-	**731,500**	208,900
Treasury shares transferred pursuant to KCL RSP	**-**	-	**4,643,244**	4,862,822
Treasury shares purchased	**-**	-	**(11,300,000)**	(2,850,000)
Balance at 31 December	**1,818,394,180**	1,818,334,180	**(5,936,044)**	(10,788)

	Amount ($'000)			
	Issued Share Capital		Treasury Shares	
	2018	2017	**2018**	2017
Balance at 1 January	**1,291,310**	1,288,394	**(74)**	(15,523)
Issue of shares under the share option scheme	**412**	2,916	**-**	-
Treasury shares transferred pursuant to share option scheme	**-**	-	**6,253**	1,437
Treasury shares transferred pursuant to KCL RSP	**-**	-	**39,506**	33,440
Treasury shares purchased	**-**	-	**(90,758)**	(19,428)
Balance at 31 December	**1,291,722**	1,291,310	**(45,073)**	(74)

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends declared by the Company.

During the financial year, the Company issued 60,000 (2017: 424,000) Shares at an average weighted price of $6.86 (2017: $6.88) per Share for cash upon exercise of options under the KCL Share Option Scheme.

During the financial year, 4,643,244 (2017: 4,862,822) Shares under the KCL Restricted Share Plan ("KCL RSP") were vested.

During the financial year, the Company transferred 5,374,744 (2017: 5,071,722) treasury shares to employees under vesting of shares released under the KCL Share Option Scheme and KCL Share Plans. The Company also purchased 11,300,000 (2017: 2,850,000) treasury shares in the Company in the open market during the financial year. The total amount paid was $90,758,000 (2017: $19,428,000). 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 closing 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:

	2018		2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 January	6,088,785	$7.83	14,025,974	$8.92
Exercised	(791,500)	$7.25	(632,900)	$6.78
Cancelled	(3,407,100)	$8.57	(7,304,289)	$10.01
Balance at 31 December	1,890,185	$6.74	6,088,785	$7.83
Exercisable at 31 December	1,890,185	$6.74	6,088,785	$7.83

The weighted average share price at the date of exercise for options exercised during the financial year was $8.15 (2017: $7.58).
The options outstanding at the end of the financial year had a weighted average exercise price of $6.74 (2017: $7.83) and a weighted average remaining contractual life of 0.9 year (2017: 1.0 year).

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.

3. Share capital (continued)

Details of the KCL RSP, the KCL RSP-Deferred Shares, the KCL PSP and the KCL PSP-Transformation Incentive Plan ("KCL PSP-TIP") are as follows:

	KCL RSP	KCL RSP-Deferred Shares	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	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 six-year performance period
Performance Conditions	Return on Equity (2016 award)	-	(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) (2015 and 2016 awards) (a) Absolute Total Shareholder's Return (b) Return on Capital Employed (c) Net Profit (2017 and 2018 awards)	(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	100% of the awards granted	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	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 six-year performance period subject to fulfilment of service requirements

Movements in the number of shares under the KCL RSP, the KCL RSP-Deferred Shares, the KCL PSP and the KCL PSP-TIP are as follows:

	2018			2017		
	KCL RSP-Deferred Shares	**KCL PSP**	**KCL PSP-TIP**	KCL RSP	KCL PSP	KCL PSP-TIP
Contingent awards/Awards (KCL RSP-Deferred Shares)						
Balance at 1 January	**-**	**2,525,000**	**6,747,491**	5,726,426	2,562,212	5,625,000
Granted	**4,099,369**	**1,180,000**	**-**	-	1,120,000	2,040,000
Adjustments upon released	**-**	**(575,000)**	**-**	-	(565,082)	-
Released	**(4,097,507)**	**-**	**-**	(5,676,157)	-	-
Cancelled	**(1,862)**	**(235,000)**	**(781,524)**	(50,269)	(592,130)	(917,509)
Balance at 31 December	**-**	**2,895,000**	**5,965,967**	-	2,525,000	6,747,491

	2018		2017
	KCL RSP	**KCL RSP-Deferred Shares**	KCL PSP
Awards released but not vested:			
Balance at 1 January	**5,102,365**	**-**	4,854,898
Released	**-**	**4,097,507**	5,676,157
Vested	**(3,278,043)**	**(1,365,201)**	(4,862,822)
Cancelled	**(178,604)**	**(111,969)**	(539,868)
Other adjustments	**(15,600)**	**(34,100)**	(26,000)
Balance at 31 December	**1,630,118**	**2,586,237**	5,102,365

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 2018, there were 1,630,118 (2017: 5,102,365) shares under the KCL RSP and 2,586,237 (2017: nil) shares under the KCL RSP-Deferred Shares that were released but not vested. At the end of the financial year, the number of contingent Shares granted but not released was 2,895,000 (2017: 2,525,000) under the KCL PSP and 5,965,967 (2017: 6,747,491) 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 4,342,500 under the KCL PSP and zero to a maximum of 8,948,951 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 23 February 2018, the Company granted awards of 4,099,369 Shares under the KCL RSP-Deferred Shares and the estimated fair value of the shares granted was $7.76. On 30 April 2018 (2017: 28 April 2017), the Company granted contingent awards of 1,180,000 (2017: 1,120,000) Shares under the KCL PSP and the estimated fair value of the shares granted was $6.59 (2017: $5.22). In the prior year, the Company granted contingent awards of 2,040,000 Shares under the KCL PSP-TIP on 28 April 2017 and the estimated fair value of the shares granted was $1.74.

The significant inputs into the model are as follows:

	2018	
	KCL RSP-Deferred Shares	**KCL PSP**
Date of grant	**23.02.2018**	**30.04.2018**
Prevailing share price at date of grant	**$7.96**	**$8.19**
Expected volatility of the Company	**26.88%**	**27.00%**
Expected term	**0.00 - 2.00 years**	**2.83 years**
Risk free rate	**1.52% - 1.70%**	**2.05%**
Expected dividend yield	*****	*****

	2017	
	KCL PSP	KCL PSP-TIP
Date of grant	28.04.2017	28.04.2017
Prevailing share price at date of grant	$6.51	$6.51
Expected volatility of the Company	23.47%	23.47%
Expected term	2.83 years	4.83 years
Risk free rate	1.35%	1.64%
Expected dividend yield	*	*

* 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 audited financial statements.

4. Reserves

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000
Capital Reserves						
Share option and share plan reserve	**203,926**	202,048	207,139	**177,529**	177,599	184,593
Fair value reserve	**69,700**	99,169	126,014	**16,957**	15,012	14,340
Hedging reserve	**(198,816)**	(111,930)	(410,797)	**-**	-	-
Bonus issue by subsidiaries	**40,000**	40,000	40,000	**-**	-	-
Others	**80,133**	52,120	49,130	**7,655**	16,895	14,183
	194,943	281,407	11,486	**202,141**	209,506	213,116
Revenue Reserves	**10,330,287**	10,193,647	10,383,615	**6,194,448**	6,132,150	5,133,722
Foreign Exchange Translation Account	**(493,669)**	(323,556)	-	**-**	-	-
	10,031,561	10,151,498	10,395,101	**6,396,589**	6,341,656	5,346,838

Movements in the Group's and the Company's reserves are set out in the Statements of Changes in Equity. Movements in hedging reserve by risk categories are as follows:

	Foreign exchange risk $'000	Interest rate risk $'000	Price risk $'000	Total $'000
Group				
2018				
As at 1 January	**(174,557)**	**(30,052)**	**92,679**	**(111,930)**
Fair value changes arising during the year, net of tax	**(53,261)**	**(23,137)**	**(162,396)**	**(238,794)**
Realised and transferred to profit and loss account				
- Revenue	**94,440**	**-**	**-**	**94,440**
- Materials and subcontract costs	**18,903**	**-**	**(82,973)**	**(64,070)**
- Other operating income – net	**86,400**	**-**	**-**	**86,400**
- Interest expenses	**-**	**15,247**	**-**	**15,247**
Share of associated companies' fair value gains	**717**	**19,314**	**-**	**20,031**
Less: Non-controlling interests	**(140)**	**-**	**-**	**(140)**
As at 31 December	**(27,498)**	**(18,628)**	**(152,690)**	**(198,816)**

The changes in fair value of the hedging instruments approximate the changes in fair value of the hedged items, which resulted in minimal hedge ineffectiveness recognise in profit or loss. Fair value loss arising from hedge ineffectiveness for cash flow hedges of $16,513,000 was recognised in profit or loss during the year.

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	
	31 December		1 January	31 December		1 January	31 December	
	2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000
Beijing Aether Property Development Limited	**-**	49%	49%	**-**	199,716	202,855	**(277)**	2,150
Keppel Telecommunications & Transportation Ltd	**21%**	21%	20%	**184,067**	174,784	165,461	**12,728**	11,317
Other subsidiaries with immaterial NCI				**124,863**	155,725	308,602	**(135)**	(12,112)
Total				**308,930**	530,225	676,918	**12,316**	1,355

Summarised financial information before inter-group elimination

	Beijing Aether Property Development Limited		Keppel Telecommunications & Transportation Ltd	
	31 December		31 December	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Non-current assets	**-**	934,671	**1,360,166**	1,276,908
Current assets	**-**	2,001	**326,630**	272,816
Non-current liabilities	**-**	139,547	**490,930**	366,009
Current liabilities	**-**	389,542	**194,919**	222,985
Net assets	**-**	407,583	**1,000,947**	960,730
Less: NCI	**-**	-	**(115,160)**	(113,499)
	-	407,583	**885,787**	847,231
Revenue	**-**	-	**183,223**	176,988
(Loss)/profit for the year	**(294)**	4,387	**69,236**	60,184
Total comprehensive income/(loss)	**2,322**	(36,347)	**61,326**	65,478
Net cash flow (used in)/from operations	**(4,829)**	(8,909)	**4,123**	9,736
Total comprehensive income allocated to NCI	**1,282**	(17,810)	**11,387**	12,499
Dividends paid to NCI	**-**	-	**6,804**	6,495

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:

	2018 $'000	2017 $'000
Amounts paid/payable on changes in ownership interest in subsidiaries	**(9,758)**	(66,380)
Non-controlling interest acquired	**1,426**	43,489
Total amount recognised in equity reserves	**(8,332)**	(22,891)

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						
2018						
Cost						
At 1 January	**115,711**	**2,068,595**	**292,682**	**2,015,487**	**368,501**	**4,860,976**
Additions	**202**	**1,269**	**174**	**54,633**	**104,134**	**160,412**
Disposals	**(18)**	**(7,946)**	**(8,248)**	**(32,845)**	**-**	**(49,057)**
Write-off	**-**	**-**	**-**	**(6,184)**	**(4,388)**	**(10,572)**
Subsidiaries acquired	**-**	**-**	**-**	**47**	**-**	**47**
Subsidiaries disposed	**-**	**-**	**(4,191)**	**(1,601)**	**(557)**	**(6,349)**
Reclassification						
- Stocks	**-**	**-**	**-**	**(319)**	**-**	**(319)**
- Other fixed assets categories	**812**	**14,076**	**71,135**	**30,693**	**(116,716)**	**-**
Exchange differences	**(2,406)**	**(21,042)**	**3,607**	**(22,342)**	**(3,356)**	**(45,539)**
At 31 December	**114,301**	**2,054,952**	**355,159**	**2,037,569**	**347,618**	**4,909,599**
Accumulated Depreciation						
At 1 January	**60,077**	**865,244**	**139,400**	**1,303,505**	**59,787**	**2,428,013**
Depreciation charge	**3,597**	**54,324**	**9,667**	**110,111**	**-**	**177,699**
Disposals	**(18)**	**(7,474)**	**(8,234)**	**(30,262)**	**-**	**(45,988)**
Write-off	**-**	**-**	**-**	**(3,661)**	**-**	**(3,661)**
Subsidiaries disposed	**-**	**-**	**(979)**	**(1,098)**	**-**	**(2,077)**
Reclassification						
- Other fixed assets categories	**(170)**	**10**	**12,410**	**160**	**(12,410)**	**-**
Exchange differences	**(559)**	**(5,915)**	**(1,109)**	**(8,806)**	**(558)**	**(16,947)**
At 31 December	**62,927**	**906,189**	**151,155**	**1,369,949**	**46,819**	**2,537,039**
Net Book Value	**51,374**	**1,148,763**	**204,004**	**667,620**	**300,799**	**2,372,560**

6. Fixed assets (continued)

Included in freehold land & buildings are freehold land amounting to $7,812,000 (31 December 2017: $8,726,000, 1 January 2017: $8,758,000).

Certain fixed assets with carrying amount of $159,996,000 (31 December 2017: $155,748,000, 1 January 2017: $273,363,000) are mortgaged to banks for loan facilities (Note 21).

Interest capitalised during the financial year amounted to $2,009,000 (2017: $1,460,000).

The Group has $1,545,641,000 of fixed assets as at 31 December 2018 where management performed an impairment review.

Each rigbuilding, shipbuilding and repair facilities in the Offshore & Marine Division 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 11% (31 December 2017: 6% to 13%, 1 January 2017: 6% to 14%) per annum, depending on the location of the facilities. In the prior year, the Group recognised impairment losses amounting to $3,102,000 relating to the Offshore & Marine Division's assets.

In relation to the Infrastructure Division's assets in China, the Group has estimated the recoverable amount of the relevant assets on the basis of their value in use. The discount rate used in measuring the value in use was 8.2% (31 December 2017: 9.0%, 1 January 2017: 9.3%). In the prior year, the Group recognised impairment losses amounting to $3,700,000 relating to the Infrastructure Division's assets in China.

In the prior year, the Group also recognised an impairment loss of $8,501,000 relating to the Property Division's assets in China, which was based on the difference between the recoverable amount and the net book value of the fixed assets. The recoverable amount of the fixed assets was based on fair value determined using the income approach.

	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						
2017						
Cost						
At 1 January	121,640	2,150,487	516,442	2,075,836	311,979	5,176,384
Additions	173	9,775	1,334	51,108	149,079	211,469
Disposals	(606)	(22,319)	(45,837)	(57,415)	-	(126,177)
Write-off	-	-	-	(12,305)	(10)	(12,315)
Subsidiaries disposed	(4)	(49,646)	(172,064)	(55,406)	(16,320)	(293,440)
Reclassification						
- Stocks and other assets	-	(775)	(46)	82	(1,370)	(2,109)
- Investment properties (Note 7)	-	-	-	(1,376)	-	(1,376)
- Other fixed assets categories	1,356	7,636	2,211	60,273	(71,476)	-
Exchange differences	(6,848)	(26,563)	(9,358)	(45,310)	(3,381)	(91,460)
At 31 December	115,711	2,068,595	292,682	2,015,487	368,501	4,860,976
Accumulated Depreciation & Impairment Losses						
At 1 January	59,736	850,850	255,130	1,304,783	60,429	2,530,928
Depreciation charge	3,776	56,206	20,318	127,073	-	207,373
Disposals	(526)	(16,752)	(40,756)	(47,304)	-	(105,338)
Impairment loss	-	9,242	10	6,002	49	15,303
Write-off	-	26	-	(12,114)	-	(12,088)
Subsidiaries disposed	(4)	(24,745)	(91,352)	(47,803)	-	(163,904)
Reclassification						
- Stocks and other assets	-	(1,791)	-	(152)	-	(1,943)
- Other fixed assets categories	690	(690)	(4)	4	-	-
Exchange differences	(3,595)	(7,102)	(3,946)	(26,984)	(691)	(42,318)
At 31 December	60,077	865,244	139,400	1,303,505	59,787	2,428,013
Net Book Value	55,634	1,203,351	153,282	711,982	308,714	2,432,963

(1) Others comprise furniture, fittings and office equipment, cranes and small equipment and tools.

	Freehold Land & Buildings $'000	Plant, Machinery, Equipment & Others [2] $'000	Capital Work-in-Progress $'000	Total $'000
Company				
2018				
Cost				
At 1 January	**1,233**	**8,693**	**-**	**9,926**
Additions	**-**	**550**	**6,139**	**6,689**
Disposals	**-**	**(452)**	**-**	**(452)**
At 31 December	**1,233**	**8,791**	**6,139**	**16,163**
Accumulated Depreciation				
At 1 January	**1,231**	**8,399**	**-**	**9,630**
Depreciation charge	**2**	**307**	**-**	**309**
Disposals	**-**	**(452)**	**-**	**(452)**
At 31 December	**1,233**	**8,254**	**-**	**9,487**
Net Book Value	**-**	**537**	**6,139**	**6,676**
2017				
Cost				
At 1 January	1,233	8,570	-	9,803
Additions	-	177	-	177
Disposals	-	(54)	-	(54)
At 31 December	1,233	8,693	-	9,926
Accumulated Depreciation				
At 1 January	1,220	7,731	-	8,951
Depreciation charge	11	722	-	733
Disposals	-	(54)	-	(54)
At 31 December	1,231	8,399	-	9,630
Net Book Value	2	294	-	296

[2] Others comprise furniture, fittings and office equipment.

7. Investment properties

	Group	
	31 December	
	2018 $'000	2017 $'000
At 1 January	3,460,608	3,550,290
Development expenditure	94,099	181,522
Fair value gain		
- Attributable to the Group (Note 25)	84,886	177,939
- Attributable to third parties under a contractual agreement	-	4,814
Disposal	(2,870)	-
Subsidiary acquired	360,000	-
Subsidiary disposed	(948,613)	(405,604)
Reclassification		
- Stocks (Note 13)	(158,300)	-
- Fixed assets (Note 6)	-	1,376
Exchange differences	(38,430)	(49,729)
At 31 December	2,851,380	3,460,608

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 2018:

- Savills Valuation and Professional Services (S) Pte Ltd and Knight Frank Pte Ltd for properties in Singapore;
- Colliers International (Hong Kong) Limited for properties in China;
- Savills Vietnam Co. Ltd for properties in Vietnam;
- CBRE Limited for a property in the Netherlands;
- Knight Frank LLP 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 $3,408,000 (2017: $6,777,000).

The Group has mortgaged certain investment properties of up to an aggregate amount of $905,656,000 (31 December 2017: $552,684,000, 1 January 2017: $517,726,000) to banks for loan facilities (Note 21).

During the year, the Group reclassified $158,300,000 from investment properties to properties held for sale upon change of use of the asset from holding for capital gain and/or rental yield to property trading.

In 2017, the Group reclassified $1,376,000 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		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Quoted shares, at cost			
Market value: $829,294,000 (2017: $701,714,000)	**398,140**	398,140	398,140
Unquoted shares, at cost	**7,821,604**	7,821,594	7,919,131
	8,219,744	8,219,734	8,317,271
Provision for impairment	**(351,785)**	(246,885)	(163,070)
	7,867,959	7,972,849	8,154,201

Movements in the provision for impairment of subsidiaries are as follows:

	Company		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
At 1 January	**246,885**	163,070	31,070
Charge to profit and loss account	**104,900**	83,815	132,000
At 31 December	**351,785**	246,885	163,070

Impairment of $104,900,000 (2017: $83,815,000) made during the year mainly relates 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 11.7% (2017: 10.0%) per annum.

Cash and cash equivalents of $684,375,000 (31 December 2017: $857,168,000, 1 January 2017: $946,797,000) held in the People's Republic of China are subject to local exchange control regulations. These regulations place restriction on the amount of currency being exported other than through dividends and capital repatriation upon liquidations.

Information relating to significant subsidiaries consolidated in the financial statements is given in Note 37.

9. Associated companies

	Group		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Quoted shares, at cost			
Market value: $3,149,785,000 (31 Dec 2017: $3,484,189,000; 1 Jan 2017: $2,978,817,000)	**3,149,917**	3,105,919	3,080,800
Unquoted shares, at cost	**2,096,656**	1,784,809	1,640,502
	5,246,573	4,890,728	4,721,302
Provision for impairment	**(161,367)**	(100,297)	(150,845)
	5,085,206	4,790,431	4,570,457
Share of reserves	**534,106**	526,582	510,871
Carrying amount of equity interest	**5,619,312**	5,317,013	5,081,328
Notes issued by associated companies	**315,787**	310,242	245,000
Advances to associated companies	**304,586**	286,522	97,503
	6,239,685	5,913,777	5,423,831

Notes issued by an associated company of $245,000,000 are unsecured and will mature in 2040. The remaining Notes are denominated in USD, secured and will mature in 2024. Interest is charged at rates ranging from 0% to 17.5% (31 December 2017: 0% to 17.5%, 1 January 2017: 17.5%) per annum.

Advances to associated companies are unsecured and are not repayable within the next 12 months. Interest is charged at rates ranging from 3.0% to 7.0% (31 December 2017: 3.0% to 7.0%, 1 January 2017: 6.0%) per annum on interest-bearing advances.

9. Associated companies (continued)

Movements in the provision for impairment of associated companies are as follows:

	Group	
	2018 $'000	2017 $'000
At 1 January	100,297	150,845
Impairment loss/(write-back of impairment loss)	60,782	(39,192)
Disposal	-	(9,873)
Exchange differences	288	(1,483)
At 31 December	161,367	100,297

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.

Write-back of impairment losses in the prior year mainly relates to the excess of recoverable amount of an associated company over the carrying amount of the investment which includes share of losses recognised by the Group in 2017.

	Group	
	2018 $'000	2017 $'000
The Group's share of net profit of associated companies is as follows:		
Share of profit before tax	317,699	386,773
Share of taxation	(96,181)	(96,240)
Share of net profit	221,518	290,533

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:

	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Keppel REIT	1,972,303	1,850,409	1,844,738
Keppel Infrastructure Trust	254,035	267,169	284,320
KrisEnergy Limited	196,311	321,562	347,397
Keppel DC REIT	377,616	396,152	392,834
Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited	560,818	541,837	416,262
Floatel International Limited	362,760	342,694	334,697
Other associated companies	2,515,842	2,193,954	1,803,583
	6,239,685	5,913,777	5,423,831

The summarised financial information of the material associated companies, not adjusted for the Group's proportionate share, based on its SFRS(I) financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Keppel REIT		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Current assets	**274,529**	208,307	290,193
Non-current assets	**7,509,922**	7,395,981	7,245,132
Total assets	**7,784,451**	7,604,288	7,535,325
Current liabilities	**134,156**	492,865	59,869
Non-current liabilities	**2,314,699**	2,196,165	2,576,898
Total liabilities	**2,448,855**	2,689,030	2,636,767
Net assets	**5,335,596**	4,915,258	4,898,558
Less: Non-controlling interests	**(578,311)**	(151,834)	(151,841)
	4,757,285	4,763,424	4,746,717
Proportion of the Group's ownership	**47%**	45%	45%
Group's share of net assets	**2,255,429**	2,146,723	2,128,798
Other adjustments	**(283,126)**	(296,314)	(284,060)
Carrying amount of equity interest	**1,972,303**	1,850,409	1,844,738
Revenue	**165,858**	164,516	#
Profit after tax	**154,588**	180,154	#
Other comprehensive income/(loss)	**3,028**	(49,789)	#
Total comprehensive income	**157,616**	130,365	#
Fair value of ownership interest (if listed) **	**1,834,206**	1,914,043	1,505,741
Dividends received	**87,247**	80,011	#

	Keppel Infrastructure Trust		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Current assets	**521,616**	488,154	516,723
Non-current assets	**3,283,391**	3,468,262	3,601,919
Total assets	**3,805,007**	3,956,416	4,118,642
Current liabilities	**1,233,598**	919,010	937,324
Non-current liabilities	**1,393,153**	1,725,512	1,727,348
Total liabilities	**2,626,751**	2,644,522	2,664,672
Net assets	**1,178,256**	1,311,894	1,453,970
Less: Non-controlling interests	**(125,780)**	(158,959)	(198,580)
	1,052,476	1,152,935	1,255,390
Proportion of the Group's ownership	**18%**	18%	18%
Group's share of net assets	**191,761**	209,949	228,607
Other adjustments	**62,274**	57,220	55,713
Carrying amount of equity interest	**254,035**	267,169	284,320
Revenue	**637,387**	632,476	#
(Loss)/profit after tax	**(2,358)**	13,776	#
Other comprehensive income/(loss)	**13,876**	(10,051)	#
Total comprehensive income	**11,518**	3,725	#
Fair value of ownership interest (if listed) **	**341,023**	403,858	333,622
Dividends received	**26,134**	26,126	#

** Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy).
# Information for 1 January 2017 is not available.

9. Associated companies (continued)

	KrisEnergy Limited *		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Current assets	**147,702**	191,987	183,440
Non-current assets	**761,267**	869,374	1,236,024
Total assets	**908,969**	1,061,361	1,419,464
Current liabilities	**103,342**	74,604	273,951
Non-current liabilities	**671,960**	653,172	546,346
Total liabilities	**775,302**	727,776	820,297
Net assets	**133,667**	333,585	599,167
Less: Non-controlling interests	**-**	-	-
	133,667	333,585	599,167
Proportion of the Group's ownership	**40%**	40%	40%
Group's share of net assets	**53,213**	133,067	239,607
Other adjustments	**72,311**	123,253	107,790
Carrying amount of equity interest	**125,524**	256,320	347,397
Notes issued by associated company	**70,787**	65,242	-
	196,311	321,562	347,397
Revenue	**216,454**	196,612	#
Loss after tax	**(201,924)**	(293,277)	#
Other comprehensive (loss)/income	**(132)**	32	#
Total comprehensive loss	**(202,056)**	(293,245)	#
Fair value of ownership interest (if listed) **	**43,673**	60,425	110,679
Dividends received	**-**	-	#

	Keppel DC REIT		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Current assets	**220,244**	178,078	338,312
Non-current assets	**2,032,687**	1,585,204	1,244,687
Total assets	**2,252,931**	1,763,282	1,582,999
Current liabilities	**186,779**	53,224	35,144
Non-current liabilities	**590,158**	593,556	473,987
Total liabilities	**776,937**	646,780	509,131
Net assets	**1,475,994**	1,116,502	1,073,868
Less: Non-controlling interests	**(31,155)**	(26,786)	(343)
	1,444,839	1,089,716	1,073,525
Proportion of the Group's ownership	**25%**	35%	35%
Group's share of net assets	**364,244**	380,617	375,841
Other adjustments	**13,372**	15,535	16,993
Carrying amount of equity interest	**377,616**	396,152	392,834
Revenue	**175,535**	139,050	#
Profit after tax	**146,009**	70,274	#
Other comprehensive (loss)/income	**(4,628)**	21,044	#
Total comprehensive income	**141,381**	91,318	#
Fair value of ownership interest (if listed) **	**459,925**	562,990	466,534
Dividends received	**27,876**	20,958	#

* 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).

Information for 1 January 2017 is not available.

	Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Current assets	**889,954**	816,431	1,004,529
Non-current assets	**438,662**	458,652	508,672
Total assets	**1,328,616**	1,275,083	1,513,201
Current liabilities	**190,317**	165,498	608,565
Non-current liabilities	**16,668**	25,912	72,116
Total liabilities	**206,985**	191,410	680,681
Net assets	**1,121,631**	1,083,673	832,520
Less: Non-controlling interests	**-**	-	-
	1,121,631	1,083,673	832,520
Proportion of the Group's ownership	**50%**	50%	50%
Group's share of net assets	**560,815**	541,836	416,260
Other adjustments	**3**	1	2
Carrying amount of equity interest	**560,818**	541,837	416,262
Revenue	**492,503**	1,247,882	#
Profit after tax	**111,222**	267,163	#
Other comprehensive income	**-**	-	#
Total comprehensive income	**111,222**	267,163	#
Dividends received	**22,493**	-	#

	Floatel International Limited		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Current assets	**186,613**	334,668	263,092
Non-current assets	**1,771,181**	1,818,093	2,038,004
Total assets	**1,957,794**	2,152,761	2,301,096
Current liabilities	**104,714**	48,606	62,292
Non-current liabilities	**1,141,620**	1,432,657	1,584,259
Total liabilities	**1,246,334**	1,481,263	1,646,551
Net assets	**711,460**	671,498	654,545
Less: Non-controlling interests	**-**	-	-
	711,460	671,498	654,545
Proportion of the Group's ownership	**50%**	50%	50%
Group's share of net assets	**355,161**	335,212	326,749
Other adjustments	**7,599**	7,482	7,948
Carrying amount of equity interest	**362,760**	342,694	334,697
Revenue	**393,535**	443,442	#
Profit after tax	**22,225**	48,829	#
Other comprehensive income	**6,796**	7,728	#
Total comprehensive income	**29,021**	56,557	#
Dividends received	**-**	-	#

Information for 1 January 2017 is not available.

9. Associated companies (continued)

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 2019 to 2037 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$67 to US$73 per barrel for 2019 to 2037 (31 December 2017: US$52 to US$70 per barrel for 2018 to 2036, 1 January 2017: 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 11.7% (31 December 2017 and 1 January 2017: 10%). The Group has recognised an impairment charge of $53,000,000 (2017: write-back of 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% (2017: 10%) lower than management's estimates, the Group would have recognised a further impairment charge of $55,000,000 (2017: reduction in write-back of impairment charge by $24,000,000).

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 1.2% (31 December 2017: 2.2%, 1 January 2017: 2.0%) and a discount rate ranging from 9.3% to 11.2% (31 December 2017: 7.9%, 1 January 2017: 7.6%) per annum on the cash flows. An impairment charge of $6,000,000 (2017: $8,000,000) was recognised in the profit and loss account within other operating expense as a result of the above review.

An independent professional firm was engaged to assist in the impairment assessment for the financial year ended 31 December 2018.

Aggregate information about the Group's investments in other associated companies are as follows:

	2018 $'000	2017 $'000
Share of profit before tax	**172,557**	168,364
Share of taxation	**(56,897)**	(26,698)
Share of other comprehensive loss	**(26,215)**	(41,061)
Share of total comprehensive income	**89,445**	100,605

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 37.

10. Investments

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000
Available-for-sale investments:						
Carried at fair value						
- Quoted equity shares	**-**	8,854	12,878	**-**	-	-
- Unquoted equity shares	**-**	53,419	47,736	**-**	15,012	14,340
- Unquoted property funds	**-**	185,187	174,154	**-**	-	-
- Unquoted - others	**-**	-	11,788	**-**	-	-
Total – Carried at fair value	**-**	247,460	246,556	**-**	15,012	14,340
Carried at cost						
- Unquoted equity shares	**-**	83,212	98,481	**-**	-	-
- Unquoted - others	**-**	22,256	23,694	**-**	-	-
Total – Carried at cost	**-**	105,468	122,175	**-**	-	-
Total available-for-sale investments	**-**	352,928	368,731	**-**	15,012	14,340
Investments at fair value through other comprehensive income ("OCI"):						
- Quoted equity shares	**6,527**	-	-	**-**	-	-
- Unquoted equity shares	**96,903**	-	-	**16,957**	-	-
- Unquoted property funds	**104,927**	-	-	**-**	-	-
Total investments at fair value through OCI	**208,357**	-	-	**16,957**	-	-
Investments at fair value through profit or loss:						
- Quoted warrants	**29,332**	31,647	-	**-**	-	-
- Unquoted equity shares	**189,559**	74,063	8,973	**-**	-	-
- Unquoted - others	**22,267**	-	-	**-**	-	-
Total investments at fair value through profit or loss	**241,158**	105,710	8,973	**-**	-	-
Total investments	**449,515**	458,638	377,704	**16,957**	15,012	14,340

The breakdown of the investments at fair value through other comprehensive income is as follows:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 **$'000**	2017 $'000	2017 $'000	**2018** **$'000**	2017 $'000	2017 $'000
Unquoted property funds managed by a related company	**104,927**	-	-	**-**	-	-
Unquoted equity shares in real estate industry	**48,115**	-	-	**16,957**	-	-
Quoted and unquoted equity shares in oil and gas industry	**34,235**	-	-	**-**	-	-
Others	**21,080**	-	-	**-**	-	-
	208,357	-	-	**16,957**	-	-

Quoted warrants are issued by an associated company, KrisEnergy.

Unquoted investments included a bond amounting to $39,868,000 (31 December 2017: $39,256,000, 1 January 2017: $41,700,000) bearing interest at 4% (31 December 2017 and 1 January 2017: 4%) per annum which is maturing in 2027.

During the prior year, the Group recognised an impairment loss of $14,330,000 for certain unquoted equity securities in which the Group does not expect to recover its cost of investment.

11. Long term assets

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 **$'000**	2017 $'000	2017 $'000	**2018** **$'000**	2017 $'000	2017 $'000
Staff loans	**633**	933	1,395	**105**	386	504
Derivative assets	**22,002**	26,780	125,508	**8,751**	14,101	97,199
Call option	**150,500**	137,200	120,600	**-**	-	-
Service concession receivable	**235,959**	115,835	-	**-**	-	-
Long term receivables and others	**313,350**	535,762	569,334	**-**	-	-
	722,444	816,510	816,837	**8,856**	14,487	97,703
Less: Amounts due within one year and included in debtors (Note 16)	**(42,980)**	(42,194)	(2,399)	**(55)**	(141)	(146)
	679,464	774,316	814,438	**8,801**	14,346	97,557

Included in staff loans are interest-free advances to directors of related corporations amounting to $47,000 (31 December 2017: $179,000, 1 January 2017: $221,000) 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. Limited to Keppel REIT in 2011. The Group has an option to acquire the same shares exercisable at the price of $1 upon the expiry of 99 years from 14 December 2011 under the share purchase agreement. The call option may be exercised earlier upon the occurrence of certain specified events as stipulated in the call option deed. As at 31 December 2018, 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 843-year leasehold and 92-year leasehold (31 December 2017: based on the remaining 844-year leasehold and 93-year leasehold, 1 January 2017: based on the remaining 845-year leasehold and 94-year leasehold). The details of the valuation techniques and inputs used for the call option are disclosed in Note 33.

The service concession receivable relates to a service concession arrangement with a governing agency of the Government of Singapore (the grantor) to design, build, own and operate a desalination plant in Singapore, which has a capacity to produce 137,000 cubic metres of fresh drinking water per day. The plant is expected to be operational in 2020. The Group has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period of 25 years irrespective of the output produced. At the end of the concession period, the grantor may require the plant to be handed over in a specified condition or to be demolished at reasonable costs borne by the grantor. In arriving at the carrying value of the service concession arrangements as at the end of the reporting year, effective interest rates of 4.30% (31 December 2017: 4.33%) per annum were used to discount the future expected cash flows.

Long term receivables are unsecured, largely repayable after five years (31 December 2017 and 1 January 2017: five years) and bears effective interest ranging from 2.00% to 9.00% (31 December 2017: 2.00% to 6.00%, 1 January 2017: 2.00% to 11.00%) per annum.

The carrying amounts of the long term receivables of the Group approximate their fair values.

Included in the long term receivables is an unsecured, interest-bearing USD loan amounting to $139,799,000 (31 December 2017: secured, interest-bearing US$ loan amounting to $279,004,000, 1 January 2017: secured, interest-bearing US$ loan amounting to $285,167,000) which is repayable on 2025 by an associated company.

12. Intangibles

	Goodwill $'000	Development Expenditure $'000	Management Rights $'000	Customer Contracts $'000	Customer Relationships $'000	Total $'000
Group						
2018						
At 1 January	**59,270**	**19,073**	**16,757**	**13,227**	**24,267**	**132,594**
Additions	**-**	**561**	**-**	**-**	**-**	**561**
Amortisation	**-**	**(1,760)**	**-**	**(1,464)**	**(1,463)**	**(4,687)**
Exchange differences	**-**	**143**	**-**	**-**	**396**	**539**
At 31 December	**59,270**	**18,017**	**16,757**	**11,763**	**23,200**	**129,007**
Cost	**59,270**	**38,808**	**16,757**	**24,963**	**28,342**	**168,140**
Accumulated amortisation	**-**	**(20,791)**	**-**	**(13,200)**	**(5,142)**	**(39,133)**
	59,270	**18,017**	**16,757**	**11,763**	**23,200**	**129,007**
2017						
At 1 January	59,270	20,779	16,757	14,694	29,169	140,669
Additions	-	731	-	-	-	731
Amortisation	-	(1,646)	-	(1,467)	(1,894)	(5,007)
Reversal	-	-	-	-	(1,195)	(1,195)
Exchange differences	-	(791)	-	-	(1,813)	(2,604)
At 31 December	59,270	19,073	16,757	13,227	24,267	132,594
Cost	59,270	38,122	16,757	24,963	27,775	166,887
Accumulated amortisation	-	(19,049)	-	(11,736)	(3,508)	(34,293)
	59,270	19,073	16,757	13,227	24,267	132,594

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 a cash-generating unit in the Infrastructure Division amounted to $57,178,000 (31 December 2017 and 1 January 2017: $57,178,000). The recoverable amount of the cash-generating unit 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 5.0% (31 December 2017: 5.0%, 1 January 2017: 6.5%) per annum. The key assumptions are those regarding the discount rate and expected changes to assets under management and net property income of these assets.

13. Stocks

		Group		
		31 December		1 January
		2018 $'000	2017 $'000	2017 $'000
Consumable materials and supplies		**162,445**	110,434	150,096
Finished products for sale		**103,995**	96,978	85,889
Work-in-progress (net of provision)		**594,312**	763,255	724,890
Properties held for sale	(a)	**4,653,254**	4,809,375	5,606,865
		5,514,006	5,780,042	6,567,740

For work-in-progress balances, the Group determines the estimated net realisable value based on arrangements to market the work-in-progress and discounted cash flow models. The provision for work-in-progress at the end of the financial year was $53,697,000 (31 December 2017: $52,483,000, 1 January 2017: $55,055,000).

(a) Properties held for sale

	Group		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Properties under development			
Land cost	**2,587,958**	2,380,942	2,738,209
Development cost incurred to date	**544,505**	866,949	784,947
Related overhead expenditure	**244,828**	314,834	288,238
	3,377,291	3,562,725	3,811,394
Completed properties held for sale	**1,304,119**	1,284,426	1,867,887
	4,681,410	4,847,151	5,679,281
Provision for properties held for sale	**(28,156)**	(37,776)	(72,416)
	4,653,254	4,809,375	5,606,865
Movements in the provision for properties held for sale are as follows:			
At 1 January	**37,776**	72,416	83,959
Charge to profit and loss account	**799**	-	19,008
Exchange differences	**(33)**	(383)	(400)
Amount written off	**(10,386)**	(28,866)	(15,155)
Subsidiary disposed	**-**	(5,391)	(14,996)
At 31 December	**28,156**	37,776	72,416

The provision for properties held for sale is arrived at after 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.

Interest capitalised during the financial year amounted to $31,288,000 (2017: $44,187,000) at rate of 3.30% (2017: 1.60% to 3.36%) per annum for Singapore properties and 4.75% to 15.00% (2017: 0.05% to 15.00%) per annum for overseas properties.

In 2017, certain properties held for sale with carrying amount of $1,186,296,000 are mortgaged to banks for loan facilities (Note 21).

14. Contract assets/liabilities

	Group		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Contract assets	**3,212,712**	3,643,495	4,157,146
Contract liabilities	**1,918,547**	1,950,151	1,612,984

Contract assets relating to certain rig building contracts where the scheduled dates of the rigs have been deferred and have higher counter-party risks amounted to $1,383,286,000 (2017: $1,127,566,000, 1 January 2017: $868,535,000).

Contract liabilities included proceeds received from sale of properties of $890,139,000 (31 December 2017: $677,997,000, 1 January 2017: $424,376,000).

Revenue recognised during the financial year ended 31 December 2018 in relation to contract liability balance at 1 January 2018 was $544,361,000 (2017: $409,175,000).

The aggregate amount of the transaction price allocated to the remaining performance obligation is $4,553,150,000 and the Group expects to recognise this revenue over the next 1 to 6 years.

As permitted under the transitional provisions in the SFRS(I) 15, the transaction price allocated to partially or fully unsatisfied performance obligations as of 31 December 2017 and 1 January 2017 is not disclosed.

14. Contract assets/liabilities (continued)

Movements in the provision for contract assets are as follows:

	Group		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
At 1 January	-	-	-
Charge to profit and loss account	21,000	-	-
At 31 December	21,000	-	-

15. Amounts due from/to

	Company		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Subsidiaries			
Amounts due from			
- trade	163,800	97,984	86,001
- advances	3,885,921	3,407,536	3,902,961
	4,049,721	3,505,520	3,988,962
Provision for doubtful debts	(6,600)	(6,600)	(6,600)
	4,043,121	3,498,920	3,982,362
Amounts due to			
- trade	8,130	4,726	900,632
- advances	154,481	231,677	162,090
	162,611	236,403	1,062,722
Movements in the provision for doubtful debts are as follows:			
At 1 January/31 December	6,600	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% (2017: up to 4.00%) per annum on interest-bearing advances.

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000	2018 $'000	2017 $'000	2017 $'000
Associated Companies						
Amounts due from						
- trade	84,201	66,482	61,117	548	733	688
- advances	223,526	291,735	373,394	-	-	-
	307,727	358,217	434,511	548	733	688
Provision for doubtful debts	(15,998)	(15,257)	(1,131)	-	-	-
	291,729	342,960	433,380	548	733	688
Amounts due to						
- trade	51,979	34,110	16,094	-	-	-
- advances	63,845	219,221	95,449	-	-	-
	115,824	253,331	111,543	-	-	-
Movements in the provision for doubtful debts are as follows:						
At 1 January	15,257	1,131	46	-	-	-
Charge to profit and loss account	741	14,126	1,085	-	-	-
At 31 December	15,998	15,257	1,131	-	-	-

Advances to and from associated companies are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.45% to 11.50% (31 December 2017: 0.25% to 8.00%, 1 January 2017: 0.13% to 8.90%) per annum on interest-bearing advances.

16. Debtors

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000
Trade debtors	**1,831,028**	2,214,444	2,569,022	**2**	7	-
Provision for doubtful debts	**(246,879)**	(122,027)	(15,723)	**-**	-	-
	1,584,149	2,092,417	2,553,299	**2**	7	-
Long term receivables due within one year (Note 11)	**42,980**	42,194	2,399	**55**	141	146
Sundry debtors	**203,069**	155,568	182,536	**478**	3,902	2,173
Prepayments	**137,518**	118,565	88,321	**104**	112	168
Tax recoverable	**7,109**	15,171	22,693	**-**	-	-
Goods & Services Tax receivable	**90,057**	59,040	52,648	**83**	-	-
Interest receivable	**15,830**	19,410	12,314	**21**	20	32
Deposits paid	**28,971**	25,235	25,104	**279**	408	446
Land tender deposits	**145,411**	103,346	-	**-**	-	-
Recoverable accounts	**155,747**	125,740	150,507	**5,207**	-	-
Accrued receivables	**197,059**	169,873	141,926	**-**	-	-
Purchase consideration receivable from disposal of subsidiaries/ associated companies	**37,097**	61,228	-	**-**	-	-
Advances to subcontractors	**47,736**	73,455	86,132	**-**	-	-
Advances to non-controlling shareholders of subsidiaries	**26,705**	41,081	69,789	**-**	-	-
	1,135,289	1,009,906	834,369	**6,227**	4,583	2,965
Provision for doubtful debts	**(17,138)**	(13,906)	(13,827)	**-**	-	-
	1,118,151	996,000	820,542	**6,227**	4,583	2,965
Total	**2,702,300**	3,088,417	3,373,841	**6,229**	4,590	2,965
Movements in the provision for doubtful debts are as follows:						
At 1 January	**135,933**	29,550	41,447	**-**	-	-
Adoption of SFRS(I) 9	**25,734**	-	-	**-**	-	-
Charge to profit and loss account	**95,457**	115,780	11,435	**-**	-	-
Amount written off	**(5,959)**	(7,361)	(23,504)	**-**	-	-
Subsidiary disposed	**-**	(1,926)	-	**-**	-	-
Exchange differences	**8**	(110)	172	**-**	-	-
Reclassification	**12,844**	-	-	**-**	-	-
Total	**264,017**	135,933	29,550	**-**	-	-

During the financial year ended 31 December 2018, a provision of $102,000,000 (2017: $81,000,000) was recognised for the rig contracts with Sete Brasil.

Notes to the Financial Statements

17. Short term investments

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000
Available-for-sale investments:						
Quoted equity shares	**-**	55,048	77,264	**-**	-	-
Unquoted equity funds	**-**	-	49,610	**-**	-	-
Total available-for-sale investments	**-**	55,048	126,874	**-**	-	-
Total investments at fair value through other comprehensive income:						
Quoted equity shares	**34,428**	-	-	**-**	-	-
Investments at fair value through profit or loss:						
Quoted equity shares	**74,759**	147,654	147,054	**-**	-	-
Unquoted equity shares	**-**	74	-	**-**	-	-
Total investments at fair value through profit or loss	**74,759**	147,728	147,054	**-**	-	-
Total investments at amortised cost:						
Unquoted - others	**27,400**	-	-	**27,400**	-	-
Total short term investments	**136,587**	202,776	273,928	**27,400**	-	-

Investments at fair value through other comprehensive income are in the oil and gas industry.

The unquoted investment at amortised cost is repayable upon the repayment of a short term borrowing of an associated company.

18. Bank balances, deposits and cash

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000
Bank balances and cash	**779,003**	590,248	437,654	**370**	2,213	542
Fixed deposits with banks	**1,042,052**	1,515,887	1,436,485	**-**	-	-
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	**9,562**	32,340	68,306	**-**	-	-
Amounts held under project accounts, withdrawals from which are restricted to payments for expenditures incurred on projects	**150,789**	135,313	144,633	**-**	-	-
	1,981,406	2,273,788	2,087,078	**370**	2,213	542

Fixed deposits with banks of the Group mature on varying periods, substantially between 1 day to 6 months (31 December 2017: 1 day to 12 months, 1 January 2017: 1 day to 3 months). This comprises Singapore dollar fixed deposits of $34,824,000 (31 December 2017: $121,525,000, 1 January 2017: $10,051,000) at interest rates ranging from 0.60% to 1.59% (31 December 2017: 0.35% to 1.24%, 1 January 2017: 0.15% to 0.85%) per annum, and foreign currency fixed deposits of $1,007,228,000 (31 December 2017: $1,394,362,000, 1 January 2017: $1,426,434,000) at interest rates ranging from 0.02% to 7.55% (31 December 2017: 0.01% to 13.15%, 1 January 2017: 0.03% to 14.21%) per annum.

The bank balances at 31 December 2018 include an amount of $99,450,000 (31 December 2017: $102,000,000, 1 January 2017: $nil) pledged to a bank in relation to certain banking arrangement.

19. Creditors

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000
Trade creditors	**486,278**	579,371	589,834	**3,139**	161	-
Customers' advances and deposits	**87,102**	89,656	64,788	**-**	-	-
Sundry creditors	**896,743**	1,380,955	1,431,539	**3,007**	4,070	3,591
Accrued expenses	**2,584,096**	3,274,077	2,955,039	**47,020**	39,074	86,458
Advances from non-controlling shareholders	**145,998**	177,151	209,726	**-**	-	-
Retention monies	**148,895**	176,850	194,673	**-**	-	-
Interest payables	**41,911**	42,105	37,719	**23,006**	25,280	22,422
	4,391,023	5,720,165	5,483,318	**76,172**	68,585	112,471
Other non-current liabilities:						
Accrued expenses	**191,990**	204,121	112,885	**48,372**	49,275	54,409
Derivative liabilities	**169,727**	82,494	68,214	**43,303**	60,521	66,632
	361,717	286,615	181,099	**91,675**	109,796	121,041

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 2.00% to 4.75% (31 December 2017: 2.00% to 4.35%, 1 January 2017: 2.03% to 4.31%) per annum on interest-bearing advances.

During the financial year ended 31 December 2018, there was a write-back of provision for claims of $96,380,000. This was in relation to customer potential claims arising from a rig contract in the Offshore & Marine Division. In view of commercial sensitivity, the Group is unable to disclose the name of the customer or the amount of the potential claims. The original contract value was adjusted for cost escalations. The validity of the contract value adjustments was subsequently challenged. Due to prolonged uncertainty, provisions were made by the Group for the potential claims in the past, the first such provision being made more than ten years ago. For the current financial year, the Group has assessed, including seeking legal opinion, its position in respect of these potential claims and concluded that there are reasonable grounds for the write-back.

During the financial year ended 31 December 2018, a provision for related contract costs of $65,000,000 was recognised for the rig contracts with Sete Brasil, bringing the total provision to $245,000,000 as at 31 December 2018. These were included in sundry creditors as at 31 December 2018, 31 December 2017 and 1 January 2017.

In the prior year, a wholly-owned subsidiary, Keppel Land China Limited ("KLCL"), entered into a Sale & Purchase Agreement to divest its interest in a wholly-owned subsidiary, Keppel China Marina Holdings Pte Ltd ("KCMH"), which indirectly owns a 80% interest in Sunsea Yacht Club (Zhongshan) Company Limited ("SYCZS") ("Divestment"). KLCL has received an advance payment of $174,538,000 and the amount was included in sundry creditors as at 31 December 2017. Both KLCL and KCMH had, on 20 November 2017, been served as co-defendants a writ of summons filed by Sunsea Yacht Club (Hong Kong) Company Limited ("SYCHK"), which indirectly owns the remaining 20% interest in SYCZS, in the High Court of Singapore ("the Suit"). The reliefs claimed by SYCHK in the Suit are essentially to, amongst others, restrain both KLCL and KCMH from completing the Divestment. The Interim Injunction application was dismissed by the High Court on 15 December 2017. However, when SYCHK informed the High Court of its intention to apply to the Court of Appeal for permission to appeal the Dismissal of Application ("Application to CA"), the High Court on 22 December 2017 imposed an order restraining KLCL from completing the Divestment until the Application to CA is disposed of by the Court of Appeal. The Court of Appeal dismissed the Application to CA on 26 February 2018 and the divestment was subsequently completed during the year.

In the prior year, a wholly owned subsidiary, Keppel Offshore & Marine Limited ("KOM"), reached a global resolution with the criminal authorities in the United States, Brazil and Singapore in relation to corrupt payments made by KOM's former agent in Brazil, which were made with knowledge or approval of former KOM executives. Fines in an aggregated amount of US$422,216,980, or equivalent to approximately S$570 million, paid/payable are allocated between the three jurisdictions.

As part of the global resolution, KOM has accepted a Conditional Warning from the Corrupt Practices Investigation Bureau ("CPIB") in Singapore, and entered into a Deferred Prosecution Agreement ("DPA") with the U.S. Department of Justice ("DOJ"), while Keppel FELS Brasil S.A., a wholly-owned subsidiary of KOM, has entered into a Leniency Agreement with the Public Prosecutor's Office in Brazil, the Ministério Público Federal ("MPF"). The Leniency Agreement has become effective following the approval of the Fifth Chamber for Coordination and Review of the MPF. In addition, Keppel Offshore & Marine USA, Inc. ("KOM USA"), also a wholly owned subsidiary of KOM, has pleaded guilty to one count of conspiracy to violate the U.S. Foreign Corrupt Practices Act and has entered into a Plea Agreement with the DOJ.

19. Creditors (continued)

Pursuant to the DPA, KOM has paid a monetary penalty of US$105,554,245, of which US$4,725,000 has been paid as a criminal fine by KOM USA, to the United States Treasury. In addition, KOM has paid US$211,108,490 to the MPF. Under the Conditional Warning issued by CPIB, KOM has committed to certain undertakings and has paid US$52,777,122.50 and a further US$52,777,122.50 will be payable within three years from the date of the Conditional Warning (less any penalties paid by KOM to specified Brazilian authorities during this period). The amount payable was included in accrued expenses as at 31 December 2018 and 31 December 2017.

As part of the global resolution with the authorities, the Group has committed to strengthening the compliance and governance regime in KOM. Amongst others, it included a commitment to secure certification of ISO 37001 Anti-Bribery Management System and testing of the effectiveness of the policies and procedures put in place. In November 2018, Keppel O&M's entities in Singapore achieved certification for the ISO 37001 Anti-Bribery Management System.

Anti-bribery and corruption compliance audits were also performed during the year on entities within the KOM Group. These audits revealed that the enhanced policies and procedures put in place to-date were, in general, functioning as intended in the current year. The audits did, however, identify certain matters relating to contracts entered into several years ago which require follow-up actions and further review. Notwithstanding, based on currently available information, management is of the opinion that no additional provisions would be required in relation to these matters.

20. Provisions for warranties

	$'000
Group	
2018	
At 1 January	**115,972**
Write-back to profit and loss account	**(1,550)**
Amount utilised	**(43,640)**
Exchange differences	**(1,168)**
At 31 December	**69,614**
2017	
At 1 January	81,679
Charge to profit and loss account	39,280
Amount utilised	(4,205)
Subsidiary disposed	(397)
Exchange differences	(385)
At 31 December	115,972

21. Term loans

		31 December				1 January	
		2018		2017		2017	
		Due within one year $'000	**Due after one year $'000**	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	-	1,700,000
Keppel Land Medium Term Notes	(b)	**342,316**	**729,196**	-	916,027	99,964	786,873
Keppel Telecommunications & Transportation Medium Term Notes	(c)	**-**	**100,000**	-	100,000	-	120,000
Keppel GMTN Floating Rate Notes	(d)	**-**	**274,000**	-	269,800	-	286,600
Bank and other loans							
- secured	(e)	**412,412**	**185,874**	150,591	580,825	391,046	744,449
- unsecured	(f)	**726,029**	**3,078,682**	1,563,493	2,512,267	1,344,311	3,579,799
		1,480,757	**6,067,752**	1,714,084	6,078,919	1,835,321	7,217,721
Company							
Keppel Corporation Medium Term Notes	(a)	**-**	**1,700,000**	-	1,700,000	-	1,700,000
Unsecured bank loans	(f)	**460,657**	**1,795,610**	551,530	1,239,800	692,311	1,625,600
		460,657	**3,495,610**	551,530	2,939,800	692,311	3,325,600

(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 (31 December 2017 and 1 January 2017: $1,700,000,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due from 2020 to 2042 (31 December 2017 and 1 January 2017: from 2020 to 2042) with interest rates ranging from 3.10% to 4.00% (31 December 2017 and 1 January 2017: 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 $642,060,000 (31 December 2017: $486,696,000, 1 January 2017: $357,691,000), of which $299,744,000 (31 December 2017: $149,818,000, 1 January 2017: $nil) are denominated in Singapore dollar and $342,316,000 (31 December 2017: $336,878,000, 1 January 2017: $357,691,000) are denominated in foreign currency. The fixed rate notes are unsecured and are due from 2019 to 2023 (31 December 2017: 2019 to 2023, 1 January 2017: 2020 to 2042), with interest rates ranging from 2.68% to 2.84% (31 December 2017: 2.84%) per annum for fixed rate notes denominated in Singapore dollar and with interest rates of 3.26% (31 December 2017 and 1 January 2017: 3.26%) per annum for fixed rate notes denominated in foreign currency.

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 $429,452,000 (31 December 2017: $429,331,000, 1 January 2017: $529,146,000). The notes denominated in Singapore Dollars, are unsecured and comprised fixed rate notes due from 2020 to 2024 (31 December 2017: 2020 to 2024, 1 January 2017: 2017 to 2024) with interest rates ranging from 2.83% to 3.90% (31 December 2017 and 1 January 2017: 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 $100,000,000 (31 December 2017: $100,000,000, 1 January 2017: $120,000,000). The fixed rates notes, due in 2024, are unsecured and carried an interest rate of 2.85% per annum from September 2017 to September 2022 and 3.85% per annum from September 2022 to September 2024 (31 December 2017: 2.85% per annum from September 2017 to September 2022 and 3.85% per annum from September 2022 to September 2024, 1 January 2017: 2.63% per annum from August 2012 to August 2017 and 3.83% per annum from August 2017 to August 2019).

(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 $274,000,000 (31 December 2017: $269,800,000, 1 January 2017: $286,600,000). 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 2.24% to 3.30% (31 December 2017: 1.75% to 2.24%, 1 January 2017: 1.21% to 1.75%) per annum.

(e) The secured bank loans consist of:

- A term loan of $297,923,000 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 of 2.89% per annum.

- A term loan of $3,000,000 drawn down by a subsidiary. The term loan is repayable in 2023 and is secured on certain assets of the subsidiary. Interest is based on money market rates of 2.74% per annum.

- Other secured bank loans comprised $297,363,000 (31 December 2017: $474,918,000, 1 January 2017: $504,943,000) of foreign currency loans. They are repayable between one to fifteen (31 December 2017: one to sixteen, 1 January 2017: one to seventeen) years and are secured on investment properties and certain fixed and other assets of the subsidiaries. Interest on foreign currency loans is based on money market rates ranging from 1.59% to 9.59% (31 December 2017: 1.49% to 7.23%, 1 January 2017: 1.60% to 10.89%) per annum.

The secured bank loans as of 31 December 2017 consist of a term loan of $256,498,000 (1 January 2017: $351,557,000) which was drawn down by a subsidiary. The term loan was repaid in 2018 and was previously secured on certain assets of the subsidiary. Interest was based on money market rates ranging from 1.35% to 1.94% (1 January 2017: 0.93% to 2.30%) per annum.

The secured bank loans as of 1 January 2017 also include:

- A term loan of $175,874,000 which was drawn down by a subsidiary. The term loan was repaid in 2017 and was previously secured on certain assets of the subsidiary. Interest was based on money market rates ranging from 1.28% to 2.68% per annum.

- A term loan of $53,121,000 which was drawn down by a subsidiary. The term loan was repaid in 2017 and was previously secured on certain assets of the subsidiary. Interest was based on money market rates ranging from 1.21% to 2.94% per annum.

- A term loan of $50,000,000 which was drawn down by a subsidiary. The term loan was repaid in 2017 and was previously secured on certain assets of the subsidiary. Interest was fixed at 2.62% per annum.

21. Term loans (continued)

(f) The unsecured bank and other loans of the Group totalling $3,804,711,000 (31 December 2017: $4,075,760,000, 1 January 2017: $4,924,110,000) comprised $2,604,736,000 (31 December 2017: $2,823,820,000, 1 January 2017: $3,136,786,000) of loans denominated in Singapore dollar and $1,199,975,000 (31 December 2017: $1,251,940,000, 1 January 2017: $1,787,324,000) of foreign currency loans. They are repayable between one to thirteen (31 December 2017: one to fourteen, 1 January 2017: one to fifteen) years. Interest on loans denominated in Singapore dollar is based on money market rates ranging from 2.13% to 3.08% (31 December 2017: 1.18% to 3.38%, 1 January 2017: 0.84% to 3.38%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.50% to 9.30% (31 December 2017: 0.48% to 10.69%, 1 January 2017: 0.25% to 13.76%) per annum.

The unsecured bank loans of the Company totalling $2,256,267,000 (31 December 2017: $1,791,330,000, 1 January 2017: $2,317,911,000) comprise $1,707,050,000 (31 December 2017: $1,550,000,000, 1 January 2017: $1,707,350,000) of loans denominated in Singapore dollar and $549,217,000 (31 December 2017: $241,330,000, 1 January 2017: $610,561,000) of foreign currency loans. They are repayable within one to six years (31 December 2017 and 1 January 2017: one to seven years). Interest on loans denominated in Singapore dollar is based on money market rates ranging from 2.13% to 3.08% (31 December 2017: 1.46% to 3.38%, 1 January 2017: 0.84% to 3.38%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.50% to 3.96% (31 December 2017: 0.50% to 2.10%, 1 January 2017: 0.41% to 2.30%) per annum.

The Group has mortgaged certain properties and assets of up to an aggregate amount of $1,065,652,000 (31 December 2017: $1,894,728,000, 1 January 2017: $2,810,528,000) to banks for loan facilities.

The fair values of term loans for the Group and Company are $7,672,894,000 (31 December 2017: $7,864,285,000, 1 January 2017: $9,055,975,000) and $3,935,905,000 (31 December 2017: $3,556,370,000, 1 January 2017: $4,024,498,000) 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		
	31 December		1 January	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000
Years after year-end:						
After one but within two years	**1,153,733**	1,403,471	1,839,458	**705,500**	-	400,000
After two but within five years	**3,686,101**	3,174,902	3,027,749	**2,069,580**	1,900,000	1,000,000
After five years	**1,227,918**	1,500,546	2,350,514	**720,530**	1,039,800	1,925,600
	6,067,752	6,078,919	7,217,721	**3,495,610**	2,939,800	3,325,600

22. Deferred taxation

	Group		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Deferred tax liabilities:			
Accelerated tax depreciation	**116,707**	108,936	115,424
Investment properties valuation	**49,843**	184,429	152,751
Offshore income & others	**80,163**	90,502	96,334
	246,713	383,867	364,509
Deferred tax assets:			
Other provisions	**(34,740)**	(32,778)	(29,711)
Unutilised tax benefits	**(15,347)**	(16,415)	(3,623)
	(50,087)	(49,193)	(33,334)
Net deferred tax liabilities	**196,626**	334,674	331,175

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 $84,027,000 (31 December 2017: $105,725,000, 1 January 2017: $86,905,000) for taxes that would be payable on the undistributed earnings of certain subsidiaries and associated companies 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 $682,317,000 (31 December 2017: $886,858,000, 1 January 2017: $950,132,000) 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 $145,177,000 (31 December 2017: $227,747,000, 1 Jan 2017: $322,206,000) can be carried forward for a period of one to eight 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								
2018								
Deferred Tax Liabilities								
Accelerated tax depreciation	**108,936**	**4,262**	**-**	**-**	**3,670**	**-**	**(161)**	**116,707**
Investment properties valuation	**184,429**	**6,263**	**-**	**(139,774)**	**-**	**-**	**(1,075)**	**49,843**
Offshore income & others	**90,502**	**(9,437)**	**(243)**	**-**	**-**	**-**	**(659)**	**80,163**
Total	**383,867**	**1,088**	**(243)**	**(139,774)**	**3,670**	**-**	**(1,895)**	**246,713**
Deferred Tax Assets								
Other provisions	**(32,778)**	**(3,045)**	**1,046**	**-**	**-**	**-**	**37**	**(34,740)**
Unutilised tax benefits	**(16,415)**	**1,245**	**-**	**-**	**-**	**-**	**(177)**	**(15,347)**
Total	**(49,193)**	**(1,800)**	**1,046**	**-**	**-**	**-**	**(140)**	**(50,087)**
Net Deferred Tax Liabilities	**334,674**	**(712)**	**803**	**(139,774)**	**3,670**	**-**	**(2,035)**	**196,626**
2017								
Deferred Tax Liabilities								
Accelerated tax depreciation	115,424	(2,320)	-	(2,753)	-	(1,195)	(220)	108,936
Investment properties valuation	152,751	32,196	-	-	-	-	(518)	184,429
Offshore income & others	96,334	(5,028)	898	(1,441)	-	-	(261)	90,502
Total	364,509	24,848	898	(4,194)	-	(1,195)	(999)	383,867
Deferred Tax Assets								
Other provisions	(29,711)	(3,392)	229	(53)	-	(49)	198	(32,778)
Unutilised tax benefits	(3,623)	(7,402)	-	(6,052)	-	(131)	793	(16,415)
Total	(33,334)	(10,794)	229	(6,105)	-	(180)	991	(49,193)
Net Deferred Tax Liabilities	331,175	14,054	1,127	(10,299)	-	(1,375)	(8)	334,674

23. Revenue

	Group	
	2018 $'000	2017 $'000
Revenue from contracts with customers		
Revenue from construction contracts	**1,875,857**	1,771,007
Sale of property	**1,215,915**	1,633,059
Sale of goods	**44,297**	49,835
Sale of electricity, utilities and gases	**2,090,651**	1,662,772
Revenue from other services rendered	**683,843**	754,521
	5,910,563	5,871,194
Other sources of revenue		
Rental income from investment properties	**49,176**	54,592
Gain on sale of investments	**2,232**	34,953
Dividend income from quoted shares	**2,703**	2,760
Others	**107**	274
	5,964,781	5,963,773

Sales are made with credit terms that are consistent with market practice. During the financial year, there was a sale of five rigs to a customer where amounts are paid in instalments within five years from the respective delivery dates of each individual rig.

24. Staff costs

	Group 2018 $'000	Group 2017 $'000
Wages and salaries	780,104	821,201
Employer's contribution to Central Provident Fund	68,357	75,609
Share options and share plans granted to Director and employees	34,885	32,583
Other staff benefits	104,484	97,626
	987,830	1,027,019

25. Operating profit

Operating profit is arrived at after charging/(crediting) the following:

	Group 2018 $'000	Group 2017 $'000
Included in materials and subcontract costs:		
Fair value loss/(gain) on		
- investments	942	(9,094)
- forward foreign exchange contracts	18,095	3,305
Cost of stocks & contract assets recognised as expense	771,465	1,165,049
Direct operating expenses		
- investment properties that generated rental income	24,951	27,528
Included in staff costs:		
Key management's emoluments (including executive directors' remuneration)		
- short-term employee benefits	9,015	10,783
- post-employment benefits	95	124
- share options and share plans granted	7,771	7,740
Included in impairment loss on financial assets:		
Provision for doubtful debts (Note 16)	95,457	115,780
Impairment of investments (Note 10)	-	14,330
Included in other operating income - net:		
Rental expense		
- operating leases	84,854	94,090
Impairment/write-off of fixed assets	6,911	15,530
Impairment/(write-back of impairment) of associated companies (Note 9)	60,782	(39,192)
Provision for stocks	6,271	3,377
Provision for related contract costs (Note 19)	65,000	-
Provision for contract assets (Note 14)	21,000	-
Write-back of provision for claims (Note 19)	(96,380)	-
Fair value gain on investment properties (Note 7)	(84,886)	(177,939)
Fair value (gain)/loss on		
- investments	(13,823)	(18,861)
- forward foreign exchange contracts	(6,966)	35,181
Loss/(gain) on differences in foreign exchange	42,070	(5,389)
Profit on sale of fixed assets and an investment property	(2,795)	(20,142)
Profit on sale of investments	-	(341)
Gain on disposal of subsidiaries	(604,638)	(146,542)
Gain on disposal of associated companies	(48,783)	(62,673)
(Gain)/loss from change in interest in associated companies	(63,622)	13,075
Fees and other remuneration to Directors of the Company	2,373	2,341
Contracts for services rendered by Directors or with a company in which a Director has a substantial financial interest	3,510	3,926
Auditors' remuneration		
- auditors of the Company	3,121	2,770
- other auditors of subsidiaries	2,001	2,218
Non-audit fees paid to		
- auditors of the Company	486	135
- other auditors of subsidiaries	154	129

26. Investment income, interest income and interest expenses

	Group	
	2018 **$'000**	2017 $'000
Investment income from:		
Shares - quoted outside Singapore	**34**	129
Shares - unquoted	**9,957**	19,742
	9,991	19,871
Interest income from:		
Bonds, debentures and deposits	**100,376**	84,051
Associated companies	**56,760**	52,622
Service concession arrangement	**7,124**	1,255
	164,260	137,928
Interest expenses on notes, loans and overdrafts	**(199,464)**	(189,223)
Fair value gain/(loss) on interest rate caps and swaps	**1,021**	(4)
	(198,443)	(189,227)

27. Taxation

(a) Income tax expense

	Group	
	2018 **$'000**	2017 $'000
Tax expense comprised:		
Current tax	**245,091**	184,624
Adjustment for prior year's tax	**(32,200)**	(6,365)
Others	**10,958**	10,085
Deferred tax movement:		
Movements in temporary differences (Note 22)	**(712)**	14,054
Land appreciation tax:		
Current year	**60,610**	41,651
	283,747	244,049

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	
	2018 **$'000**	2017 $'000
Profit before tax	**1,239,892**	441,429
Share of profit of associated companies, net of tax	**(221,518)**	(290,533)
Profit before tax and share of profit of associated companies	**1,018,374**	150,896
Tax calculated at tax rate of 17% (2017: 17%)	**173,124**	25,652
Income not subject to tax	**(170,942)**	(151,650)
Expenses not deductible for tax purposes	**232,299**	313,952
Utilisation of previously unrecognised tax benefits	**(17,314)**	(12,637)
Effect of different tax rates in other countries	**39,861**	43,859
Adjustment for prior year's tax	**(32,200)**	(6,365)
Effects of changes in tax rates	**13,461**	-
Land appreciation tax	**60,610**	41,651
Effect of tax reduction on land appreciation tax	**(15,152)**	(10,413)
	283,747	244,049

27. Taxation (continued)

(b) Movement in current income tax liabilities

	Group		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
At 1 January	**220,761**	364,845	**33,955**	17,263
Exchange differences	**(4,291)**	(4,217)	**-**	-
Tax expense	**245,091**	184,624	**10,200**	12,400
Adjustment for prior year's tax	**(32,200)**	(6,365)	**(636)**	4,400
Land appreciation tax	**60,610**	41,651	**-**	-
Net income taxes paid	**(195,904)**	(363,377)	**-**	(108)
Subsidiaries acquired	**157**	-	**-**	-
Subsidiaries disposed	**(89)**	(2,981)	**-**	-
Reclassification				
- tax recoverable and others	**3,787**	6,581	**-**	-
At 31 December	**297,922**	220,761	**43,519**	33,955

28. Earnings per ordinary share

	Group			
	2018 $'000		2017 $'000	
	Basic	**Diluted**	Basic	Diluted
Net profit attributable to shareholders	**943,829**	**943,829**	196,025	196,025
	Number of Shares '000		Number of Shares '000	
Weighted average number of ordinary shares (excluding treasury shares)	**1,814,159**	**1,814,159**	1,816,965	1,816,965
Adjustment for dilutive potential ordinary shares	**-**	**10,728**	-	12,737
Weighted average number of ordinary shares used to compute earnings per share (excluding treasury shares)	**1,814,159**	**1,824,887**	1,816,965	1,829,702
Earnings per ordinary share	**52.0 cts**	**51.7 cts**	10.8 cts	10.7 cts

29. Dividends

A final cash dividend of 15.0 cents per share tax exempt one-tier (2017: final cash dividend of 14.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2018 has been proposed for approval by shareholders at the next Annual General Meeting to be convened.

Together with the interim cash dividend of 10.0 cents per share tax exempt one-tier and the special cash dividend of 5.0 cents per share tax exempt one-tier (2017: interim cash dividend of 8.0 cents per share tax exempt one-tier), total distributions paid and proposed in respect of the financial year ended 31 December 2018 will be 30.0 cents per share (2017: 22.0 cents per share).

During the financial year, the following distributions were made:

	$'000
A final cash dividend of 14.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the previous financial year	254,290
An interim cash dividend of 10.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the current financial year	181,241
A special cash dividend of 5.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the current financial year	90,621
	526,152

In the prior year, total distributions of $363,531,000 were made.

30. Commitments

(a) Capital commitments

	Group		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Capital expenditure/commitments not provided for in the financial statements:			
In respect of contracts placed:			
- for purchase and construction of investment properties	**372,292**	175,759	261,950
- for purchase of other fixed assets	**13,034**	17,341	46,730
- for purchase/subscription of shares mainly in property development companies	**406,662**	174,311	376,308
- for commitments to private funds	**388,093**	450,247	169,953
Amounts approved by Directors in addition to contracts placed:			
- for purchase and construction of investment properties	**19,665**	105,115	108,422
- for purchase of other fixed assets	**158,677**	224,903	313,196
- for purchase/subscription of shares mainly in property development companies	**77,260**	36,509	-
	1,435,683	1,184,185	1,276,559
Less: Non-controlling shareholders' shares	**(65,018)**	(69,698)	(34,584)
	1,370,665	1,114,487	1,241,975

In addition to the above, the Group made a voluntary conditional general offer ("Offer") for all the issued and paid up ordinary shares in the capital of M1 Limited and proposed to acquire all the issued ordinary shares in the capital of Keppel T&T by way of a scheme of arrangement ("Scheme") in 2018. The assumed maximum consideration for the Offer and the Scheme was $1,506,865,000.

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			Company		
	31 December		1 January	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000
Years after year-end:						
Within one year	**81,555**	89,315	94,214	**199**	40	121
From two to five years	**255,324**	300,506	326,154	**179**	-	40
After five years	**572,156**	684,204	806,359	**-**	-	-
	909,035	1,074,025	1,226,727	**378**	40	161

(c) Lessor's lease commitments

The Group leases out commercial space to non-related parties under non-cancellable operating leases. The future minimum lease receivable in respect of significant non-cancellable operating leases as at the end of the financial year is as follows:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000	**2018 $'000**	2017 $'000	2017 $'000
Years after year-end:						
Within one year	**98,856**	88,087	104,100	**-**	-	-
From two to five years	**159,497**	166,553	212,861	**-**	-	-
After five years	**60,457**	61,638	81,721	**-**	-	-
	318,810	316,278	398,682	**-**	-	-

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.

31. Contingent liabilities and guarantees (unsecured)

	Group		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Guarantees in respect of banks and other loans granted to subsidiaries and associated companies	**676,470**	585,207	**1,376,427**	1,574,853
Bank guarantees	**23,996**	1,677	**-**	-
	700,466	586,884	**1,376,427**	1,574,853

See Note 2.27 for further disclosures relating to the Group's claims and litigations.

The financial effects of SFRS(I) 9 relating to financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised.

32. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group has significant related party transactions as follows:

	Group	
	2018 $'000	2017 $'000
Sales of goods and/or services to		
- associated companies	**183,486**	168,705
- other related parties	**63,544**	82,884
	247,030	251,589
Purchase of goods and/or services from		
- associated companies	**105,056**	83,761
- other related parties	**61,321**	28,842
	166,377	112,603
Treasury transactions with		
- associated companies	**21,412**	9,093

33. Financial risk management

The Group operates internationally and is exposed to a variety of financial risks, comprising market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Financial risk management is carried out by the Keppel Group Treasury Department in accordance with established policies and guidelines. These policies and guidelines are established by the Group Central Finance Committee and are updated to take into account changes in the operating environment. This committee is chaired by the Chief Financial Officer of the Company and includes Chief Financial Officers of the Group's key operating companies and Head Office specialists.

Market Risk

(i) Currency risk

The Group has receivables and payables denominated in foreign currencies via US dollars, Renminbi and other 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 $5,284,557,000 (31 December 2017: $6,344,009,000, 1 January 2017: $7,865,165,000). The net negative fair value of forward foreign exchange contracts is $4,778,000 (31 December 2017: net positive fair value of $58,266,000, 1 January 2017: net negative fair value of $270,025,000) comprising assets of $28,143,000 (31 December 2017: $105,511,000, 1 January 2017: $138,169,000) and liabilities of $32,921,000 (31 December 2017: $47,245,000, 1 January 2017: $408,194,000). 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 $5,203,754,000 (31 December 2017: $6,269,592,000, 1 January 2017: $7,716,396,000). The net negative fair value of forward foreign exchange contracts is $4,972,000 (31 December 2017: net positive fair value of $56,859,000, 1 January 2017: net negative fair value of $265,342,000) comprising assets of $27,731,000 (31 December 2017: $104,045,000, 1 January 2017: $137,860,000) and liabilities of $32,703,000 (31 December 2017: $47,186,000, 1 January 2017: $403,202,000). These amounts are recognised as derivative assets and derivative liabilities.

Other than the above hedged foreign currency contracts, the unhedged currency exposure of financial assets and financial liabilities denominated in currencies other than the respective entities' functional currencies are as follows:

	2018			2017		
	USD $'000	**RMB $'000**	**Others $'000**	USD $'000	RMB $'000	Others $'000
Group						
Financial Assets						
Debtors	**22,038**	**19,388**	**374,124**	187,377	1,001	90,994
Investments	**197,976**	**-**	**92,244**	278,092	-	98,973
Bank balances, deposits & cash	**134,222**	**186,215**	**27,109**	140,111	245,835	14,323
Financial Liabilities						
Creditors	**88,895**	**7,878**	**25,874**	68,066	214	52,988
Term loans	**611,546**	**-**	**131,718**	55,896	-	241,330
Company						
Financial Assets						
Debtors	**776**	**83**	**-**	-	52	-
Investments	**27,400**	**-**	**-**	-	-	-
Bank balances, deposits & cash	**78**	**236**	**-**	1	330	13
Financial Liabilities						
Creditors	**3,757**	**246**	**69**	-	-	-
Term loans	**294,550**	**-**	**13,607**	-	-	-

Sensitivity analysis for currency risk
If the relevant foreign currency change against SGD by 5% (2017: 5%) with all other variables held constant, the effects will be as follows:

	Profit before tax		Equity	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Group				
USD against SGD				
- Strengthened	**(25,195)**	10,109	**7,759**	13,812
- Weakened	**25,195**	(10,109)	**(7,759)**	(13,812)
RMB against SGD				
- Strengthened	**9,886**	12,331	**-**	-
- Weakened	**(9,886)**	(12,331)	**-**	-
Company				
USD against SGD				
- Strengthened	**(13,602)**	-	**-**	-
- Weakened	**13,602**	-	**-**	-
RMB against SGD				
- Strengthened	**3**	19	**-**	-
- Weakened	**(3)**	(19)	**-**	-

(ii) **Interest rate risk**
The Group is exposed to interest rate risk for changes in interest rates primarily for debt obligations, placements in the money market and investments in bonds. The Group policy is to maintain a mix of fixed and variable rate debt instruments with varying maturities. Where necessary, the Group uses derivative financial instruments to hedge interest rate risks.

The Group enters into interest rate swap agreements to hedge the interest rate risk exposure arising from its SGD, USD and Renminbi variable rate term loans (Note 21). As at the end of the financial year, the Group has interest rate swap agreements with notional amount totalling $1,667,483,000 (31 December 2017: $1,778,962,000, 1 January 2017: $1,678,235,000) whereby it receives variable rates equal to SIBOR and LIBOR (31 December 2017: SIBOR and LIBOR, 1 January 2017: SIBOR, LIBOR and SHIBOR) and pays fixed rates of between 1.33% and 3.62% (31 December 2017: 1.27% and 3.62%, 1 January 2017: 1.27% and 4.90%) on the notional amount.

The net negative fair value of interest rate swaps for the Group is $62,841,000 (31 December 2017: net negative fair value of $58,025,000, 1 January 2017: net negative fair value of $10,605,000) comprising assets of $4,677,000 (31 December 2017: $4,339,000, 1 January 2017: $2,703,000) and liabilities of $67,518,000 (31 December 2017: $62,364,000, 1 January 2017: $13,308,000). These amounts are recognised as derivative assets and derivative liabilities.

33. Financial risk management (continued)

Sensitivity analysis for interest rate risk
If interest rates increase/decrease by 0.5% (2017: 0.5%) with all other variables held constant, the Group's profit before tax would have been lower/higher by $10,827,000 (2017: $13,649,000) 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 $938,774,000 (31 December 2017: $542,679,000, 1 January 2017: $579,270,000) and $10,001,000 (31 December 2017 and 1 January 2017: $Nil) respectively. The net negative fair value of HSFO forward contracts for the Group is $147,250,000 (31 December 2017: net positive fair value of $89,599,000, 1 January 2017: net positive fair value of $57,122,000) comprising assets of $25,568,000 (31 December 2017: $97,957,000, 1 January 2017: $83,215,000) and liabilities of $172,818,000 (31 December 2017: $8,358,000, 1 January 2017: $26,093,000). These amounts are recognised as derivative assets and derivative liabilities. The net negative fair value of Dated Brent forward contracts for the Group of $14,138,000 (31 December 2017 and 1 January 2017: $Nil) is recognised as 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 $80,055,000 (31 December 2017: $47,042,000, 1 January 2017: $6,964,000). The net positive fair values of electricity futures contracts is $7,857,000 (31 December 2017: net negative fair value of $2,297,000, 1 January 2017: net negative fair value of $124,000) comprising assets of $9,002,000 (31 December 2017: $199,000, 1 January 2017: $405,000) and liabilities of $1,145,000 (31 December 2017: $2,496,000, 1 January: $529,000). 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 at fair value through profit or loss and investments at fair value through other comprehensive income, in the case of 2017, 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% (31 December 2017 and 1 January 2017: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been higher/lower by $39,366,000 (31 December 2017: $30,635,000, 1 January 2017: $31,820,000) and $252,000 (31 December 2017 and 1 January 2017: $Nil) respectively as a result of fair value changes on cash flow hedges.

If prices for electricity futures contracts increase/decrease by 5% (31 December 2017 and 1 January 2017: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been lower/higher by $2,849,000 (31 December 2017: $2,467,000, 1 January 2017: $15,000) as a result of fair value changes on cash flow hedges.

If prices for quoted investments increase/decrease by 5% (2017: 5%) with all other variables held constant, the Group's profit before tax would have been higher/lower by $5,205,000 (2017: $8,965,000) as a result of higher/lower fair value gains on investments at fair value through profit or loss, and the Group's fair value reserve in other comprehensive income would have been higher/lower by $2,047,000 (2017: $3,195,000) as a result of higher/lower fair value gains on investments at fair value through other comprehensive income, in the case of 2017, 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 Group assesses on a forward looking basis the expected credit losses ("ECLs") associated with its financial assets which are mainly debtors, amounts due from associated companies and bank balances, deposits and cash.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. These events include probability of insolvency, significant financial difficulties of the debtor and default or significant delay in payments.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The Group uses a provision matrix to measure the ECLs. In measuring the ECLs, assets are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group.

The Group's credit risk exposure in relation to debtors under SFRS(I) 9 as at 31 December 2018 are set out in the provision matrix as follows:

	Current $'000	1 to 3 months $'000	3 to 6 months $'000	> 6 months $'000	Total $'000
Offshore & Marine					
Expected loss rate	0.02%	0.4%	0.5%	21.6%	
Trade receivables	164,367	27,776	11,511	1,128,408	1,332,062
Loss allowance	28	107	52	243,665	243,852
Infrastructure					
Expected loss rate	0.1%	0.7%	5.0%	51.7%	
Trade receivables	134,201	33,701	4,378	3,928	176,208
Loss allowance	128	244	219	2,032	2,623

For the remaining subsidiaries which transact with low volume of customers and customers are monitored individually for credit loss assessment, the receivables (including concession service receivable and contract assets) are assessed individually for lifetime expected credit losses at each reporting date. In calculating the expected credit loss, the Group uses a probability-weighted amount that is determined by evaluating a range of possible outcomes. The possible outcomes include an unbiased estimate of the possibility that a credit loss occurs and the possibility that no credit loss occurs even if the most likely outcome is no credit loss.

Individual customer will be evaluated periodically for its credit risk and the credit risk assessment is based on historical, current and forward-looking information such as:

- Historical financial and default rate of the customer
- Any publicly available information on the customer
- Any macro-economic or geopolitical information relevant to the customer
- Any other objectively supportable information on the quality and abilities of the customer's management relevant for its performance

Property

For investment properties, the Group manages credit risks arising from tenants defaulting on their rental by requiring the tenants to furnish cash deposits, and/or banker's guarantees. The Group also has a policy of regular review of debt collection and rental contracts are entered into with customers with an appropriate credit history.

In measuring the expected credit losses, trade debtors and contract assets are grouped based on shared credit risk characteristics and days past due. The Group has therefore concluded that the expected loss rates for trade debtors are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are subject to immaterial credit loss under the property segment.

Investments

Trade receivables are subject to immaterial credit loss under the investments segment.

Balances due from associated companies are subject to immaterial credit loss.

The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations and hence does not expect significant credit losses.

33. Financial risk management (continued)

Previous accounting policy for impairment of debtors
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.

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.

The age analysis of trade debtors past due but not impaired/partially impaired is as follows:

	Group	
	31 December 2017 $'000	1 January 2017 $'000
Past due zero to three months but not impaired	88,280	120,531
Past due three to six months but not impaired	74,420	74,905
Past due over six months and partially impaired	1,180,123	1,262,615
	1,342,823	1,458,051

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.

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 21.

The following table details the liquidity analysis for derivative financial instruments and borrowings of the Group and the Company based on contractual undiscounted cash inflows/(outflows).

	Within one year $'000	Within one to two years $'000	Within two to five years $'000	After five years $'000
Group				
31 December 2018				
Gross-settled forward foreign exchange contracts				
- Receipts	**4,371,906**	**595,863**	**291,056**	**-**
- Payments	**(4,376,578)**	**(590,895)**	**(293,122)**	**-**
Net-settled HSFO forward contracts				
- Receipts	**18,276**	**5,291**	**2,001**	**-**
- Payments	**(78,658)**	**(89,608)**	**(4,551)**	**-**
Net-settled Dated Brent forward contracts				
- Receipts	**588**	**-**	**-**	**-**
- Payments	**(11,333)**	**(2,377)**	**(1,019)**	**-**
Net-settled electricity futures contracts				
- Receipts	**3,042**	**5,960**	**-**	**-**
- Payments	**(986)**	**(159)**	**-**	**-**
Borrowings	**(1,880,464)**	**(1,107,664)**	**(3,958,879)**	**(1,565,429)**
31 December 2017				
Gross-settled forward foreign exchange contracts				
- Receipts	5,367,540	989,250	48,742	-
- Payments	(5,310,740)	(989,397)	(50,423)	-
Net-settled HSFO forward contracts				
- Receipts	85,426	12,150	381	-
- Payments	(4,564)	(1,841)	(1,953)	-
Net-settled electricity futures contracts				
- Receipts	52	147	-	-
- Payments	(2,390)	(106)	-	-
Borrowings	(1,903,567)	(1,567,496)	(3,457,684)	(1,884,254)
1 January 2017				
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)
Company				
31 December 2018				
Gross-settled forward foreign exchange contracts				
- Receipts	**4,295,278**	**591,445**	**291,056**	**-**
- Payments	**(4,300,024)**	**(586,549)**	**(293,122)**	**-**
Borrowings	**(767,884)**	**(592,033)**	**(2,224,328)**	**(982,992)**
31 December 2017				
Gross-settled forward foreign exchange contracts				
- Receipts	5,306,832	973,865	48,742	-
- Payments	(5,251,003)	(974,631)	(50,423)	-
Borrowings	(644,666)	(85,514)	(2,096,221)	(1,333,585)
1 January 2017				
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)

In addition to the above, creditors (Note 19) of the Group and the Company have a maturity profile of within one year from the balance sheet date.

33. Financial risk management (continued)

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 2018. 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 18) less total term loans (Note 21).

	Group		
	31 December		1 January
	2018 $'000	2017 $'000	2017 $'000
Net debt	5,567,103	5,519,215	6,965,964
Total equity	11,587,140	11,972,959	12,344,890
Net gearing ratio	0.48x	0.46x	0.56x

Fair Value of Financial Instruments and Investment Properties

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Fair value is determined by reference to the net tangible assets of the investments.

The following table presents the assets and liabilities measured at fair value.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2018				
Financial assets				
Derivative financial instruments	-	67,978	-	67,978
Call option	-	-	150,500	150,500
Investments				
- Investments at fair value through other comprehensive income	6,527	-	201,830	208,357
- Investments at fair value through profit or loss	29,332	43,800	168,026	241,158
Short term investments				
- Investments at fair value through other comprehensive income	34,428	-	-	34,428
- Investments at fair value through profit or loss	74,759	-	-	74,759
	145,046	111,778	520,356	777,180
Financial liabilities				
Derivative financial instruments	-	289,132	-	289,132
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	-	-	1,716,314	1,716,314
- Commercial, under construction	-	-	1,135,066	1,135,066
	-	-	2,851,380	2,851,380

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2017				
Financial assets				
Derivative financial instruments	-	208,006	-	208,006
Call option	-	-	137,200	137,200
Investments				
- Available-for-sale investments	8,854	-	238,606	247,460
- Investments at fair value through profit or loss	31,647	43,250	30,813	105,710
Short term investments				
- Available-for-sale investments	55,048	-	-	55,048
- Investments at fair value through profit or loss	147,654	-	74	147,728
	243,203	251,256	406,693	901,152
Financial liabilities				
Derivative financial instruments	-	120,463	-	120,463
Non-financial assets				
Investment Properties				
- Commercial and residential, completed	-	-	1,404,294	1,404,294
- Commercial, under construction	-	-	2,056,314	2,056,314
	-	-	3,460,608	3,460,608
Group				
1 January 2017				
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 at fair value through profit or loss	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

33. Financial risk management (continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company				
31 December 2018				
Financial assets				
Derivative financial instruments	**-**	**31,968**	**-**	**31,968**
Investments				
- Investments at fair value through other comprehensive income	**-**	**-**	**16,957**	**16,957**
	-	**31,968**	**16,957**	**48,925**
Financial liabilities				
Derivative financial instruments	**-**	**71,099**	**-**	**71,099**
31 December 2017				
Financial assets				
Derivative financial instruments	-	107,631	-	107,631
Investments				
- Available-for-sale investments	-	-	15,012	15,012
	-	107,631	15,012	122,643
Financial liabilities				
Derivative financial instruments	-	90,049	-	90,049
1 January 2017				
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

There have been no transfers between Level 1, Level 2 and Level 3 for the Group and Company in 2018 and 2017.

The following table presents the reconciliation of financial instruments measured at fair value based on significant unobservable inputs (Level 3).

	Group		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
At 1 January	**406,693**	351,463	**15,012**	14,340
Adoption of SFRS(I) 9				
- Reclassification of investments previously held at cost	**90,408**	-	**-**	-
- Fair value loss	**(25,119)**	-	**-**	-
Purchases	**105,664**	22,522	**-**	-
Sales	**(122,034)**	(8,265)	**-**	-
Fair value (loss)/gain recognised in other comprehensive income	**(1,124)**	17,062	**1,945**	672
Fair value gain recognised in profit or loss	**47,785**	24,199	**-**	-
Reclassification	**16,877**	-	**-**	-
Exchange differences	**1,206**	(288)	**-**	-
At 31 December	**520,356**	406,693	**16,957**	15,012

The following table presents the reconciliation of investment properties measured at fair value based on significant unobservable inputs (Level 3).

	Group	
	2018 $'000	2017 $'000
At 1 January	**3,460,608**	3,550,290
Development expenditure	**94,099**	181,522
Fair value gain	**84,886**	182,753
Disposal	**(2,870)**	-
Subsidiary acquired	**360,000**	-
Subsidiary disposed	**(948,613)**	(405,604)
Reclassification		
- Stocks	**(158,300)**	-
- Fixed assets	**-**	1,376
Exchange differences	**(38,430)**	(49,729)
At 31 December	**2,851,380**	3,460,608

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 investment at fair value through profit or loss categorised under Level 2 of the fair value hierarchy is based on the consideration specified in a sales and purchase agreement.

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 2018 $'000**	**Valuation Techniques**	**Unobservable Inputs**	**Range of Unobservable Inputs**
Investments	369,856	Net asset value and/or discounted cash flow	Net asset value *	Not applicable
			Discount rate	11%
Call option	150,500	Direct comparison method and investment method	Transacted price of comparable properties (psf)	$2,500 to $3,200
			Capitalisation rate	3.5% to 3.65%

* 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.

33. Financial risk management (continued)

Description	Fair value as at 31 December 2018 $'000	Valuation Techniques	Unobservable Inputs	Range of Unobservable Inputs
Investment Properties				
- Commercial and residential, completed	1,716,314	Direct comparison method, investment method, cost replacement method and/or discounted cash flow method	Discount rate	10.25% to 12.45%
			Terminal yield	7.00%
			Capitalisation rate	4.25% to 12.00%
			Net initial yield	3.7%
			Price of comparable land plots (psm)	$4,700 to $5,707
			Transacted price of comparable properties (psf)	$1,727 to $3,294
- Commercial, under construction	1,135,066	Direct comparison method, and/or residual method	Price of comparable land plots (psm)	$6,737 to $11,990
			Gross development value ($'million)	$636 to $1,898

Description	Fair value as at 31 December 2017 $'000	Valuation Techniques	Unobservable Inputs	Range of Unobservable Inputs
Investments	269,493	Net asset value and/or discounted cash flow	Net asset value *	Not applicable
			Discount rate	11%
Call option	137,200	Direct comparison method and investment method	Transacted price of comparable properties (psf)	$2,600 to $3,200
			Capitalisation rate	3.5% to 3.75%
Investment Properties				
- Commercial and residential, completed	1,404,294	Direct comparison method, investment method, cost replacement method and/or discounted cash flow method	Discount rate	11.50% to 13.00%
			Terminal yield	7.00%
			Capitalisation rate	2.80% to 12.50%
			Net initial yield	3.8%
			Price of comparable land plots (psm)	$7,627 to $12,463
			Transacted price of comparable properties (psf)	$1,321 to $2,500
- Commercial, under construction	2,056,314	Direct comparison method, and/or residual method	Price of comparable land plots (psm)	$7,627 to $12,463
			Gross development value ($'million)	$588 to $1,866

* 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.

Description	Fair value as at 1 January 2017 $'000	Valuation Techniques	Unobservable Inputs	Range of Unobservable Inputs
Investments	230,863	Net asset value and/or discounted cash flow	Net asset value *	Not applicable
			Discount rate	11%
Call option	120,600	Direct comparison method and investment method	Transacted price of comparable properties (psf)	$3,000 to $3,400
			Capitalisation rate	3.5% to 3.75%
Investment Properties				
- Commercial and residential, completed	1,639,368	Direct comparison method, investment method, income capitalisation method, cost replacement method and/or discounted cash flow method	Discount rate	7.50% to 13.70%
			Occupancy rate	95%
			Terminal yield	7.25% to 7.70%
			Capitalisation rate	2.80% to 12.50%
			Net initial yield	5.3%
			Price of comparable land plots (psm)	$9,513 to $13,213
			Transacted price of comparable properties (psf)	$1,296 to $2,100
- Commercial, under construction	1,910,922	Direct comparison method, and/or residual method	Price of comparable land plots (psm)	$9,513 to $13,213
			Gross development value ($'million)	$629 to $1,699

* 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 investments at fair value through other comprehensive income on a quarterly basis.

Valuation process of investment properties is described in Note 7.

34. Segment analysis

The Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) Offshore & Marine
Principal activities include offshore rig design, construction, repair and upgrading, ship conversions and repair, and specialised shipbuilding. The Division has operations in Brazil, China, Singapore, United States and other countries.

(ii) Property
Principal activities include property development and investment, and property fund management. The Division has operations in Australia, China, India, Indonesia, Singapore, Vietnam and other countries.

(iii) Infrastructure
Principal activities include environmental engineering, power generation, logistics and data centres. The Division has operations in China, Qatar, Singapore, United Kingdom and other countries.

(iv) Investments
The Investments Division consists mainly of the Group's investments in fund management, KrisEnergy Limited, M1 Limited, k1 Ventures Ltd, Sino-Singapore Tianjin Eco-City Investment and Development Co., Limited and equities.

34. 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
2018						
Revenue						
External sales	1,874,571	1,340,235	2,628,571	121,404	-	5,964,781
Inter-segment sales	-	6,139	22,729	60,872	(89,740)	-
Total	1,874,571	1,346,374	2,651,300	182,276	(89,740)	5,964,781
Segment Results						
Operating (loss)/profit	(73,433)	1,031,852	105,332	(23,019)	1,834	1,042,566
Investment income	1,199	3,976	2,230	2,586	-	9,991
Interest income	53,675	57,268	57,265	295,233	(299,181)	164,260
Interest expenses	(102,630)	(70,869)	(16,969)	(305,322)	297,347	(198,443)
Share of results of associated companies	8,001	165,311	36,499	11,707	-	221,518
(Loss)/Profit before tax	(113,188)	1,187,538	184,357	(18,815)	-	1,239,892
Taxation	2,523	(253,963)	(7,837)	(24,470)	-	(283,747)
(Loss)/Profit for the year	(110,665)	933,575	176,520	(43,285)	-	956,145
Attributable to:						
Shareholders of Company	(109,250)	937,896	169,584	(54,401)	-	943,829
Non-controlling interests	(1,415)	(4,321)	6,936	11,116	-	12,316
	(110,665)	933,575	176,520	(43,285)	-	956,145
External revenue from contracts with customers						
- At a point in time	97,835	825,480	28,642	10,469	-	962,426
- Over time	1,776,736	469,357	2,596,393	105,651	-	4,948,137
	1,874,571	1,294,837	2,625,035	116,120	-	5,910,563
Other sources of revenue	-	45,398	3,536	5,284	-	54,218
Total	1,874,571	1,340,235	2,628,571	121,404	-	5,964,781
Other information						
Segment assets	8,461,013	13,850,067	3,649,336	7,596,099	(6,950,188)	26,606,327
Segment liabilities	5,556,134	5,692,596	2,248,589	8,472,056	(6,950,188)	15,019,187
Net assets	2,904,879	8,157,471	1,400,747	(875,957)	-	11,587,140
Investment in associated companies	706,189	3,206,987	1,066,849	1,259,660	-	6,239,685
Additions to non-current assets	87,478	461,857	61,394	28,225	-	638,954
Depreciation and amortisation	99,091	32,762	44,930	5,603	-	182,386
Impairment loss	32,503	796	1,754	53,000	-	88,053

Geographical information

	Singapore $'000	China $'000	Brazil $'000	Other Far East & ASEAN countries $'000	Other countries $'000	Elimination $'000	Total $'000
External sales	4,370,849	741,759	224,573	374,430	253,170	-	5,964,781
Non-current assets	6,119,704	2,747,668	229,917	1,648,108	847,235	-	11,592,632

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 2018.

Information about a major customer
Revenue of $730,615,000 is derived from a single external customer and is attributable to the Infrastructure Division for the year ended 31 December 2018.

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
2017						
Revenue						
External sales	1,801,347	1,782,343	2,207,162	172,921	-	5,963,773
Inter-segment sales	584	6,217	20,031	62,795	(89,627)	-
Total	1,801,931	1,788,560	2,227,193	235,716	(89,627)	5,963,773
Segment Results						
Operating (loss)/profit	(166,747)	667,610	124,984	175,100	99	801,046
One-off financial penalty & related costs	(618,722)	-	-	-	-	(618,722)
Investment income	2,112	12,377	-	5,382	-	19,871
Interest income	50,897	40,413	47,801	263,754	(264,937)	137,928
Interest expenses	(127,080)	(67,053)	(16,009)	(243,923)	264,838	(189,227)
Share of results of associated companies	(2,650)	190,492	12,587	90,104	-	290,533
(Loss)/Profit before tax	(862,190)	843,839	169,363	290,417	-	441,429
Taxation	14,180	(198,552)	(27,797)	(31,880)	-	(244,049)
(Loss)/Profit for the year	(848,010)	645,287	141,566	258,537	-	197,380
Attributable to:						
Shareholders of Company	(825,773)	649,826	133,813	238,159	-	196,025
Non-controlling interests	(22,237)	(4,539)	7,753	20,378	-	1,355
	(848,010)	645,287	141,566	258,537	-	197,380
External revenue from contracts with customers						
- At a point in time	230,402	899,744	27,365	12,360	-	1,169,871
- Over time	1,570,945	831,530	2,176,390	122,458	-	4,701,323
	1,801,347	1,731,274	2,203,755	134,818	-	5,871,194
Other sources of revenue	-	51,069	3,407	38,103	-	92,579
Total	1,801,347	1,782,343	2,207,162	172,921	-	5,963,773
Other information						
Segment assets	10,102,851	14,949,530	3,417,867	7,791,404	(7,576,052)	28,685,600
Segment liabilities	8,913,463	6,892,999	1,867,633	6,614,598	(7,576,052)	16,712,641
Net assets	1,189,388	8,056,531	1,550,234	1,176,806	-	11,972,959
Investment in associated companies	690,086	2,918,425	1,032,008	1,273,258	-	5,913,777
Additions to non-current assets	183,879	342,337	224,996	173,216	-	924,428
Depreciation and amortisation	129,527	36,869	43,953	2,031	-	212,380
Impairment loss/(write-back of impairment loss)	28,800	8,499	2,554	(45,808)	-	(5,955)

Geographical information

	Singapore $'000	China $'000	Brazil $'000	Other Far East & ASEAN countries $'000	Other countries $'000	Elimination $'000	Total $'000
External sales	3,969,057	807,780	456,727	436,187	294,022	-	5,963,773
Non-current assets	5,937,794	3,367,171	267,965	1,473,070	893,942	-	11,939,942

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 2017.

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 2017.

Note: Pricing of inter-segment goods and services is at fair market value.

35. New accounting standards and interpretations

At the date of authorisation of these financial statements, the following new/revised SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s that are relevant to the Group and the Company were issued but not effective:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty Over Income Tax Treatments*
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*
- Amendments to SFRS(I) 3 and 11 *Previously held interest in a joint operation*
- Amendments to SFRS(I) 1-12 *Income tax consequences of payments on financial instruments classified as equity*
- Amendments to SFRS(I) 1-23 *Borrowing costs eligible for capitalization*

The management anticipates that the adoption of the above SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s 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:

SFRS(I) 16 *Leases*
SFRS(I) 16 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 leases and leases of low value assets. The accounting for lessors will not change significantly.

SFRS(I) 16 will take effect from financial years beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

The standard will affect primarily the accounting for the Group's operating leases. As at 31 December 2018, the Group has non-cancellable operating lease commitment of $909,035,000 (Note 30) that may result in the recognition of an asset and a liability for future payments.

The Group is currently finalising the transition adjustments.

36. Subsequent event

(a) On 28 January 2019, the Group announced that its 50% owned associate, Dong Nai Waterfront City LLC ("DNWC") is undergoing a demerger and upon issuance of the Investment Registration Certificate by the relevant Vietnamese authorities, DNWC will become a wholly owned subsidiary of the Group.

The Group will then divest its 70% interest (the "Sale Stake") in DNWC to the Group's associate, Nam Long Investment Corporation at a consideration of VND 2,313 billion (approximately S$136 million). The consideration was arrived on a willing-buyer and willing-seller basis. The unaudited net asset value attributable to the Sale Stake was approximately S$57 million as at 31 December 2018.

(b) On 27 September 2018, a subsidiary of the Company, Konnectivity Pte Ltd, announced its intention to make a voluntary conditional general offer ("Offer") for all the issued and paid up ordinary shares in the capital of M1 Limited. The Offer is subject to satisfaction of certain conditions. On 15 February 2019, the Offer turned unconditional and M1 Limited will become a subsidiary of the Group. The closing date of the Offer has been extended to 4 March 2019. The disclosure of the effect of the business combination on the financial statements could not be made as the purchase price allocation has not commenced at the date of this financial statements.

37. 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	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
OFFSHORE & MARINE									
Offshore									
Subsidiaries									
Keppel Offshore and Marine Ltd	100	100	100	100	801,720	801,720	801,720	Singapore	Investment holding
Keppel FELS Ltd	100	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	100	#	#	#	Brazil	Holding of long-term investments and property management
Deepwater Technology Group Pte Ltd	100	100	100	100	#	#	#	Singapore	Research and experimental development on deepwater engineering
Estaleiro BrasFELS Ltda (1a)	100	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	100	#	#	#	Singapore	Holding of long-term investments
Fernvale Pte Ltd	100	100	100	100	#	#	#	Singapore	Construction, fabrication and repair of drilling rigs and offshore production facilities
FSTP Brasil Ltda (1a)	75	75	75	75	#	#	#	Brazil	Procurement of equipment and materials for the construction of offshore production facilities
FSTP Pte Ltd	75	75	75	75	#	#	#	Singapore	Project management, engineering and procurement
Greenwood Pte Ltd	100	100	100	100	#	#	#	Singapore	Holding of long-term investments
Guanabara Navegacao Ltda (1a)	100	100	100	100	#	#	#	Brazil	Ship owning
Keppel AmFELS, LLC	100	100	100	100	#	#	#	USA	Construction and repair of offshore drilling rigs and offshore production facilities
Keppel FELS Baltech Ltd (1a)	100	100	100	100	#	#	#	Bulgaria	Marine and offshore engineering services
Keppel FELS Brasil SA (1a)	100	100	100	100	#	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas industry
Keppel Floatec LLC	100	100	100	100	#	#	#	USA	Fabrication of offshore platforms and structures
Keppel Letourneau USA, Inc	100	100	100	100	#	#	#	USA	Design and license of various offshore rigs and platforms
Keppel Offshore & Marine Engineering Services Mumbai Pte Ltd (1a)	100	100	100	100	#	#	#	India	Marine and offshore engineering services
Keppel Offshore & Marine Technology Centre Pte Ltd	100	100	100	100	#	#	#	Singapore	Research & development on marine and offshore engineering
Keppel Offshore & Marine USA Inc	100	100	100	100	#	#	#	USA	Offshore and marine-related services
Keppel Sea Scan Pte Ltd	100	100	100	100	#	#	#	Singapore	Trading and installation of hardware, industrial, marine and building related products, leasing and provision of services
KV Enterprises BV (3)	100	100	100	100	#	#	#	Netherlands	Holding of long-term investments

Significant Subsidiaries and Associated Companies

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
KVE Adminstradora de Bens Imoveis Ltda (1a)	100	100	100	100	#	#	#	Brazil	Holding of long-term investments and property management
Lindel Pte Ltd	100	100	100	100	#	#	#	Singapore	Project management, engineering and procurement
Offshore Partners Pte Ltd (fka Caspian Rigbuilders Pte Ltd)	100	100	100	100	#	#	#	Singapore	Building of ships, tankers and other ocean-going vessels; environmental engineering services
Offshore Technology Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Production of jacking systems
Regency Steel Japan Ltd (1a)	51	51	51	51	#	#	#	Japan	Sourcing, fabricating and supply of specialised steel components
Willalpha Limited (3)	100	100	100	100	#	#	#	BVI	Holding of long-term investments
Associated Companies									
Asian Lift Pte Ltd	50	50	50	50	#	#	#	Singapore	Provision of heavy-lift equipment and related services
Atwin Offshore & Marine Pte Ltd (2)	30	30	30	30	#	#	#	Singapore	Investment holding company
FloaTEC Singapore Pte Ltd (2)	50	50	50	50	#	#	#	Singapore	Manufacturing and repair of oil rigs
Floatel International Ltd (1a)	50	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	50	#	#	#	Singapore	Provision of housing services for marine workers
Seafox 5 Ltd (2)	49	49	49	49	#	#	#	Isle of Man	Owning and leasing of multi-purpose self-elevating platforms
Marine									
Subsidiaries									
Keppel Shipyard Ltd	100	100	100	100	#	#	#	Singapore	Ship repairing, shipbuilding and conversions
Keppel Philippines Marine Inc (1a)	98	98	98	98	#	#	#	Philippines	Shipbuilding and repairing
Alpine Engineering Services Pte Ltd	100	100	100	100	#	#	#	Singapore	Marine contracting
Blastech Abrasives Pte Ltd	100	100	100	100	#	#	#	Singapore	Painting, blasting, shot blasting, process and sale of slag
Keppel Nantong Heavy Industry Co Ltd (1a)	100	100	100	100	#	#	#	China	Engineering and construction of specialised vessels
Keppel Nantong Shipyard Company Ltd (1a)	100	100	100	100	#	#	#	China	Engineering and construction of specialised vessels
Keppel Singmarine Pte Ltd	100	100	100	100	#	#	#	Singapore	Shipbuilding and repairing
Keppel Subic Shipyard Inc (1a)	87+	86+	86+	86+	3,020	3,020	3,020	Philippines	Shipbuilding and repairing
KS Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Holding of long-term investments
KSI Production Pte Ltd (3)	100	100	100	100	#	#	#	BVI	Holding of long-term investments
Marine Technology Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Provision of technical consultancy for ship design and engineering works

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
Associated Companies									
Arab Heavy Industries PJSC (2)	33	33	33	33	#	#	#	UAE	Shipbuilding and repairing
Dyna-Mac Holdings Ltd	24	24	24	24	#	#	#	Singapore	Investment holding
Keppel Smit Towage Pte Ltd	51	51	51	51	#	#	#	Singapore	Provision of towage services
Maju Maritime Pte Ltd	51	51	51	51	#	#	#	Singapore	Provision of towage services
Nakilat - Keppel Offshore & Marine Ltd (2)	20	20	20	20	#	#	#	Qatar	Ship repairing
PV Keez Pte Ltd (2)	20	20	20	20	#	#	#	Singapore	Chartering of ships, barges and boats with crew
PROPERTY									
Subsidiaries									
Keppel Land Ltd	100	100	100	100	4,793,367	4,793,367	4,716,367	Singapore	Holding, management and investment company
Keppel Land China Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Bay Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Keppel Philippines Properties Inc (1a)	87+	87+	87+	80+	493	493	493	Philippines	Investment holding
Aether Ltd (3)	-	-	51	51	-	#	#	HK	Disposed
Aether Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Agathese Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Aintree Assets Ltd (3)	100	100	100	100	#	#	#	BVI	Investment holding
Bayfront Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Beijing Aether Property Development Ltd (3)	-	-	51	51	-	#	#	China	Disposed
Beijing Kingsley Property Development Co Ltd (1a)	100	100	100	100	#	#	#	China	Property development
Broad Elite Investments Ltd (3)	100	100	100	100	#	#	#	BVI	Investment holding
Cesario Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Changzhou Fushi Housing Development Pte Ltd (1a)	100	100	100	100	#	#	#	China	Property development
Chengdu Hillstreet Development Co Ltd (1a)	100	100	100	100	#	#	#	China	Property development
Chengdu Hilltop Development Co Ltd (1a)	100	100	100	100	#	#	#	China	Property development
Chengdu Shengshi Jingwei Real Estate Co Ltd (1a)	100	100	100	100	#	#	#	China	Property development
Corredance Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Corson Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Dattson Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
DC REIT Holdings Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding

Significant Subsidiaries and Associated Companies

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
Double Peak Holdings Ltd (3)	100	100	100	100	#	#	#	BVI	Investment holding
Estella JV Co Ltd (1a)	98	98	98	98	#	#	#	Vietnam	Property development and investment
Eternal Commercial Ltd (n)(1a)	100	100	-	-	#	-	-	HK	Investment holding
Evergro Properties Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
First King Properties Ltd (3)	100	100	100	100	#	#	#	Jersey	Property investment
Flemmington Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Floraville Estate Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Greenfield Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Harbourfront One Pte Ltd	100	100	100	100	#	#	#	Singapore	Property investment
Harvestland Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Hillsvale Resort Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Hillwest Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Jencity Ltd (3)	100	100	90	90	#	#	#	BVI	Investment holding
Jiangyin Evergro Properties Co Ltd (1a)	100	99	99	99	#	#	#	China	Property development
Katong Retail Trust (n)	100	100	-	-	#	#	#	Singapore	Investment trust
KeplandeHub Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Bay Property Development (Shenyang) Co Ltd (3)	-	-	100	100	-	#	#	China	Disposed
Keppel China Marina Holdings Pte Ltd (3)	-	-	100	100	-	#	#	Singapore	Disposed
Keppel China Township Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Keppel Digihub Holdings Ltd	100	100	100	100	#	#	#	Singapore	Investment, management and holding company
Keppel Heights (Wuxi) Property Development Co Ltd (1a)	100	100	100	100	#	#	#	China	Property development
Keppel Hong Da (Tianjin Eco-City) Property Development Co Ltd (1a)	100	100	100	100+	#	#	#	China	Property development
Keppel Hong Yuan (Tianjin Eco-City) Property Development Co Ltd (1a)	100	100	100	100+	#	#	#	China	Property development
Keppel Lakefront (Wuxi) Property Development Co Ltd (1a)	100	100	100	100	#	#	#	China	Property development
Keppel Land (Mayfair) Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Keppel Land (Saigon Centre) Ltd (1a)	100	100	100	100	#	#	#	HK	Investment holding

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
Keppel Land (Singapore) Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Land Financial Services Pte Ltd	100	100	100	100	#	#	#	Singapore	Financial services
Keppel Land International Ltd	100	100	100	100	#	#	#	Singapore	Property services
Keppel Land Realty Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Keppel Land Retail Management Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Land Watco IV Co Ltd (1a)	84	84	84	68	#	#	#	Vietnam	Property development
Keppel Land Watco V Co Ltd (1a)	84	84	84	68	#	#	#	Vietnam	Property development
Keppel REIT Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel REIT Property Management Pte Ltd (3)	-	-	100	100	-	#	#	Singapore	Disposed
Keppel Seasons Residences Property Development (Wuxi) Co., Ltd (n)(1a)	100	100	-	-	#	-	-	China	Property development
Keppel Tianjin Eco-City Holdings Pte Ltd	100	100	100	100+	#	#	#	Singapore	Investment holding
Keppel Tianjin Eco-City Investments Pte Ltd	100	100	100	100+	#	#	126,137	Singapore	Investment holding
Keppel Township Development (Shenyang) Co Ltd (3)	-	-	100	100	-	#	#	China	Disposed
Keppel Yongxiang Corporate Management (Shanghai) Company Ltd (n)(1a)	100	100	-	-	#	-	-	China	Property services
Kingsdale Development Pte Ltd	86	86	86	86	#	#	#	Singapore	Investment holding
Kingsley Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Krystal Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Joysville Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Main Full Ltd (1a)	100	100	100	100	#	#	#	HK	Investment holding
Mansfield Developments Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development
Meadowsville Investment Pte Ltd (3)	-	-	100	100	-	#	#	Singapore	Dissolved
Merryfield Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Ocean & Capital Properties Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Oceansky Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
OIL (Asia) Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Parksville Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Property development

Significant Subsidiaries and Associated Companies

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
Pasir Panjang Realty Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Pembury Properties Ltd (3)	100	100	100	100	#	#	#	BVI	Investment holding
Pisamir Pte Ltd	100	100	100	-	#	#	-	Singapore	Investment holding
Portsville Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Pre-1 Investments Pte Ltd (n)	100	100	-	-	#	-	-	Singapore	Investment holding
PT Harapan Global Niaga (1a)	100	100	100	100	#	#	#	Indonesia	Property development
PT Kepland Investama (1a)	100	100	100	100	#	#	#	Indonesia	Property investment
PT Puri Land Development (1a)	100	100	100	100	#	#	#	Indonesia	Property development
PT Ria Bintan (1a)	100	46	46	46	#	#	#	Indonesia	Golf course ownership and operations
PT Straits-CM Village (1a)	100	39	39	39	#	#	#	Indonesia	Hotel ownership and operations
PT Sukses Manis Indonesia (1a)	100	100	100	100	#	#	#	Indonesia	Property development
PT Sukses Manis Tangguh (1a)	100	100	100	-	#	#	-	Indonesia	Property development
Riviera Cove LLC (1a)	100	100	100	100	#	#	#	Vietnam	Property development
Riviera Point LLC (1a)	75	75	75	75	#	#	#	Vietnam	Property development
Saigon Centre Investment Ltd (3)	100	100	100	100	#	#	#	BVI	Investment holding
Saigon Sports City Ltd (1a)	100	100	90	90	#	#	#	Vietnam	Property development
Shanghai Floraville Land Co Ltd (1a)	99	99	99	99	#	#	#	China	Property investment
Shanghai Hongda Property Development Co Ltd (1a)	100	99	99	99	#	#	#	China	Property development
Shanghai Ji Lu Land Co Ltd (1a)	100	99	99	99	#	#	#	China	Property development and investment
Shanghai Ji Xiang Land Co Ltd (1a)	100	100	100	100	#	#	#	China	Property development
Shanghai Jinju Real Estate Development Co Ltd (1a)	100	99	99	99	#	#	#	China	Property development
Shanghai Maowei Investment Consulting Co Ltd (1a)	100	99	99	99	#	#	#	China	Investment holding
Shanghai Merryfield Land Co Ltd (1a)	99	99	99	99	#	#	#	China	Property development
Shanghai Pasir Panjang Land Co Ltd (1a)	99	99	99	99	#	#	#	China	Property development
Sherwood Development Pte Ltd	70	70	70	70	#	#	#	Singapore	Property development
Spring City Golf & Lake Resort Co Ltd (1a)	80	69	69	69	#	#	#	China	Golf club operations and development and property development
Spring City Resort Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
Straits Greenfield Ltd (2)	100	100	100	100	#	#	#	Myanmar	Hotel ownership and operations
Straits Properties Ltd	100	100	100	100	#	#	#	Singapore	Property development
Straits Property Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Sunsea Yacht Club (Zhongshan) Co Ltd (3)	-	-	80	80	-	#	#	China	Disposed
Sunseacan Investment (HK) Co Ltd (3)	-	-	80	80	-	#	#	HK	Disposed
Third Dragon Development Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Tianjin Fulong Property Development Co Ltd (1a)	100	100	100	100	#	#	#	China	Property development
Tianjin Fushi Property Development Co Ltd (1a)	100	100	100	100	#	#	#	China	Property development
Tianjin Keppel Hong Hui Procurement Headquarter Co Ltd (1a)	100	100	100	100	#	#	#	China	Trading of construction materials
Triumph Jubilee Ltd (3)	100	100	100	100	#	#	#	BVI	Investment holding
West Gem Properties Ltd (3)	100	100	100	100	#	#	#	Jersey	Investment holding
Atlantic Marina Services (Asia-Pacific) Pte Ltd	100+	100+	100+	100+	1,460	1,460	1,460	Singapore	Investment holding
FELS Property Holdings Pte Ltd	100	100	100	100	29,814	29,814	78,214	Singapore	Investment holding
FELS SES International Pte Ltd	98+	98+	98+	98+	48	48	48	Singapore	Investment holding
Keppel Houston Group LLC (3)	100+	100+	100+	100+	#	#	#	USA	Property investment
Keppel Kunming Resort Ltd (1a)	100+	98+	98+	98+	4	4	4	HK	Property investment
Keppel Point Pte Ltd	100+	100+	100+	100+	122,785	122,785	122,785	Singapore	Property development and investment
Petro Tower Ltd (1a)	76	74	74	74	#	#	#	Vietnam	Property investment
Associated Companies									
Bellenden Investments Ltd (3)	67	67	67	67	#	#	#	BVI	Investment holding
Chengdu Taixin Real Estate Development Co Ltd (2)	35	35	35	35	#	#	#	China	Property investment
CityOne Township Development Pte Ltd (2)	50	50	50	50	#	#	#	Singapore	Investment holding
City Square Office Co Ltd (2)	40	40	40	40	#	#	#	Myanmar	Property development
Davinelle Ltd (3)	67	67	67	67	#	#	#	BVI	Investment holding
Dong Nai Waterfront City LLC (1a)	50	50	50	50	#	#	#	Vietnam	Property development
Empire City Limited LLC (2)	40	40	40	40	#	#	#	Vietnam	Property development

Significant Subsidiaries and Associated Companies

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
EM Services Pte Ltd	25	25	25	25	#	#	#	Singapore	Property management
Equity Rainbow II Pte Ltd (2)	43	43	43	43	#	#	#	Singapore	Property investment
Garden Development Pte Ltd	60	60	60	-	#	#	-	Singapore	Property development
Keppel Land Watco I Co Ltd (1a)	61	61	61	45	#	#	#	Vietnam	Property investment and development
Keppel Land Watco II Co Ltd (1a)	61	61	61	45	#	#	#	Vietnam	Property investment and development
Keppel Land Watco III Co Ltd (1a)	61	61	61	45	#	#	#	Vietnam	Property investment and development
Keppel REIT	47	47	46	46	#	#	#	Singapore	Real estate investment trust
Marina Bay Suites Pte Ltd (3)	-	-	33	33	-	#	#	Singapore	Liquidated
Nam Long Investment Corporation (2)	10	10	5	5	#	#	#	Vietnam	Trading of development properties
PT Pulomas Gemala Misori (2)	25	25	25	25	#	#	#	Indonesia	Property development
Raffles Quay Asset Management Pte Ltd (2)	33	33	33	33	#	#	#	Singapore	Property management
Renown Property Holdings (M) Sdn Bhd (1a)	40	40	40	40	#	#	#	Malaysia	Property investment
Quoc Loc Phat Joint Stock Company (3)	-	-	45	45	-	#	#	Vietnam	Disposed
South Rach Chiec LLC (1a)	42	42	42	42	#	#	#	Vietnam	Property development
Suzhou Property Development Pte Ltd	25	25	25	25	#	#	#	Singapore	Property development
Vietcombank Tower 198 Ltd (2)	30	30	30	30	#	#	#	Vietnam	Property investment
Vision (III) Pte Ltd (2)	30	30	30	-	#	#	-	Singapore	Investment holding
INFRASTRUCTURE									
Subsidiaries									
Keppel Infrastructure Holdings Pte Ltd	100	100	100	100	445,892	445,892	445,892	Singapore	Investment holding
Energy Infrastructure									
Subsidiaries									
Keppel Energy Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Electric Pte Ltd	100	100	100	100	#	#	#	Singapore	Electricity, energy and power supply and general wholesale trade
Keppel Gas Pte Ltd	100	100	100	100	#	#	#	Singapore	Purchase and sale of gaseous fuels
Keppel DHCS Pte Ltd	100	100	100	100	#	#	#	Singapore	Development of district heating and cooling system for the purpose of air cooling and other utility services

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
Associated Companies									
Keppel Merlimau Cogen Pte Ltd (2)	49	49	49	49	#	#	#	Singapore	Commercial power generation
Environmental Infrastructure									
Subsidiaries									
Keppel Seghers Pte Ltd	100	100	100	100	#	#	#	Singapore	Provision of environmental, technologies, engineering works & construction activities
Keppel Seghers Holdings BV (1a)	100	100	100	100	#	#	#	Netherlands	Investment holding
Keppel Seghers Belgium NV (1a)	100	100	100	100	#	#	#	Belgium	Provider of services and solutions to the environmental industry related to solid waste treatment
Marina East Water Pte Ltd	100	100	100	-	#	#	-	Singapore	Design and construction of desalination plant
Associated Companies									
Tianjin Eco-City Energy Investment & Construction Co Ltd (2)	20	20	20	20	#	#	#	China	Investment and implementation of energy and utilities related infrastructure
Tianjin Eco-City Environmental Protection Co Ltd (2)	20	20	20	20	#	#	#	China	Investment, construction and operation of infrastructure for environmental protection
Infrastructure Services									
Subsidiaries									
Keppel Infrastructure Services Pte Ltd	100	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	100	#	#	#	Singapore	Engineering works, construction and O&M of plants and facilities
Keppel Seghers Engineering Singapore Pte Ltd	100	100	100	100	#	#	#	Singapore	Engineering works, construction and O&M of plants and facilities
Investments									
Subsidiaries									
Keppel Integrated Engineering Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Keppel Prince Engineering Pty Ltd (1a)	100	100	100	100	#	#	#	Australia	Metal fabrication
Keppel XTE Investments Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Associated Companies									
Keppel Infrastructure Trust (2)	18	18	18	18	#	#	#	Singapore	Public trust

Significant Subsidiaries and Associated Companies

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
Logistics & Data Centres									
Subsidiaries									
Keppel Telecommunications & Transportation Ltd	79	79	79	80	397,647	397,647	397,647	Singapore	Investment, management and holding company
Keppel Logistics Pte Ltd	100	79	79	80	#	#	#	Singapore	Integrated logistics services and supply chain solutions
Keppel Logistics (Foshan) Ltd (2)	70	55	55	56	#	#	#	China	Integrated logistics port operations, warehousing and distribution
Keppel Logistics (Foshan Sanshui Port) Co Ltd (2)	60	33	33	33	#	#	#	China	Integrated logistics port operations and warehousing
Jilin Sino-Singapore Food Zone International Logistics Co Ltd (2)	70	55	55	56	#	#	#	China	Integrated logistics services, warehousing and distribution
Keppel Wanjiang International Coldchain Logistics Park (Anhui) Co Ltd (2)	60	47	47	48	#	#	#	China	Integrated logistics services, food trading hub, warehousing and distribution
UrbanFox Pte Ltd (2) (fka Courex Pte Ltd)	85	67	47	48	#	#	#	Singapore	Omnichannel logistics and channel management solutions provider
Keppel Data Centres Pte Ltd	100	79	79	80	#	#	#	Singapore	Investment holding
Keppel Data Centres Holding Pte Ltd	100+	85+	85+	86+	#	#	#	Singapore	Investment holding and management services
Keppel DC Singapore 1 Ltd	100+	85+	85+	86+	#	#	#	Singapore	Data centre facilities management
Keppel DC Singapore 2 Pte Ltd	100+	85+	85+	86+	#	#	#	Singapore	Data centre facilities management
Keppel DC Investment Holdings Pte Ltd	100	79	79	80	#	#	#	Singapore	Investment holding
Keppel Communications Pte Ltd	100	79	79	80	#	#	#	Singapore	Trading and provision of communications systems and accessories
Keppel Telecoms Pte Ltd	100	79	79	80	#	#	#	Singapore	Investment holding
Associated Companies									
Asia Airfreight Terminal Company Ltd (3)	-	-	8	8	-	#	#	HK	Disposed
Computer Generated Solutions Inc (2)	21	17	17	17	#	#	#	USA	IT consulting and outsourcing provider
Keppel DC REIT (2)	25+	20+	29+	29+	#	#	#	Singapore	Data centre facilities and colocation services
Nautilus Data Technologies, Inc. (2)	21	17	17	-	#	#	-	USA	Water-cooled data centre leasing, colocation and interconnection services
Radiance Communications Pte Ltd	50	40	40	40	#	#	#	Singapore	Distribution and maintenance of communications equipment and systems
SVOA Public Company Ltd (2)	32	25	25	25	#	#	#	Thailand	Distribution of IT products and telecommunications services
Wuhu Sanshan Port Co Ltd (2)	50	40	40	40	#	#	#	China	Integrated logistics services and port operations

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
INVESTMENTS									
Subsidiaries									
Keppel Capital Holdings Pte Ltd	100	100	100	100	783,000	783,000	783,000	Singapore	Investment holding
Keppel Capital Investment Holdings Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Alpha Investment Partners Ltd	100	100	100	100	#	#	#	Singapore	Fund management
Keppel DC REIT Management Pte Ltd	100+	90+	90+	90+	#	#	#	Singapore	Real estate investment trust management and investment holding
Keppel Infrastructure Fund Management Pte Ltd	100	100	100	100	#	#	#	Singapore	Trust management
Keppel REIT Management Ltd	100	100	100	100	#	#	#	Singapore	Investment advisory and property fund management
Keppel Philippines Holdings Inc (1a)	82+	81+	81+	81+	#	#	#	Philippines	Investment holding
Alpha Real Estate Securities Fund	99	99	99	99	#	#	#	Singapore	Investment holding
Kephinance Investment Pte Ltd	100	100	100	100	90,000	90,000	90,000	Singapore	Investment holding
Kepinvest Holdings Pte Ltd (n)	100	100	-	-	10	-	-	Singapore	Investment holding
Kepinvest Singapore Pte Ltd	100	100	100	100	18,425	18,425	18,425	Singapore	Investment holding
Kepital Management Ltd (1a)	100	100	100	100	#	#	#	HK	Investment company
Keppel Group Eco-City Investments Pte Ltd	100+	100+	100+	100+	126,744	126,744	126,744	Singapore	Investment holding
Keppel Funds Investment Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment company
Keppel GMTN Pte Ltd	100	100	100	100	10	10	10	Singapore	Investment holding
Keppel Investment Ltd	100	100	100	100	#	#	#	Singapore	Investment company
Keppel Oil & Gas Pte Ltd	100	100	100	100	#	#	#	Singapore	Investment holding
Kepventure Pte Ltd	100	100	100	100	594,922	594,922	594,922	Singapore	Investment holding
KI Investments (HK) Ltd (3)	-	-	100	100	-	#	#	HK	Liquidated
Primero Investments Pte Ltd (3)	-	-	100	100	-	#	#	Singapore	Liquidated
Singapore Tianjin Eco-City Investment Holdings Pte Ltd	90+	90+	90+	90+	#	#	#	Singapore	Investment holding
Substantial Enterprises Ltd (3)	100+	100+	100+	100+	#	#	#	BVI	Investment holding
Travelmore Pte Ltd	100	100	100	100	265	265	265	Singapore	Travel agency
Associated Companies									
k1 Ventures Ltd (2)	36	36	36	36	#	#	#	Singapore	Investment holding (under liquidation)
Keppel-KBS US REIT (2)	8	7	7	-	#	#	-	Singapore	Real estate investment trust

Significant Subsidiaries and Associated Companies

	Gross Interest	Effective Equity Interest			Cost of Investment			Country of Incorporation /Operation	Principal Activities
		31 December		1 January	31 December		1 January		
	2018 %	2018 %	2017 %	2017 %	2018 $'000	2017 $'000	2017 $'000		
KrisEnergy Ltd (2)	40	40	40	40	#	#	#	Cayman Islands	Exploration for, and the development and production of oil and gas
M1 Ltd (2)	19	15	15	15	#	#	#	Singapore	Telecommunications services
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd (2)	50	45	45	45	#	#	#	China	Property development
Total subsidiaries					8,209,626	8,209,616	8,307,153		

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.

(vii) Abbreviations:

British Virgin Islands (BVI)	United Arab Emirates (UAE)
Hong Kong (HK)	United States of America (USA)

(viii) The Company has 260 significant subsidiaries and associated companies as at 31 December 2018. 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 20 April 2018. 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)	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Transaction for the Sale of Goods and Services				
CapitaLand Group	**–**	–	**–**	174,000
PSA International Group	**–**	–	**208**	8,077
SATS Group	**–**	–	**–**	24,400
SembCorp Marine Group	**–**	–	**2,202**	1,783
Singapore Power Group	**–**	–	**923**	2,657
Singapore Technologies Engineering Group	**–**	–	**1,272**	189
Temasek Holdings Group	**–**	–	**–**	338
Transaction for the Purchase of Goods and Services				
CapitaMalls Asia Group	**–**	–	**–**	254
Certis CISCO Security Group	**–**	–	**549**	718
Mapletree Investments Group	**–**	–	**773**	1,020
Pavilion Gas Pte Ltd	**–**	–	**52,000**	51,000
PSA International Group	**–**	–	**501**	305
Singapore Power Group	**–**	–	**43**	353
Singapore Technologies Engineering Group	**–**	–	**350**	3,289
Singapore Telecommunications Group	**–**	–	**6,772**	441
SMRT Corporation Group	**–**	–	**209**	–
Temasek Holdings Group	**–**	–	**436**	546
Total Interested Person Transactions	**–**	–	**66,238**	269,370

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, 53
Bachelor of Accountancy (Honours), National University of Singapore; CFA® charterholder; Member of the Institute of Chartered Accountants Australia and Fellow Member of the 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 of 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 joining 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 also serves on the management board of the Institute of System Science, National University of Singapore since 15 April 2015.

Mr Chan's principal directorships include Keppel Offshore & Marine Ltd, Keppel Land Limited, Keppel Infrastructure Holdings Pte Ltd, Keppel Telecommunications & Transportation Ltd, and Keppel Capital Holdings Pte Ltd.

Past principal directorships in the last five years
KrisEnergy Ltd and Keppel DC REIT Management Pte Ltd (the Manager of Keppel DC REIT).

Ong Tiong Guan, 60
Bachelor of Engineering (First Class Honours), Monash University, Australia; Doctor of Philosophy (Ph.D.) under Monash Graduate Scholarship, Monash University, Australia.

Dr Ong was appointed Executive Director of Keppel Energy Pte Ltd from 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 in 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 and environmental infrastructure businesses.

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 Seghers Pte Ltd and Keppel Capital Holdings Pte Ltd.

Past principal directorships in the last five years
Keppel Merlimau Cogen Pte Ltd, GE Keppel Energy Services Pte Ltd, Keppel Infrastructure Fund Management Pte Ltd (the Trustee-Manager of Keppel Infrastructure Trust) and Energy Studies Institute.

Christina Tan Hua Mui, 53
Bachelor of Accountancy (Honours), National University of Singapore; CFA® charterholder.

Ms Tan is the Chief Executive Officer of Keppel Capital Holdings Pte Ltd (Keppel Capital), Chairman of Keppel DC REIT Management Pte Ltd (the Manager of Keppel DC REIT) and Deputy Chairman of Alpha Investment Partners Limited (Alpha).

Ms Tan has more than 20 years of experience and expertise in investing and fund management across the United States, 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's principal directorships include Keppel Capital, as well as the listed REITs and Business Trust – Keppel REIT Management Limited, Keppel DC REIT Management Pte Ltd and Keppel Infrastructure Fund Management Pte Ltd, and the private funds. She also sits on the Investment Committee for the private funds, and is instrumental in developing and implementing the funds' portfolio strategy.

Past principal directorships in the last five years
Nil.

Chris Ong Leng Yeow, 44
Bachelor and Master Degree in Electrical and Electronics Engineering, National University of Singapore.

Mr. Chris Ong is the Chief Executive Officer of Keppel Offshore & Marine Ltd (Keppel O&M) with effect from 1 July 2017. Prior to this appointment, he was Acting Chief Executive Officer of Keppel O&M. 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), Executive Director (Commercial) and Managing Director of Keppel FELS Limited.

In addition to his current appointment, Mr Ong is also a board member of the Maritime and Port Authority of Singapore and The Institute of Technical Education Board of Governors (BOG), a member of the Workplace Safety & Health Council Marine Industries Committee, U EnTech Steering Committee, Keppel Chair Professor Management/Selection Committee and the Governance Board of Keppel-NUS Corporate Laboratory.

Mr. Ong is a Chartered Engineer, a Fellow of the Institute of Marine Engineering, Science and Technology and a member of the American Bureau of Shipping, DNV GL South East Asia and Pacific Committee as well as Bureau Veritas Asia-Australia Committee.

Mr. Ong is the Chairman of Floatel International Ltd, Keppel Nantong Heavy Industry Co. Ltd, Keppel Nantong Shipyard Ltd and Keppel FELS Brasil S.A. He is also director of various subsidiaries or associated companies of Keppel O&M.

Mr. Ong is also a non-executive director of KrisEnergy Ltd.

Past principal directorships in the last five years
Various subsidiaries and associated companies of Keppel O&M.

Tan Swee Yiow, 58
Bachelor of Science (First Class Honours) in Estate Management, National University of Singapore; Master of Business Administration in Accountancy, Nanyang Technological University.

Mr Tan has been appointed the Chief Executive Officer and Executive Director of Keppel Land with effect from 1 January 2019.

Mr Tan joined the Keppel Group in 1990. Prior to his current appointment, Mr Tan was the Chief Executive Officer and Executive Director of Keppel REIT Management Limited (the Manager of Keppel REIT). Before this, he was President, Singapore, at Keppel Land and concurrently Head, Keppel Land Hospitality Management.

Mr Tan continues to serve on the Board of Keppel REIT Management Limited as a Non-Executive Director. He is also President of the Singapore Green Building Council and a Director of the World Green Building Council. Mr Tan serves as Deputy Chairman of the Workplace Safety and Health Council (Construction and Landscape Committee) and is second Vice-President on the Management Council of Real Estate Developers' Association of Singapore.

Past principal directorships in the last five years
Nil.

Thomas Pang Thieng Hwi, 54
Bachelor of Arts (Engineering) and Master of Arts (Honorary Award), University of Cambridge.

Mr Pang is currently Executive Director and Chief Executive Officer of Keppel Telecommunications & Transportation Ltd (Keppel T&T), 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 (KIT).

Mr Pang joined Keppel Offshore & Marine Ltd (Keppel O&M) in 2002 as a Senior Manager (Merger Integration Office) to assist in the merger and 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, as well as strategic planning of Keppel O&M. Prior to that, Mr Pang 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 of Keppel T&T's subsidiaries, associates and joint venture companies. He is also a Director of ADCF C Private Limited, Keppel Capital Holdings Pte Ltd, Keppel DC REIT Management Pte Ltd (the Manager of Keppel DC REIT) and Keppel Technology and Innovation Pte Ltd.

Past principal directorships in the last five years
Various subsidiaries and associated companies of Keppel T&T, KDC REIT and KIT.

Key Executives

Paul Tham Wei Hsing, 37
Bachelor of Science in Civil & Environmental Engineering, Cornell University; Masters in Business Administration, Singapore Management University.

Mr Tham was appointed the Chief Executive Officer of Keppel REIT Management Limited (the Manager of Keppel REIT) with effect from 1 January 2019, after having served as its Deputy Chief Executive Officer since 1 February 2018.

Before his current appointment, Mr Tham was the Chief Financial Officer of Keppel Capital Holdings Pte Ltd (Keppel Capital), the asset management arm of Keppel Corporation Limited, overseeing the finance, compliance, legal and investor relations functions. Prior to that, Mr Tham was part of Keppel Corporation's Group Strategy & Development department, where he played a key role in the formation of Keppel Capital.

Before Keppel, Mr Tham served as a management consultant for Bain & Company working with leading global companies in Asia Pacific across a range of topics including financial performance management and growth strategy. Mr Tham started his career as a structural engineer in New York and has experience with building developments and infrastructure.

Mr Tham is also a Director of Keppel-KBS US REIT Management Pte. Ltd. (the Manager of Keppel-KBS US REIT).

Past principal directorships in the last five years
Nil.

Matthew R. Pollard, 51
Bachelors of Arts Degree, Columbia University; Masters in Business Administration, University of Chicago.

Mr Pollard was appointed Chief Executive Officer (CEO) of Keppel Infrastructure Fund Management Pte Ltd, the Trustee-Manager of Keppel Infrastructure Trust (KIT), with effect from 1 July 2018.

As CEO of the Trustee-Manager, Mr Pollard is responsible for working with the Board to determine the strategy for KIT. He works with other members of the Trustee-Manager's management team to execute the stated strategy of the Trustee-Manager.

Mr Pollard joined Keppel Capital Holdings Pte Ltd (Keppel Capital) as Managing Director, Infrastructure, in November 2017.

Prior to joining Keppel Capital, Mr Pollard spent more than 28 years of his career in investment banking, direct investment and entrepreneurship, of which 25 years have been in Asia. He has been involved in the energy, power, renewable and infrastructure sectors his entire career.

Mr Pollard was founder and managing director of Capital Partners Group, Singapore, from 2014 to 2017. He was Head of Infrastructure (Asia) at Arcapita Group from 2008 to 2013. In addition, he was the Chairman of China-based Honiton Energy Group from 2009 to 2015. Prior to joining Arcapita Bank, Mr Pollard held senior positions in the energy and utilities teams of Citigroup, Dresdner Kleinwort, Enron Corp, and Power Pacific Co.

Past principal directorships in the last five years
Nil.

Chua Hsien Yang, 41
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 (the Manager of Keppel DC REIT). Mr Chua has extensive experience in real estate funds management and the hospitality industries, with more than 17 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 the Manager of Keppel DC REIT, Mr Chua held the position of Senior Vice President of Keppel REIT Management Limited (the Manager of Keppel REIT) since May 2008, where he headed the investment team.

From January 2006 to April 2008, Mr Chua was with Ascott Residence Trust Management Limited (the Manager of Ascott Residence Trust) as Director of Business Development and Asset Management. From October 2001 to December 2005, Mr Chua was with Hotel Plaza Limited (now known as Pan Pacific Hotels Group Limited) as Assistant Vice President of Asset Management. He was responsible for the business development and asset management activities of the group-owned properties.

Past principal directorships in the last five years
Mirvac 8 Chifley Pty Limited and Mirvac (Old Treasury) Pty Limited.

David Eric Snyder, 48
Bachelor of Science in Business Administration, Biola University, California.

Mr Snyder is the Chief Executive Officer/Chief Investment Officer of Keppel-KBS US REIT Management Pte Ltd (the Manager of Keppel-KBS US REIT).

Prior to this, Mr Snyder was a consultant to KBS where he oversaw overall management of the AFRT portfolio and assisted in formulating the operational strategy and tactics for the portfolio. From 2008 to 2015, Mr Snyder was the Chief Financial Officer at KBS where he managed and advised five non-traded REITs. In addition, he oversaw, directed and participated in all aspects of investor relations, finance, financial reporting, accounting and financial planning, including the negotiation and management of a portfolio transfer of over 800 properties with a value of over US$1.7 billion.

Mr Snyder started out as a Senior Accountant with Arthur Andersen LLP in 1993 where he was responsible for the design, testing and supervision of the financial statements of various public and private enterprises. From 1996 to 1997, Mr Snyder joined Regency Health Services as its Director of Financial Reporting. Subsequently, from 1998 to 2008, he was with Nationwide Health Properties, starting out as a Financial Controller before rising to become Vice President & Financial Controller in 2005. Mr Snyder was one of four members on the senior management team which determined the corporate strategy and financial decisions of the firm.

Past principal directorships in the last five years
Nil.

Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Completed properties					
Keppel REIT	47%	Bugis Junction Towers Victoria Street, Singapore	15-storey office tower	99 years leasehold	Commercial office building with rentable area of 23,119 sqm
		Ocean Financial Centre Collyer Quay, Singapore	Land area: 6,221 sqm 43-storey office tower with ancillary retail space	999 years leasehold	Commercial office building with rentable area of 81,509 sqm
		One Raffles Quay, Singapore	Land area: 15,497 sqm Two office towers of 50-storey and 29-storey	99 years leasehold	Commercial office building with rentable area of 123,349 sqm
		Marina Bay Financial Centre (Phase 1) Marina Boulevard, Singapore	Land area: 32,978 sqm Two office towers of 33-storey and 50-storey with ancillary retail space	99 years leasehold	Commercial office building with rentable area of 161,348 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 124,472 sqm
		275 George Street Brisbane, Australia	Land area: 3,655 sqm 31-storey office tower	Freehold	Commercial office building with rentable area of 41,749 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 45,227 sqm
		8 Chifley Square Sydney, Australia	Land area: 1,581 sqm 30-storey office tower	99 years leasehold	Commercial office building with rentable area of 19,337 sqm
		David Malcolm Justice Centre Perth, Australia	Land area: 2,947 sqm 33-storey office tower	99 years leasehold	Commercial office building with rentable area of 31,175 sqm
Keppel DC REIT	25%	Keppel DC Singapore 1 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 10,193 sqm
		Keppel DC Singapore 2 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
		Keppel DC Singapore 3 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 5,103 sqm
		Keppel DC Singapore 5 Jurong, Singapore	Land area: 7,742 sqm 5-storey data centre	23 years lease	Data centre with rentable area of 9,176 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 3-storey data centre	Freehold	Data centre with rentable area of 11,000 sqm
		Keppel DC Dublin 2 Dublin, Ireland	Land area: 13,900 sqm Single-storey data centre	999 years leasehold	Data centre with rentable area of 2,334 sqm

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
		maincubes Data Centre Offenbach am Main, Germany	Land area: 5,596 sqm	Freehold	Data centre with rentable area of 9,016 sqm
Thorium DC Pte Ltd	65%	Keppel DC Singapore 4 Tampines, Singapore	Land area: 6,805 sqm	30 years lease with option for another 30 years	Data centre with gross floor area of 16,917 sqm
Calcium DC Pte Ltd	68%	Graphite DC Heinrich-Lanz-Allee 47 Kalbach, Frankfurt, Germany	Land area: 38,445 sqm	Freehold	Data centre with gross floor area of 20,000 sqm
Keppel-KBS US REIT	7%	The Plaza Buildings 8th Street, Bellevue, Washington, USA	Land area: 16,295 sqm 16 and 10 storey multi-tenanted office buildings	Freehold	Commercial office building with rentable area of 45,615 sqm
		Bellevue Technology Center 24th Street, Bellevue, Washington, USA	Land area: 188,570 sqm Office campus featuring 9 multi-tenanted office buildings	Freehold	Commercial office buildings with rentable area of 30,705 sqm
		The Westpark Portfolio 8200-8644 154th Avenue NE Redmond, Washington, USA	Land area: 166,989 sqm Business campus comprising 19 office buildings and 2 flex buildings which are multi-tenanted	Freehold	Commercial office and flex buildings with rentable area of 72,667 sqm
		Westmoor Center Westmoor Drive, Colorado, USA	Land area: 176,953 sqm Office campus featuring 6 multi-tenanted office buildings	Freehold	Commercial office building with rentable area of 56,939 sqm
		1800 West Loop South Houston, USA	Land area: 7,627 sqm A 21-storey high rise office multi-tenanted property	Freehold	Commercial office building with rentable area of 37,171 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 45,355 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
Katong Retail Trust	100%	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: 2,507,653 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
Vision (III) Pte Ltd	30%	Trinity Tower Shanghai, China	Land area: 16,427 sqm	50 years lease (office) 40 years lease (retail)	A mixed-use development in Hong Kou District

Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
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	61%	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 11,683 sqm office and 89 units of serviced apartments
Keppel Land Watco II & III Co Ltd	61%	Saigon Centre (Phase 2) Ho Chi Minh City, Vietnam	Land area: 8,355 sqm	50 years leasehold	Commercial building with rentable area of 37,600 sqm retail, 34,000 sqm office and 195 units of serviced apartments
Tanah Sutera Development Sdn Bhd	18%	Taman Sutera and Taman Sutera Utama Johor Bahru, Malaysia	Land area: 2,018,390 sqm	Freehold	A township comprising residential units, commercial space and recreational facilities in Skudai
City Square Office Co Ltd	40%	Junction City Tower (Phase 1) Yangon, Myanmar	Land area: 26,406 sqm	50 years BOT with option for another two 10-years	A mix-used development in CBD
Straits Greenfield Ltd	100%	Sedona Hotel Yangon Yangon, Myanmar	Land area: 32,000 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%	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 REIT	47%	311 Spencer Street Melbourne, Australia	Land area: 5,136 sqm	Freehold	An office development located in CBD *(2020)
Garden Development Pte Ltd	60%	The Garden Residences Serangoon, Singapore	Land area: 17,189 sqm	99 years leasehold	A 613-unit condominium development *(2020)
Parksville Development Pte Ltd	100%	Nassim Woods Nassim Road, Singapore	Land area: 5,785 sqm	99 years leasehold	A 100-unit condominium development *(2022)
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
Shanghai Floraville Land Co Ltd	99%	Park Avenue Central Shanghai, China	Land area: 28,488 sqm	40 years lease (retail) 50 years lease (office)	An office and retail development *(2023)
Shanghai Jinju Real Estate Development Co Ltd	99%	Sheshan Riviera Shanghai, China	Land area: 175,191 sqm	70 years lease (residential) 40 years lease (commercial)	A 217-unit landed development in Sheshan *(2021 Phase 2)
Chengdu Taixin Real Estate Development Co Ltd	35%	V-City Chengdu, China	Land area: 167,357 sqm	70 years lease (residential) 40 years lease (commercial)	A 5,399-unit residential development with retail facilities *(2019 Phase 4)
Keppel Heights (Wuxi) Property Development Co Ltd	100%	Park Avenue Heights Wuxi, China	Land area: 66,010 sqm	70 years lease (residential) 40 years lease (commercial)	A 1,285-unit residential development with commercial facilities in Liangxi District *(2019 Phase 2)

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Keppel Seasons Residences Property Development (Wuxi) Co Ltd	100%	Seasons Residences Wuxi, China	Land area: 180,258 sqm	70 years lease (residential) 40 years lease (commercial)	A 2,904-unit residential development with integrated facilities in Xinwu District *(2020 Phases 1 & 2)
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 1,403-unit residential development with commercial and SOHO facilities in Binhu District *(2019 Phase 4)
Keppel Hong Yuan (Tianjin Eco-City) Property Development Co Ltd/ Keppel Hong Tai (Tianjin Eco-City) Property Development Co Ltd/ Keppel Hong Teng (Tianjin Eco-City) Property Development Co Ltd	100%	Seasons City in Sino-Singapore Tianjin Eco-City Tianjin, China	Land area: 40,451 sqm	40 years leasehold	A commercial sub-centre comprising a retail complex and three office towers *(2020 Phase 1)
Keppel Hong Da (Tianjin Eco-City) Property Development Co Ltd	100%	Development in Sino-Singapore Tianjin Eco-City Tianjin, China	Land area: 313,265 sqm	70 years lease (residential) 40 years lease (commercial)	A 4,297-unit residential development with office and retail space *(2019 Seasons Garden Plot 9)
Nanjing Jinsheng Real Estate Development Co Ltd	40%	Nanjing Jinsheng Nanjing, China	Land area: 87,790 sqm	70 years lease (residential) 40 years lease (commercial)	A 1,597-unit residential development in the core of Nanjing Jiangbei New Area *(2021 Phase 1)
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 1)
Chengdu Shengshi Jingwei Real Estate Co Ltd	100%	Serenity Villa Chengdu, China	Land area: 286,667 sqm	70 years leasehold	A 867-unit landed development in Xinjin County *(2020 Phase 2)
PT Harapan Global Niaga	100%	West Vista at Puri 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 Phase 1)
Tanah Sutera Development Sdn Bhd	18%	Taman Sutera and Taman Sutera Utama Johor Bahru, Malaysia	Land area: 2,018,390 sqm	Freehold	A township comprising residential units, commercial space and recreational facilities in Skudai
City Square Tower Co Ltd	40%	Junction City Tower (Phase 2) Yangon, Myanmar	Land area: 26,406 sqm	50 years BOT with option for another two 10-years	A mix-used development in CBD *(2022)
Saigon Sports City Ltd	100%	Saigon Sports City Ho Chi Minh City, Vietnam	Land area: 640,477 sqm	50 years leasehold	A 4,300-unit residential township, commercial complexes and public sports facilities *(2022 Phase 1)
South Rach Chiec LLC	42%	Palm City (South Rach Chiec) Ho Chi Minh City, Vietnam	Land area: 289,365 sqm	50 years leasehold	A 3,670-unit residential township and commercial space *(2019 Phase 1)
Empire City LLC	40%	Empire City Ho Chi Minh City, Vietnam	Land area: 146,000 sqm	50 years leasehold	A residential development with commercial space in Thu Thiem New Urban Area, District 2 *(2020 Phases 1 & 2)
Riviera Point Ltd	75%	Riviera Point Ho Chi Minh City, Vietnam	Land area: 89,727 sqm	50 years leasehold	A 2,400-unit residential development with commercial space in District 7 *(2019 Phase B)
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 *(2024 Phase 1)

Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Industrial properties					
Keppel FELS Limited	100%	Pioneer and Crescent Yard, Singapore	Land area: 522,097 sqm buildings, workshops, building berths, drydocks and wharves	16 - 30 years leasehold	Offshore oil rig construction and repair
Estaleiro BrasFELS Ltda	100%	Angra dos Reis, Rio de Janeiro, Brazil	Land area: 409,020 sqm buildings, workshops, drydock, berths and wharf	30 years leasehold	Offshore oil rig construction and repair
Keppel Shipyard Limited	100%	Benoi and Pioneer Yard, Singapore	Land area: 799,111 sqm buildings, workshops, drydocks and wharves	30 years leasehold	Shiprepairing, shipbuilding and marine construction

* Expected year of completion

Group Five-Year Performance

	2014#	2015#	2016#	2017#	2018
Selected Profit & Loss Account Data					
($ million)					
Revenue	13,283	10,296	6,767	5,964	**5,965**
Operating profit	2,391	1,576	901	801	**1,043**
Profit before tax	2,835	1,991	1,088	442^	**1,240**
Net profit attributable to shareholders of the Company	1,885	1,525	784	196^	**944**
Selected Balance Sheet Data					
($ million)					
Fixed assets & properties	4,661	6,118	6,195	5,894	**5,224**
Investments	5,718	6,030	6,076	6,575	**6,841**
Stocks, debtors, cash & long term assets	19,851	16,672	17,532	16,084	**14,412**
Intangibles	102	100	141	133	**129**
Assets classified as held for sale	1,259	-	-	-	**-**
Total assets	31,591	28,920	29,944	28,686	**26,606**
Less:					
Creditors	8,579	7,925	8,034	8,298	**6,912**
Borrowings	7,383	8,259	9,053	7,793	**7,549**
Other liabilities	451	810	512	622	**558**
Liabilities directly associated with assets classified as held for sale	450	-	-	-	**-**
Net assets	14,728	11,926	12,345	11,973	**11,587**
Share capital & reserves	10,381	11,096	11,668	11,443	**11,278**
Non-controlling interests	4,347	830	677	530	**309**
Total Equity	14,728	11,926	12,345	11,973	**11,587**
Per Share					
Earnings (cents) (Note 1) :					
Before tax	120.9	104.2	57.1	23.3^	**67.4**
After tax	103.8	84.0	43.2	10.8^	**52.0**
Total distribution (cents)	48.0	34.0	20.0	22.0	**30.0***
Net assets ($)	5.73	6.13	6.43	6.29	**6.22**
Net tangible assets ($)	5.67	6.07	6.35	6.22	**6.15**
Financial Ratios					
Return on shareholders' funds (%) (Note 2):					
Profit before tax	21.9	17.6	9.1	3.7	**10.8**
Net profit	18.8	14.2	6.9	1.7	**8.3**
Dividend cover (times)	2.2	2.5	2.2	0.5	**1.7***
Net cash/(gearing) (times)	(0.11)	(0.53)	(0.56)	(0.46)	**(0.48)**
Employees					
Average headcount (number)	39,049	36,153	28,879	21,862	**18,186**
Wages & salaries ($ million)	1,859	1,662	1,282	1,107	**1,018**

2017 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)s"). 2014 to 2016 financial figures were prepared in accordance with Singapore Financial Reporting Standards ("FRS") and certain amounts have been reclassified for comparability purpose.
^ Includes the one-off financial penalty from the global resolution and related costs of $619 million.
* Includes the special dividend paid of 5.0 cents per share.

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.

Group Five-Year Performance

2018

Group revenue of $5,965 million for 2018 was at almost the same level as in 2017. Revenue from the O&M Division improved by $73 million or 4% to $1,875 million due to revenue recognition in relation to the jackup rigs sold to Borr Drilling Limited and higher revenue recognition from ongoing projects. Major jobs completed and delivered in 2018 included two jackup rigs, a gas carrier refurbishment, two Floating Production Storage and Offloading (FPSO) conversions, a Roll-on/Roll-off (RORO) conversion and two dual-fuel Liquified Natural Gas (LNG) tugs. Revenue from the Property Division decreased by $442 million to $1,340 million due mainly to lower revenue from Singapore, China and Vietnam property trading. Revenue from the Infrastructure Division grew by $422 million to $2,629 million as a result of increased sales in the power and gas businesses, partly offset by lower progressive revenue recognition from the Keppel Marina East Desalination Plant project. Revenue from the Investments Division decreased by $52 million to $121 million due mainly to the absence of sale of investments and lower revenue from the asset management business.

Group pre-tax profit for the current year was $1,240 million, $798 million or 181% above the previous year. Group pre-tax profit for 2017 included $619 million for the one-off financial penalty and related costs. Excluding the one-off financial penalty and related costs from 2017, Group pre-tax profit for 2018 of $1,240 million was $179 million or 17% above the pre-tax profit of $1,061 million for 2017.

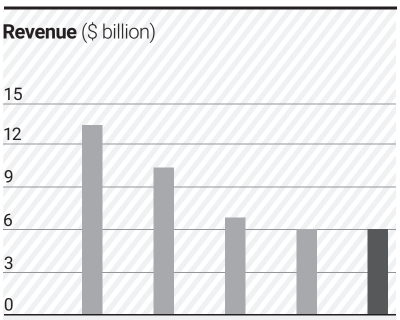
The O&M Division's pre-tax loss was $113 million as compared to pre-tax loss, excluding the one-off financial penalty and related costs, of $243 million in 2017. This was mainly due to higher operating results arising from higher revenue, write-back of provisions for claims and lower net interest expense, partly offset by higher impairment provisions and absence of gain from divestment of Keppel Verolme. Pre-tax profit from the Property Division increased by $344 million to $1,188 million due mainly to en-bloc sales of development projects (Keppel China Marina Holdings Pte Ltd, Keppel Bay Property Development (Shenyang) Co. Ltd., Keppel Township Development (Shenyang) Co. Ltd. and Quoc Loc Phat Joint Stock Company) and gain from divestment of the stake in Aether Limited. The positive variance was partly offset by lower fair value gains on investment properties, lower contribution from Singapore and China property trading, and lower share of associated companies' profits. Pre-tax profit of the Infrastructure Division was $184 million, $14 million above that in 2017. This was mainly due to dilution gain following Keppel DC REIT's private placement exercise, the gain arising from the sale of stake in Keppel DC REIT, as well as higher contribution from Environmental Infrastructure and Infrastructure Services, partly offset by lower contribution from Energy Infrastructure, lower share of profits from Keppel Infrastructure Trust, and absence of gain from divestment of GE Keppel Energy Services Pte Ltd compared against last year. Pre-tax loss of the Investments Division was $19 million as compared to pre-tax profit of $290 million in 2017. This was mainly due to lower profit from land sales in the Sino-Singapore Tianjin Eco-City, lower contribution from the asset management business and provision for impairment of an associated company, partly offset by lower share of loss from KrisEnergy. In 2017, the Investments Division also benefitted from the share of profit from k1 Ventures, write-back of provision for impairment of an associated company, and profit from sale of investments.

Taking into account income tax expenses and non-controlling interests, and excluding the one-off financial penalty from the global resolution and related costs of $619 million in 2017, net profit attributable to shareholders for 2018 was $944 million, an increase of $129 million from $815 million in 2017. The Property Division was the largest contributor to the Group's net profit with a 99% share, followed by the Infrastructure Division's 18% while the O&M Division and Investments Division contributed negative 11% and negative 6% to the Group's net profit respectively.

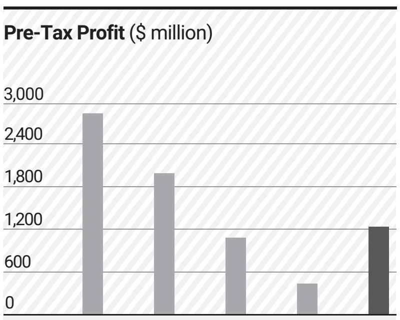
2017

Group revenue of $5,964 million for 2017 was $803 million or 12% below that of 2016. Revenue from the O&M Division declined by $1,052 million to $1,802 million due to lower volume of work and deferment of some projects. Major jobs completed and delivered in 2017 include a semisubmersible (semi), a subsea construction vessel, an FPSO conversion, an FPSO topsides installation/integration, a module fabrication & integration, a floating LNG conversion and an ice-class multi-purpose vessel project. Revenue from the Property Division decreased by $253 million to $1,782 million due mainly to lower revenue from China and Singapore, partly offset by higher revenue from Vietnam. Revenue from the Infrastructure Division grew by $463 million to $2,207 million as a result of increased sales in the power and gas businesses and progressive revenue recognition from the Keppel Marina East Desalination Plant project.

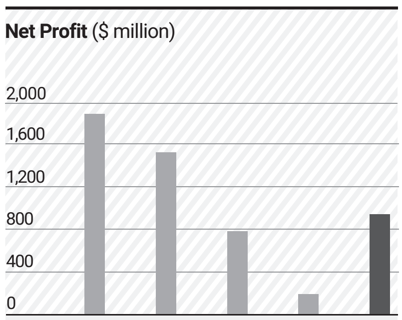
Group pre-tax profit for the current year was $442 million, $646 million or 59% below the previous year. Excluding the one-off financial penalty from the global resolution and related costs, the Group registered a pre-tax profit of $1,061 million which is $27 million lower than that of the preceding year.



2014	2015	2016	2017	**2018**
13.3	10.3	6.8	6.0	**6.0**



2014	2015	2016	2017	**2018**
2,835*	1,991*	1,088*	442*^	**1,240**



2014	2015	2016	2017	**2018**
1,885	1,525	784	196*^	**944**

* 2017 financial figures have been adjusted following the adoption of SFRS(I)s. 2014 to 2016 financial figures were prepared in accordance with FRS and certain amounts have been reclassified for comparability purpose.

^ Includes the one-off financial penalty and related costs of $619 million.

The O&M Division's pre-tax loss in 2017 was $862 million. Excluding the one-off financial penalty from the global resolution and related costs, the Division's pre-tax loss was $243 million as compared to pre-tax profit of $76 million in 2016. This was mainly due to lower operating results arising from lower revenue and lower share of associated companies' profits, partly offset by lower impairment provisions and lower net interest expense. Provisions mainly for impairment of fixed assets, stocks & works-in-progress (WIP), investments and an associated company, and restructuring costs, of $140 million in 2017 was lower than the $277 million impairment provisions recorded in 2016. Pre-tax profit from the Property Division of $844 million was $11 million or 1% higher than that in 2016. This was due mainly to higher fair value gains on investment properties and higher contribution from Singapore and Vietnam property trading, and en-bloc sales of development projects, partly offset by lower share of associated companies' profits, mainly resulting from the absence of the gains from divestment of the stakes in Life Hub @ Jinqiao and 77 King Street last year, and the absence of reversal of impairment for hospitality assets. Pre-tax profit of the Infrastructure Division increased by $47 million to $170 million due mainly to higher contribution from Energy Infrastructure, the gain on divestment of its interest in GE Keppel Energy Services Pte Ltd, as well as the recognition of fair value gain on investment. These were partly offset by lower contribution from the data centre business, due mainly to the absence of contribution from Keppel DC Singapore 3, which was injected into Keppel DC REIT in January 2017. Pre-tax profit of the Investments Division increased by $234 million to $290 million due mainly to higher share of profit from Sino-Singapore Tianjin Eco-City and k1 Ventures, higher contribution from asset management business, write-back of provision for impairment of investments and profit on sale of investments. These were partly offset by the share of loss in KrisEnergy and recognition of fair value loss on KrisEnergy warrants.

Taking into account income tax expenses and non-controlling interests, and excluding the one-off financial penalty from the global resolution and related costs of $619 million, net profit attributable to shareholders was $815 million, an increase of $31 million from last year. The Property Division was the largest contributor to the Group's net profit with an 80% share, followed by the Investments Division's 29% and Infrastructure Division's 16% while the O&M Division contributed negative 25% to the Group's net profit.

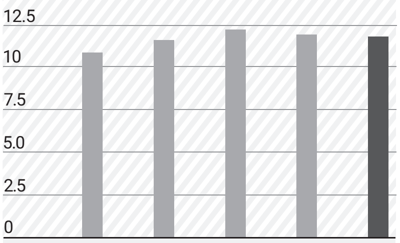
2016

Group revenue of $6,767 million for 2016 was $3,529 million or 34% lower than that for the full year of 2015. O&M 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 contracts. Major jobs completed in 2016 include four jackup rigs, a land rig, a derrick lay vessel, an accommodation semi 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 $1,088 million, $903 million or 45% below the previous year. The O&M Division reported a $614 million drop in pre-tax profit to $76 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 & WIP and investments. The negative variance was partially offset by the absence of provision for losses for the Sete rigbuilding contracts of about $230 million in 2015. The Property Division's profit of $833 million for 2016 was $31 million or 4% 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 4Q 2015, 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 $116 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 $142 million to $56 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.

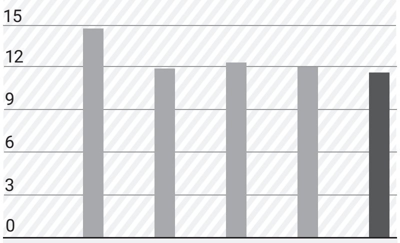
Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $784 million, $741 million or 49% lower than last year. The Property Division was the largest contributor to Group net profit at 79%, followed by the Infrastructure Division's 13%, the Investments Division's and the O&M Division's at 4% each.

Shareholders' Fund ($ billion)



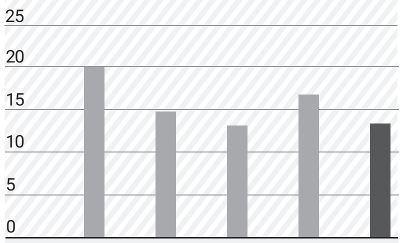
2014	2015	2016	2017	**2018**
10.4	11.1	11.7	11.4	**11.3**

Total Equity ($ billion)



2014	2015	2016	2017	**2018**
14.7	11.9	12.3	12.0	**11.6**

Market Capitalisation ($ billion)



2014	2015	2016	2017	**2018**
16.0	11.8	10.5	13.4	**10.7**

Group Five-Year Performance

2015

Group revenue of $10,296 million for 2015 was $2,987 million or 22% lower than that for the full year of 2014. O&M 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 contracts. Major jobs completed in 2015 include seven jackup rigs, an accommodation semi, one FPSO conversion, one depletion compression platform, one floating crane and an FPSO integration. The Property Division saw its revenue increase by 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 $1,991 million, $844 million or 30% below the previous year. The O&M Division reported a $667 million drop in pre-tax profit to $690 million. Lower operating results arising from lower revenue, provision for losses for Sete rigbuilding 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 $864 million for 2015 was $80 million or 8% 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 Marina Bay Financial Centre Tower 3 (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 $193 million to $239 million. The gain from disposal of 51% interest in Keppel Merlimau Cogen Pte Ltd and dilution re-measurement gain from the combination of Crystal Trust and CitySpring Infrastructure Trust to form the enlarged Keppel Infrastructure Trust were partially offset by the losses following finalisation of the cost to complete the Doha North Sewage Treatment Works and the reduced contribution from the power and gas business. There were also gains from divestment of data centre assets and Keppel FMO in 2014.

Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was $1,525 million, $360 million or 19% lower than last year. The Property Division was the largest contributor to Group net profit at 43%, followed by the O&M 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. O&M Division's revenue of $8,556 million was 20% above the $7,126 million for 2013, driven mainly by progress from on-going jobs. Major jobs completed in 2014 include 7 jackup rigs, 3 FPSO upgrades, 2 FPSO conversions, one FPSO integration and one semi upgrade. 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. 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 (Keppel T&T) logistics and data centre businesses.

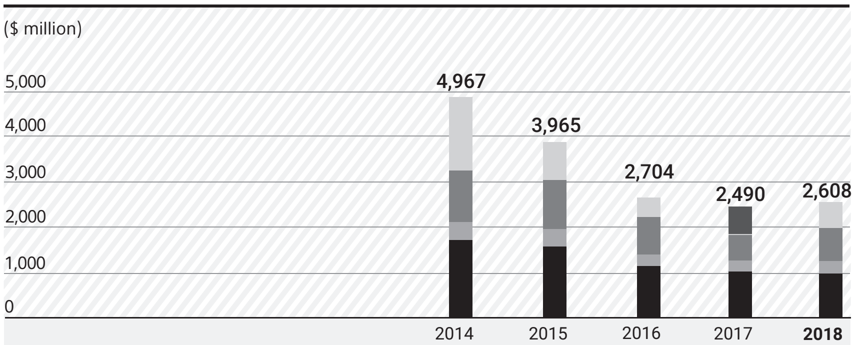
The Group's pre-tax profit for the current year was $2,835 million, $28 million or 1% above the previous year. The O&M Division posted a higher pre-tax profit of $1,357 million mainly from better operating results and higher interest income partially offset by lower share of associated companies' profits. The Property Division's profit of $944 million for 2014 was $476 million or 34% 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. Profit from the Infrastructure Division increased by $366 million to $432 million due mainly to better operating results from both Keppel Infrastructure and Keppel T&T as well as gains from divestments of data centre assets and Keppel FMO.

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 O&M 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%.

Group Value-Added Statements

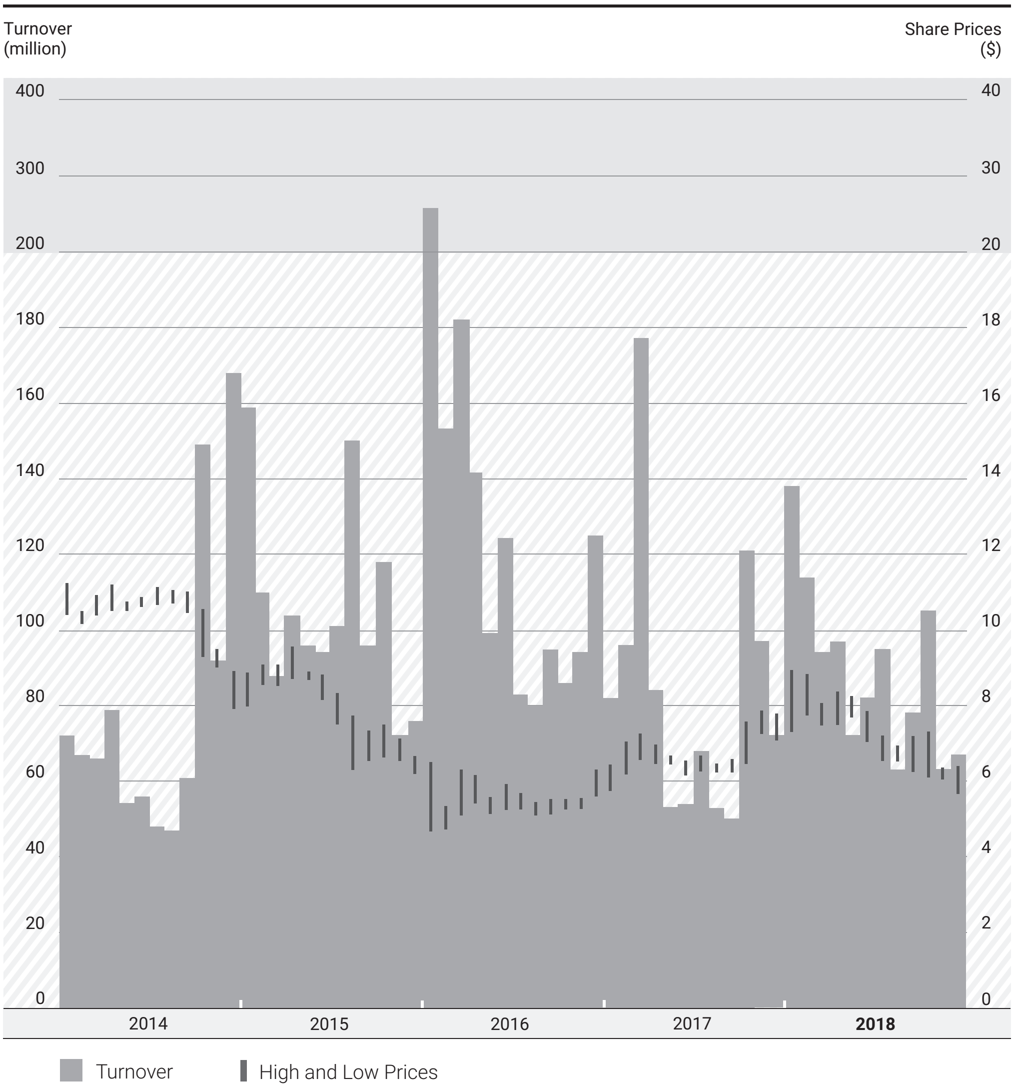
($ million)	2014*	2015*	2016*	2017*	2018
Value added from:					
Revenue earned	13,283	10,296	6,767	5,964	**5,965**
Less: purchases of materials and services	(9,456)	(7,303)	(4,287)	(4,119)	**(3,939)**
Gross value added from operation	3,827	2,993	2,480	1,845	**2,026**
In addition:					
Interest and investment income	145	134	139	158	**174**
Share of associated companies' profits	432	436	272	291	**222**
Other operating income/(expenses)	563	402	(187)	196	**186**
	4,967	3,965	2,704	2,490	**2,608**
Distribution of Group's value added:					
To employees in wages, salaries and benefits	1,733	1,600	1,155	1,027	**988**
To government in taxation	408	398	266	244	**284**
To providers of capital on:					
Interest on borrowings	134	155	225	189	**198**
Dividends to our partners in subsidiaries	266	83	77	27	**20**
Dividends to our shareholders	763	872	545	364	**526**
	1,163	1,110	847	580	**744**
One-off financial penalty & related costs	-	-	-	619	**-**
Total Distribution	3,304	3,108	2,268	2,470	**2,016**
Balance retained in the business:					
Depreciation & amortisation	265	220	236	212	**182**
Non-controlling interests share of profits in subsidiaries	276	(15)	(39)	(25)	**(8)**
Retained profit for the year	1,122	652	239	(167)	**418**
	1,663	857	436	20	**592**
	4,967	3,965	2,704	2,490	**2,608**
Number of employees	39,049	36,153	28,879	21,862	**18,186**
Productivity data:					
Gross value added per employee ($'000)	98	83	86	84	**111**
Gross value added per dollar employment cost ($)	2.21	1.87	2.15	1.80	**2.05**
Gross value added per dollar sales ($)	0.29	0.29	0.37	0.31	**0.34**

* 2017 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International). 2014 to 2016 financial figures were prepared in accordance with Singapore Financial Reporting Standards and certain amounts have been reclassified for comparability purpose.



	2014	2015	2016	2017	2018
One-off financial penalty and related cost	-	-	-	619	**-**
Depreciation & Retained Profit	1,663	857	436	20	**592**
Interest Expenses & Dividends	1,163	1,110	847	580	**744**
Taxation	408	398	266	244	**284**
Wages, Salaries & Benefits	1,733	1,600	1,155	1,027	**988**

Share Performance



	2014	2015	2016	2017	**2018**
Share Price ($) *					
Last transacted (Note 3)	8.85	6.51	5.79	7.35	**5.91**
High	11.24	9.54	6.56	7.83	**8.92**
Low	7.91	6.20	4.64	5.73	**5.67**
Volume weighted average (Note 2)	10.01	7.92	5.46	6.79	**7.35**
Per Share					
Earnings (cents) (Note 1)	103.8	84.0	43.2	10.8#^	**52.0**
Total distribution (cents)	48.0	34.0	20.0	22.0	**30.0@**
Distribution yield (%) (Note 2)	4.8	4.3	3.7	3.2	**4.1@**
Net price earnings ratio (Note 2)	9.6	9.4	12.6	62.9	**14.1**
Net assets backing ($)	5.67	6.07	6.35#	6.22#	**6.15**
At Year End					
Share price ($)	8.85	6.51	5.79	7.35	**5.91**
Distribution yield (%) (Note 3)	5.4	5.2	3.5	3.0	**5.1@**
Net price earnings ratio (Note 3)	8.5	7.8	13.4	68.1	**11.4**
Net price to book ratio (Note 3)	1.6	1.1	0.9	1.2	**1.0**

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.
^ Includes the one-off financial penalty from the global resolution and related costs of $619 million.
# 2017 financial figures have been adjusted following the adoption of Singapore Financial Reporting Standards (International). 2014 to 2016 financial figures were prepared in accordance with Singapore Financial Reporting Standards and certain amounts have been reclassified for comparability purpose.
@ Includes the special dividend paid of 5.0 cents per share.

Shareholding Statistics

As at 5 March 2019

Issued and Fully paid-up capital (including Treasury Shares)	: $1,291,720,897.98
Issued and Fully paid-up capital (excluding Treasury Shares)	: $1,281,221,788.97
Number of Issued shares (including Treasury Shares)	: 1,818,394,180
Number of Issued shares (excluding Treasury Shares)	: 1,817,009,407
Number/Percentage of Treasury Shares	: 1,384,773 (0.08%)
Number/Percentage of Subsidiary Holdings [1]	: 0 (0%)
Class of Shares	: Ordinary Shares
Voting Rights (excluding Treasury Shares)	: One Vote Per Share. The Company cannot exercise any voting rights in respect of treasury shares

Subject to the Companies Act, Chapter 50, subsidiaries cannot exercise any voting rights in respect of shares held by them as subsidiary holdings.

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	173	0.24	5,924	0.00
100 - 1,000	16,580	23.07	13,500,831	0.74
1,001 - 10,000	45,252	62.96	178,205,142	9.81
10,001 - 1,000,000	9,838	13.69	298,075,370	16.41
1,000,001 & Above	29	0.04	1,327,222,140	73.04
Total	71,872	100.00	1,817,009,407	100.00

Twenty Largest Shareholders	No. of Shares	%
Temasek Holdings (Private) Limited	371,408,292	20.44
Citibank Nominees Singapore Pte Ltd	314,398,607	17.30
DBS Nominees Pte Ltd	226,126,815	12.45
DBSN Services Pte Ltd	113,271,708	6.23
HSBC (Singapore) Nominees Pte Ltd	88,578,995	4.87
United Overseas Bank Nominees Pte Ltd	51,958,823	2.86
Raffles Nominees (Pte) Limited	49,073,283	2.70
BPSS Nominees Singapore (Pte.) Ltd.	30,281,441	1.67
OCBC Nominees Singapore Pte Ltd	13,493,272	0.74
OCBC Securities Private Ltd	9,085,641	0.50
Shanwood Development Pte Ltd	7,040,000	0.39
Phillip Securities Pte Ltd	6,126,521	0.34
UOB Kay Hian Pte Ltd	5,886,625	0.32
DB Nominees (Singapore) Pte Ltd	5,248,353	0.29
Maybank Kim Eng Securities Pte. Ltd.	3,774,906	0.21
BNP Paribas Nominees Singapore Pte Ltd	3,625,575	0.20
Chen Chun Nan	3,618,100	0.20
Societe Generale S'pore Branch	3,427,365	0.19
DBS Vickers Securities (S) Pte Ltd	3,285,400	0.18
CGS-CIMB Securities (Singapore) Pte Ltd	3,151,583	0.17
Total	1,312,861,305	72.25

Substantial Shareholders (as shown in the Register of Substantial Shareholders)

	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%	Total Interest No. of Shares	%
Temasek Holdings (Private) Limited [2]	371,408,292	20.44	13,780,895	0.75	385,189,187	21.19

Notes:

1 "Subsidiary holdings" is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50.

2 Temasek Holdings (Private) Limited is deemed interested in 14,774,336 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 5 March 2019, approximately 78% of the issued shares of the Company is held by the public and therefore, pursuant to Rules 723 and 1207 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the ordinary shares of the Company is at all times held by the public.

Notice of Annual General Meeting & Closure of Books

Keppel Corporation

Keppel Corporation Limited
Company Registration No. 196800351N
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the 51st Annual General Meeting of the Company will be held at Suntec Singapore Convention and Exhibition Centre, Nicoll 1-3, Level 3, 1 Raffles Boulevard Suntec City, Singapore 039593 on Tuesday, 23 April 2019 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 2018. **Resolution 1**

2. To declare a final tax-exempt (one-tier) dividend of 15.0 cents per share for the year ended 31 December 2018 (2017: final tax-exempt (one-tier) dividend of 14.0 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 Alvin Yeo **Resolution 3**

   (ii) Mr Tan Ek Kia **Resolution 4**

   (iii) Mr Loh Chin Hua **Resolution 5**

4. To re-elect Prof Jean-François Manzoni, whom being appointed by the board of Directors after the last annual general meeting of the Company, will retire in accordance with Regulation 82(a) of the Constitution and who, being eligible, offers himself for re-election (see Note 3). **Resolution 6**

5. To approve the sum of S$2,218,222 as Directors' fees for the year ended 31 December 2018 (2017: S$2,191,000) (see Note 4). **Resolution 7**

6. To re-appoint PricewaterhouseCoopers LLP as the auditors of the Company, and authorise the Directors to fix their remuneration. **Resolution 8**

Special Business

To consider and, if thought fit, approve with or without any modifications, the following ordinary resolutions:

7. That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), authority be and is hereby given to the Directors to: **Resolution 9**

   (1) (a) issue shares in the capital of the Company ("Shares"), whether by way of rights, bonus or otherwise, and including any capitalisation of any sum for the time being standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution; and/or

   (b) make or grant offers, agreements or options that might or would require Shares to be issued (including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares) (collectively "Instruments"),

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (2) (notwithstanding that the authority so conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while the authority was in force;

provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed fifty (50) per cent. of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) (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 and subsidiary holdings) (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 and subsidiary holdings) 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,

and in sub-paragraph (i) above and this sub-paragraph (ii), "subsidiary holdings" has the meaning given to it in the listing manual of the SGX-ST ("Listing Manual");

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Companies Act, the 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).

8. That: **Resolution 10**

(1) for the purposes of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(a) market purchase(s) (each a "Market Purchase") on the SGX-ST; and/or

(b) off-market purchase(s) (each an "Off-Market Purchase") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Listing Manual 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 earliest of:

(a) the date on which the next annual general meeting of the Company is held;

(b) the date on which the next annual general meeting of the Company is required by law to be held; or

(c) 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:

"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 purchase price of each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"Maximum Limit" means that number of issued Shares representing two (2) 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 and any subsidiary holdings will be disregarded for purposes of computing the two (2) per cent. limit;

"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 shall not exceed, whether pursuant to a Market Purchase or an Off-Market Purchase, 105 per cent. of the Average Closing Price;

"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

"subsidiary holdings" has the meaning given to it in the Listing Manual; 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).

9. That: **Resolution 11**

(1) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual, for the Company, its subsidiaries and target associated companies (as defined in Appendix 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 IS ALSO HEREBY GIVEN THAT:

(a) the Share Transfer Books and the Register of Members of the Company will be closed on 30 April 2019 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 30 April 2019 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 30 April 2019 will be entitled to the proposed final dividend. The proposed final dividend if approved at this annual general meeting will be paid on 10 May 2019; and

(b) the electronic copy of the Company's Annual Report 2018 will be published on the Company's website on 1 April 2019. The Company's website address is http://www.kepcorp.com, and the electronic copy of the Annual Report 2018 can be viewed or downloaded from the annual report microsite at www.kepcorp.com/annualreport2018/. To download the electronic copy of the Annual Report 2018, click on the link at the top right hand corner of the microsite webpage. You will need an internet browser and PDF reader to view the document.

BY ORDER OF THE BOARD

Caroline Chang/Leon Ng
Company Secretaries

Singapore, 1 April 2019

Notice of Annual General Meeting & Closure of Books

Notes:

1. A member of the Company entitled to attend and vote at a meeting of the Company, and who is not a Relevant Intermediary 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 on pages 22 to 25 and 93 to 94 of the Company's Annual Report for the financial year ended 31 December 2018 ("Annual Report 2018").

   Mr Alvin Yeo will, upon his re-election, continue to serve as a member of the Audit Committee and Nominating Committee. Mr Alvin Yeo is the Chairman and Senior Partner of WongPartnership LLP, a member of the Monetary Authority of Singapore's advisory panel to advise the Minister of Finance on appeals under various financial services legislation, the Court of the Singapore International Arbitration Centre, the Singapore Medical Council's Panel of Disciplinary Tribunal Chairmen, and the Panel of Disciplinary Tribunal Chairmen of the Supreme Court of Singapore, as well as a Fellow of the Singapore Institute of Arbitrators. He is also a director and chairman of the remuneration committee of United Industrial Corporation Limited and a director of United Overseas Bank Limited.

   Mr Tan Ek Kia will, upon his re-election, continue to serve as the Chairman of the Board Safety Committee and member of the Board Risk Committee and Audit Committee. Mr Tan is a seasoned executive in the oil and gas and petrochemicals business. Prior to his retirement as the Vice President (Ventures and Developments) of Shell Chemicals, Asia Pacific and Middle East region (based in Singapore) in September 2006, Mr Tan held senior positions in Shell including Managing Director (Exploration and Production) of Shell Malaysia, Chairman of Shell North East Asia and Managing Director of Shell Nanhai Ltd (both based in Beijing, China). His other directorships include Transocean Ltd, KrisEnergy Ltd (Chairman), PT Chandra Asli Petrochemical Tbk, SMRT Corporation Ltd, Star Energy Group Holdings Pte Ltd (Chairman), Singapore LNG Corporation Pte Ltd and Dialog Systems (Asia) Pte Ltd.

   Mr Loh Chin Hua will, upon his re-election, continue to serve as a member of Board Safety Committee. Mr Loh is currently the Chief Executive Officer of the Company, after having served as its Chief Financial Officer from 1 January 2012 to 1 January 2014, playing a pivotal role in all its major investment initiatives and financial decisions as well as shaping the Group's business strategy. Mr Loh has over 30 years of experience in real estate investing and fund management spanning the United States of America, Europe and Asia. He joined the Keppel Group in 2002 as the Managing Director of Alpha Investment Partners Ltd. Prior to this, he was the Managing Director at Prudential Investment Inc leading its Asian real estate fund management business and overseeing all investment and asset management for the real estate funds managed out of Asia. Mr Loh began his career with the Government of Singapore Investment Corporation, where he held key appointments in its San Francisco and London office.

   Prof Jean-François Manzoni will, upon his re-election, continue to serve as a member of the Board Risk Commitee. Prof Manzoni is currently the President (Dean) and Nestlé Professor at the International Institute for Management Development (IMD) in Switzerland, where he is based. Prior to re-joining IMD in 2016, he had served at INSEAD's Singapore campus where he co-directed the International Directors Program. He was also on the faculty of INSEAD (Fontainebleau), where he founded and directed the PwC Research Initiative on High Performance Organisations. Prof Manzoni is the recipient of several awards for excellence in research and teaching, and has been involved in consulting, top management team support and leadership development with several international organisations, spanning more than 30 countries over the years. Prof Manzoni is a member of the International Advisory Panels of Digital Switzerland, Singapore's Public Service Division and the Russian Presidential Academy of National Economy and Public Administration. He is a Fellow of the Singapore Institute of Directors, and served on the Board of Singapore's Civil Service College from 2015 to 2017. Prof Manzoni also sits on the board of AACSB International, the world's largest business education alliance.

   Mr Alvin Yeo, Mr Tan Ek Kia and Prof Jean-François Manzoni are considered by the board of Directors to be independent Directors. Please see pages 23 and 25 of the Annual Report 2018.

4. Resolution 7 is to approve the payment of an aggregate sum of S$2,218,222 as Directors' fees for the non-executive Directors of the Company for FY2018. The fees include pro-rated fees payable to Prof Jean-François Manzoni, who was appointed as a non-executive and independent Director of the Company on 1 October 2018.

   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 80 of the Annual Report 2018. 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 9 is to empower the Directors from the date of this annual general meeting until the date of the next annual general meeting to issue Shares and Instruments in the Company, up to a number not exceeding 50 per cent. of the total number of Shares (excluding treasury shares and subsidiary holdings) (with a sub-limit of 5 per cent. of the total number of Shares (excluding treasury shares and subsidiary holdings) 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 and subsidiary holdings) that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time that this Resolution is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 9 is passed, and any subsequent bonus issue, consolidation or sub-division of Shares.

6. Resolution 10 relates to the renewal of the Share Purchase Mandate which was originally approved by Shareholders on 18 February 2000 and was last renewed at the annual general meeting of the Company on 20 April 2018. At this annual general meeting, the Company is seeking a lower "Maximum Limit" of 2 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 11 relates to the renewal of a mandate given by Shareholders on 22 May 2003 allowing the Company, its subsidiaries and target associated companies to enter into transactions with interested persons as defined in Chapter 9 of the Listing Manual. Please refer to Appendix 2 to this Notice of Annual General Meeting for details.

8. **Personal Data Privacy:**
   By submitting an instrument appointing a proxy(ies), 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 the preparation and compilation of the attendance lists, minutes and other documents relating to 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 by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

Corporate Information

Board of Directors
Lee Boon Yang (Chairman)
Loh Chin Hua (Chief Executive Officer)
Tow Heng Tan
Alvin Yeo
Tan Ek Kia
Danny Teoh
Tan Puay Chiang
Till Vestring
Veronica Eng
Jean-François Manzoni

Audit Committee
Danny Teoh (Chairman)
Alvin Yeo
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 Ek Kia
Jean-François Manzoni

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
7 Straits View
Marina One East Tower
Level 12
Singapore 018936
Audit Partner: Yeoh Oon Jin
Year appointed: 2018

Financial Calendar

FY2018	
Financial year-end	31 December 2018
Announcement of 2018 1Q results	19 April 2018
Announcement of 2018 2Q results	19 July 2018
Announcement of 2018 3Q results	18 October 2018
Announcement of 2018 full year results	24 January 2019
Despatch of Annual Report to Shareholders	1 April 2019
Annual General Meeting	23 April 2019
2018 Proposed final dividend	
Books closure date	5.00 p.m., 30 April 2019
Payment date	10 May 2019

FY2019	
Financial year-end	31 December 2019
Announcement of 2019 1Q results	April 2019
Announcement of 2019 2Q results	July 2019
Announcement of 2019 3Q results	October 2019
Announcement of 2019 full year results	January 2020

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 1 April 2019.

I/We, ______________________________ (Name) ______________ (NRIC/Passport/UEN Number)

of ____ (Address)

being a member or members of KEPPEL CORPORATION LIMITED (the "Company") hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (Ordinary Shares)	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (Ordinary Shares)	
			No. of Shares	%

as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company ("AGM") to be held on Tuesday, 23 April 2019 at Suntec Singapore Convention and Exhibition Centre, Nicoll 1-3, Level 3, 1 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 Alvin Yeo as Director		
4. Re-election of Mr Tan Ek Kia as Director		
5. Re-election of Mr Loh Chin Hua as Director		
6 Re-election of Prof Jean-François Manzoni as Director		
7. Approval of fees to non-executive Directors		
8. Re-appointment of Auditors		
Special Business		
9. Authority to issue shares and convertible instruments		
10. Renewal of Share Purchase Mandate		
11. 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 ________________ 2019

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, 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 in person 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 in writing. Where a proxy form is signed on behalf of the appointor by an attorney, the power of attorney or other authority 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 (including any related attachment) appointing a proxy or proxies. 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.-

Notes

Notes

Edited and Compiled by
Group Corporate Communications, Keppel Corporation

Designed by
Black Sun Pte Ltd

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