AGILITY
Sustaining Strengths

Report to Shareholders 2014
AGILITY
Sustaining Strengths

Agility marks the ability of the Keppel Group to respond to market and environmental changes in ways that drive performance and build competitive advantage. We are configured with our financial and organisational strengths to navigate challenging terrain and scour new markets, offer new solutions through innovation, and execute with precision and enhanced productivity.

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Key Figures for 2014

Shareholders’ Funds
$706.6m
Shareholders’ funds increased by 50%

Revenue
$224.6m
Revenue increased by 35%

Gearing Ratio
0.25x
The Group’s gearing decreased from 0.77 times to 0.25 times

Net Profit
$246.6m
Net profit attributable to shareholders increased by 290%

Earnings Per Share
44.4 cts
Earnings per share increased from 11.4 cents to 44.4 cents

Net Asset Value Per Share
$1.27
Net asset value per share grew from $0.85 to $1.27

Return on Equity
41.9%
Return on equity increased from 14.1% to 41.9%

Economic Value Added
$235.3m
Economic value added increased from $30.4 million to $235.3 million
Keppel T&T performed well in 2014 despite headwinds in the external environment.

Dear Shareholders,

I am pleased to report that Keppel Telecommunications & Transportation (Keppel T&T) performed well in 2014 despite headwinds in the external environment. Group revenue of $224.6 million was 35% higher than that of 2013. Logistics Division’s revenue increased by 31% to $148.7 million and Data Centre Division’s revenue grew by 43% to $75.9 million. Group net profit improved by 290% to $246.6 million, which included one-off gains from the spin-off of data centre assets and higher share of results from associated companies. Excluding the one-time gains, the Group’s operations were able to maintain their performance. Earnings per Share increased by 290% to 44.4 cents while Net Asset Value per Share grew 49% to $1.27.

The Group recorded a Return on Equity of 41.9% and the Economic Value Added was $295.3 million. 2014 saw the listing of Keppel DC REIT, on top of other expansion projects, continuing Keppel T&T’s growth journey. With proceeds from the divestment of the data centre assets into the REIT, the Group’s net gearing has decreased from 0.77 times to 0.25 times as of 31 December 2014.

DIVIDEND
The Board is pleased to recommend a final dividend of 3.5 cents per share and a special dividend of 11.5 cents per share in view of the year’s results.

2014 IN REVIEW
Among major emerging markets, growth is projected to remain high in Asia, with a modest slowdown in China. Although the US economy is strengthening, recovery continues to falter in the Eurozone and Japan. The Group’s key businesses performed well amidst this environment and we remain committed to high standards of corporate governance and transparency. I am pleased to share that Keppel T&T was awarded the Singapore Corporate Governance Award in the Mid-Cap category for the second year running at the Securities Investors Association (Singapore) Investors’ Choice Awards 2014. The Group was also lauded for demonstrating operational excellence in its business practices. Keppel Logistics was named the Singapore Domestic Logistics Provider of the Year at the Frost & Sullivan Asia Pacific Best Practices Awards 2014.

LOGISTICS
In 2014, occupancy remained high for our warehouses. The Logistics Division was on track with its expansion plans. In Singapore, the Division saw the completion of Tampines Logistics Hub in December 2014, bringing total managed warehouse space in Singapore to more than 200,000 square metres. Operations for the new facility will commence in Q2 2015. Similarly for Malaysia and Vietnam, the Division also expanded its portfolio of warehouses. In Malaysia, Keppel Logistics leased a new facility of 4,200 square metres adjacent to its Shah Alam warehouse and continues to explore additional expansion opportunities. In Vietnam, Indo-Trans Keppel Logistics saw the completion of a 10,200 square metres facility in Vietnam-Singapore Industrial Park 1, and has embarked on a 3,500 square metres expansion of its Tien Son warehouse in Bac Ninh by 4Q 2015.

Keppel Logistics’ joint venture company (JV) in Indonesia, Keppel Punitar Logistics, continued to secure new customers for its scope of warehousing and transportation services in the consumer and food sectors. The JV is poised to meet the rising demand for quality logistics services in supporting Indonesia’s growth.

In China, Keppel Logistics’ Sanshui Port in Foshan increased its throughput by capitalising on the strong demand for its services along the Pearl River. The Division’s river port along the Yangtze River, WuHu Sanshui Port, achieved a strong throughput of 4.4 million tonnes in its first full year of operation. In Tianjin, Keppel T&T is nearing completion for its new distribution centre in the Sino-Singapore Tianjin Eco-City which will provide warehousing and distribution services to customers in 2015. Keppel T&T’s two food logistics park projects in China are also being developed. The Division made its maiden foray into the Australian logistics market, managing a 10,000 square metres warehouse in Brisbane for a global publishing company.

DATA CENTRE
Our data centres continued to operate at near full occupancy. Keppel Datahub 2 – our newest data centre in Singapore, has received strong take-up since its completion in 2014. It achieved the BCA-IDA Green Mark Platinum award and the U.S. Green Building Council’s LEED Gold Certification, affirming the Division’s commitment to build and operate green data centres. In November 2014, Keppel T&T acquired Almere Data Centre 2, a purpose-built shell and core data centre facility located in Almere, the Netherlands. When fully fitted out, the facility will have approximately 0.180 million square feet of lettable area. As part of its strategy for growth, Keppel T&T listed Keppel DC REIT on the Main Board of the Singapore Exchange (SGX-ST) in December 2014. Demand for the Initial
Keppel T&T listed Keppel DC REIT on the Main Board of the Singapore Exchange (SGX-ST) in December 2014. Demand for the Initial Public Offering (IPO) was strong, with $512.9 million raised, making it the largest REIT IPO on the SGX-ST for 2014. At the same time, Keppel T&T injected its interests in Keppel Digihub, Keppel Datahub 1, Gore Hill Data Centre and Citadel 100 Data Centre into Keppel DC REIT’s initial portfolio of eight properties. Keppel T&T is committed to the growth of the REIT as its Sponsor, as well as acting as the facility manager for some of its assets.

INVESTMENTS
In 2014, several new services were launched by M1 such as Singapore’s first next-generation 300Mbps LTE-Advanced network, a new data centre and enhanced cloud services for SMEs, and a 10Gbps enterprise broadband service – the fastest available on Singapore’s fibre network. The above initiatives contributed to M1’s creditable full-year performance. Service revenue grew 1.4% year-on-year to $831.1 million, driven by growth in postpaid and fixed customer base, as well as higher revenue from mobile data. Higher data usage of smartphone users, coupled with the faster network and devices will continue to drive data and revenue growth for the company in 2015.

LOOKING AHEAD
The Group monitors regional and global economic developments closely, and remains cautiously optimistic that the global economy, particularly Asia, will continue to grow. Our businesses will continue its focus on growing its footprint and enhancing capabilities to create more value for our customers and shareholders. At the same time, the Group will remain vigilant and exercise prudence in capital expenditure for expansion.

APPROPRIATION
On behalf of the Group, I would like to express our deepest gratitude to our late former Chairman, Mr Teo Soon Hoe for his immeasurable contributions. Mr Teo had served on the Board of Directors since 1988 and was its Chairman from 1997 to 2014. Without his leadership, the Group would not have enjoyed the successes of today.

On another note, the Group welcomes Mr Thomas Pang Thieng Hwi, as CEO of Keppel T&T. With his track record within Keppel Group and his business acumen, he will be able to spur Keppel T&T onto its next phase of development.

I would also like to thank the Board of Directors for their unwavering commitment in guiding the Group’s businesses. The Board welcomes Mr Thomas Pang, Mr Lim Chin Leong, Mr Chan Hon Chew and Mr Khor Poh Hwa to the Board of Directors. We look forward to their leadership, commitment and individual expertise, which will strengthen the Group and grow its businesses. I take this opportunity on behalf of the Board to express our appreciation to Mr Michael Chia Hock Cheye for his contributions during his tenure as Non-Executive Director and Member of the Board Risk and Board Safety Committees. Mr Chia had served on the Board since 2012 and his business insights have benefitted the Group immensely.

The Board and I would like to express our sincere appreciation to all our shareholders, valued customers and business associates for their continuous support and confidence in the Company, and to the management and staff for their valued contributions to Keppel T&T.

LOH CHIN HUA
CHAIRMAN
14 February 2015
## Group Financial Highlights

### Gearing Ratio

**0.25**

The Group’s gearing decreased from 0.77 times to 0.25 times

### Shareholders’ Funds

**$706.6m**

Shareholders’ funds increased by 50%

### Net Profit

**$246.6m**

Net profit increased by 290%

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>Change</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
<td>%</td>
</tr>
<tr>
<td><strong>For the year</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>224,563</td>
<td>166,863</td>
<td>35</td>
</tr>
<tr>
<td>Operating profit</td>
<td>278,903</td>
<td>33,288</td>
<td>&gt;500</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>328,607</td>
<td>83,047</td>
<td>296</td>
</tr>
<tr>
<td>Net profit</td>
<td>246,578</td>
<td>63,186</td>
<td>290</td>
</tr>
<tr>
<td><strong>At year-end</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ funds</td>
<td>706,558</td>
<td>470,458</td>
<td>50</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>86,003</td>
<td>74,430</td>
<td>16</td>
</tr>
<tr>
<td>Capital employed</td>
<td>792,561</td>
<td>544,888</td>
<td>45</td>
</tr>
<tr>
<td>Net borrowings</td>
<td>198,316</td>
<td>419,505</td>
<td>(53)</td>
</tr>
<tr>
<td><strong>Per share</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings (cents):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>47.9</td>
<td>13.5</td>
<td>255</td>
</tr>
<tr>
<td>Net profit</td>
<td>44.4</td>
<td>11.4</td>
<td>290</td>
</tr>
<tr>
<td>Net asset value ($)</td>
<td>1.27</td>
<td>0.85</td>
<td>49</td>
</tr>
<tr>
<td>Net tangible assets ($)</td>
<td>1.24</td>
<td>0.85</td>
<td>46</td>
</tr>
<tr>
<td><strong>Financial ratios</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on shareholders’ funds (%)</td>
<td>45.2</td>
<td>16.7</td>
<td>171</td>
</tr>
<tr>
<td>Net profit</td>
<td>41.9</td>
<td>14.1</td>
<td>197</td>
</tr>
<tr>
<td>Net gearing (times)</td>
<td>0.25</td>
<td>0.77</td>
<td>(68)</td>
</tr>
<tr>
<td><strong>Personnel</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of employees</td>
<td>1,502</td>
<td>990</td>
<td>52</td>
</tr>
<tr>
<td>Total wages, salaries and related benefits</td>
<td>54,294</td>
<td>41,706</td>
<td>30</td>
</tr>
</tbody>
</table>

### GROUP QUARTERLY RESULTS ($ ’000)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>2Q</td>
<td>3Q</td>
</tr>
<tr>
<td>Revenue</td>
<td>48,711</td>
<td>51,278</td>
<td>53,650</td>
</tr>
<tr>
<td>Operating profit</td>
<td>7,400</td>
<td>9,263</td>
<td>11,361</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>21,246</td>
<td>20,409</td>
<td>24,396</td>
</tr>
<tr>
<td>Net profit</td>
<td>15,428</td>
<td>14,283</td>
<td>18,469</td>
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</table>
LOH CHIN HUA
Non-Executive Chairman

Bachelor in Property Administration, Auckland University; Presidential Key Executive MBA, Pepperdine University; Chartered Financial Analyst

Date of first appointment as a director: 1 December 2013
Date of last re-election as a director: 30 April 2014
Length of service as a director (as at 31 December 2014): 1 year

Board Committees served on:
Nominating Committee (Member);
Remuneration Committee (Member)

Present Directorships (as at 1 January 2015):
Listed companies
Keppel Corporation Limited
Keppel Land Limited (Chairman)
KrisEnergy Ltd

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

Principal Commitments (other than directorships):
Executive Director and Chief Executive Officer, Keppel Corporation Limited

Past Directorships held over the preceding 5 years (from 1 January 2010 to 31 December 2014):
Keppel REIT Management Limited (Manager of Keppel REIT)
Keppel Energy Pte Ltd
Keppel Land China Limited
Various fund companies under management of Alpha Investment Partners Limited

Others:
Nil

THOMAS PANG
Executive Director and Chief Executive Officer

Bachelor of Arts (Engineering, 2nd Upper Honours), University of Cambridge (UK); Master of Arts (Honorary Award), University of Cambridge (UK)

Date of first appointment as a director: 1 July 2014
Length of service as a director (as at 31 December 2014): less than 1 year

Board Committee served on:
Board Safety Committee (Member)

Present Directorships (as at 1 January 2015):
Listed companies
Keppel DC REIT Management Pte. Ltd. (the Manager of Keppel DC REIT)
SVOA Public Company Ltd

Other principal directorships
Keppel Data Centres Pte. Ltd.; Keppel Data Centres Holding Pte. Ltd.; Keppel Datahub Pte. Ltd.; Keppel Dghub Ltd; Keppel Logistics Pte Ltd; Radiance Communications Pte Ltd (Chairman); Keppel Logistics (Tianjin Eco-City) Ltd; Keppel Anhui Food Logistics Park Pte. Ltd; Keppel Jilin Food Logistics Park Pte. Limited; Indo-Trans Keppel Logistics Vietnam Co. Ltd

Principal Commitments (other than directorships):
Executive Director and Chief Executive Officer, Keppel Corporation Limited

Past Directorships held over the preceding 5 years (from 1 January 2010 to 31 December 2014):
Keppel Seghers Newater Development Co. Pte. Ltd.
Keppel Seghers Tuas Waste-To-Energy Plant Pte. Ltd.
Senoko Waste-To-Energy Pte. Ltd.
Caspian Rigbuilders Pte Ltd

Others:
Nil
Bernard Tan Tiong Gie, 71  
**Independent Director**  
PPA(P); BBM(L); Bachelor of Science (Hons in Physics), University of Singapore; Doctor of Philosophy in Engineering Science, Oxford University; Diploma in Financial Management (ACCA); Chartered Engineer (UK); Member of the Institution of Engineering and Technology (UK); Fellow of the Institute of Physics (UK); Fellow of the Institute of Physics, Singapore; Fellow of Trinity College of Music, London; Fellow of the Singapore National Academy of Science  
Date of first appointment as a director: 1 April 2003  
Date of last re-election as a director: 30 April 2014*  
Length of service as a director (as at 31 December 2014): 11 years  
Board Committees served on:  
Remuneration Committee (Chairman); Nominating Committee (Member); Board Safety Committee (Member)  
Present Directorships  
(as at 1 January 2015):  
Listed companies  
None  
Other principal directorships  
NUS Technology Holdings Ltd (Managing Director); Cadi Scientific Pte Ltd; Keppel Credit Union Cooperative Ltd; Musician’s Guild (Singapore) Ltd  
Principal Commitments  
(other than directorships):  
Professor of Physics, National University of Singapore; Director of the Centre for Maritime Studies, National University of Singapore  
Past Directorships held over the preceding 5 years (from 1 January 2010 to 31 December 2014): None  
Others:  
Chairman of the National Advisory Committee on Laboratory Animal Research; Chairman of the Advisory Committee on Radiation Protection and Nuclear Science, National Environment Agency; Chairman of the Centre for Remote Sensing, Imaging and Processing; Chairman of the Singapore Synchrotron Light Source; Chairman of the Artistic Advisory Committee of the Singapore Symphony Company Ltd; Former Dean of Science (1985 to 1997) at the National University of Singapore; Former Dean of Students (1997 to 2002) at the National University of Singapore  
* Due to retire at the Annual General Meeting of the Company to be held on 15 April 2015, and although eligible, he will not be seeking re-election.

Wee Sin Tho, 66  
**Independent Director**  
Bachelor of Social Sciences (Hons), University of Singapore  
Date of first appointment as a director: 1 February 2005  
Date of last re-election as a director: 30 April 2014  
Length of service as a director (as at 31 December 2014): 9 years  
Board Committees served on:  
Board Risk Committee (Chairman); Audit Committee (Member)  
Present Directorships  
(as at 1 January 2015):  
Listed companies  
UOL Group Limited  
Other principal directorships  
Farrer Way Pte Ltd; National Gallery Singapore; Acru China+ Absolute Return Fund Limited; Leap Philanthropy Ltd.  
Principal Commitments  
(other than directorships):  
Senior Advisor, Office of the President, National University of Singapore  
Past Directorships held over the preceding 5 years (from 1 January 2010 to 31 December 2014): Hwa Hong Corporation Limited  
Others:  
Previously Chief Executive Officer of HLG Capital Bhd

Tan Boon Huat, 63  
**Independent Director**  
BSc Forestry, University of British Columbia; MSc in Management Science (Distinction), Imperial College, University of London  
Date of first appointment as a director: 17 January 2007  
Date of last re-election as a director: 30 April 2014  
Length of service as a director (as at 31 December 2014): 7 years  
Board Committees served on:  
Board Safety Committee (Chairman); Board Risk Committee (Member); Remuneration Committee (Member)  
Present Directorships  
(as at 1 January 2015):  
Listed companies  
None  
Other principal directorships  
None  
Principal Commitments  
(other than directorships):  
Senior Advisor, SAS Institute Pte Ltd; Corporate Advisor, Dimensions International College Pte Ltd  
Past Directorships held over the preceding 5 years (from 1 January 2010 to 31 December 2014):  
Singapore Sports Council; National Arts Council; Health Promotion Board; Housing and Development Board; SEF Group Ltd  
Others:  
Chief Executive Director of the People’s Association prior to retirement from the Administrative Service
Neo Boon Siong, 57
Independent Director

Bachelor of Accountancy (Honours), National University of Singapore; MBA, University of Pittsburgh, USA; PhD, University of Pittsburgh, USA; Certified Public Accountant (Singapore)

Date of first appointment as a director: 2 May 2012
Date of last re-election as a director: 18 April 2013
Length of service as a director (as at 31 December 2014): 2 years

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

Present Directorships (as at 1 January 2015):
Listed companies
k1 Ventures Limited, OUE Hospitality REIT Management Pte. Ltd. (the manager of OUE Hospitality Real Estate Investment Trust), OUE Hospitality Trust Management Pte. Ltd. (the trustee-manager of OUE Hospitality Business Trust)

Other principal directorships
J. Lauritzen Singapore Pte. Ltd

Principal Commitments (other than directorships):
Professor, Nanyang Business School, Nanyang Technological University

Past Directorships held over the preceding 5 years (from 1 January 2010 to 31 December 2014):
Oversea-Chinese Banking Corporation Limited; The Great Eastern Life Assurance Company Limited; The Overseas Assurance Corporation Limited; Keppel Offshore & Marine Ltd; Great Eastern Holdings Limited

Others: Fellow of the Civil Service College; Fellow of the Centre for Liveable Cities; Founder Director of the Information Management Research Centre (IMARC) in Nanyang Technological University; Founder Director of the Asia Competitiveness Institute in National University of Singapore; Dean, Nanyang Business School, Nanyang Technological University (2001 to 2005); Professor, Lee Kuan Yew School of Public Policy (2008 to 2010)

Karmjit Singh, 67
Independent Director

Bachelor of Arts in Geography (Honours-Gold Medalist), National University of Singapore

Date of first appointment as a director: 1 October 2010
Date of last re-election as a director: 18 April 2013
Length of service as a director (as at 31 December 2014): 4 years

Board Committees served on:
Nominating Committee (Chairman); Audit Committee (Member); Board Safety Committee (Member)

Present Directorships (as at 1 January 2015):
Listed companies
None

Other principal directorships
JCS Ltd

Principal Commitments (other than directorships):
Chairman of the Chartered Institute of Logistics and Transport, Singapore; Member of the Board of The Logistics Institute – Asia Pacific of the National University of Singapore; Member of the Public Transport Council

Past Directorships held over the preceding 5 years (from 1 January 2010 to 31 December 2014):
None

Others:
Former Chief Operating Officer of SATS Ltd (2004 to 2009, when he retired); Former consultant to the President and Chief Executive Officer of SATS Ltd (after his retirement in 2009 until September 2010); Former Chief Executive of SATS Airport Services Pte Ltd (1998 to 2004); Former Chairman of Asia Airfreight Terminal Co Ltd; Advisor to CEO/SVP NIIT Technologies; Served on the Working Group for Logistics as part of the Government’s Economic Review Committee
Lim Chin Leong, 59  
Independent Director
Bachelor of Electrical Engineering, University of Singapore
Date of first appointment as a director: 1 September 2014
Length of service as a director (as at 31 December 2014): less than 1 year
Board Committees served on:
Nominating Committee (Member);
Board Safety Committee (Member);
Remuneration Committee (Member)
Present Directorships (as at 1 January 2015):
Listed companies
None
Other principal directorships
Keppel Offshore & Marine Ltd;
iRock Technology Limited
Principal Commitments (other than directorships):
Advisor, iRock Technology Limited
Past Directorships held over the preceding 5 years (from 1 January 2010 to 31 December 2014):
Cadenze Agriculture Environmental Resources Pte. Ltd.
Imagi International Holdings Limited
Others:
Nil
Chan Hon Chew, 49  
Non-Executive Director
Bachelor of Accountancy (Honours); Chartered Financial Analyst, Member of the Institute of Chartered Accountants Australia and Institute of the Singapore Chartered Accountants
Date of first appointment as a director: 1 June 2014
Length of service as a director (as at 31 December 2014): less than 1 year
Board Committee served on:
Audit Committee (Member)
Present Directorships (as at 1 January 2015):
Listed companies
Keppel Land Limited, Keppel DC REIT Management Pte. Ltd. (the Manager of Keppel DC REIT) (Chairman)
Other principal directorships
Keppel Infrastructure Holdings Pte. Ltd.; Keppel Offshore & Marine Ltd, Singapore Tianjin Eco-City Investment Holdings Pte Ltd
Principal Commitments (other than directorships):
Chief Financial Officer, Keppel Corporation Limited
Past Directorships held over the preceding 5 years (from 1 January 2010 to 31 December 2014):
Tiger Airways Holdings Limited; Virgin Atlantic Limited (Alternate Director);
Virgin Atlantic Airways Limited (Alternate Director);
Virgin Travel Group Limited (Alternative Director); Singapore Aviation & General Insurance Company (Pte) Ltd;
RCMS Properties Private Limited
Others:
Nil
Khor Poh Hwa, 64  
Non-Executive Director
Bachelor of Engineering (Civil), University of Singapore; Master of Science (Civil Engineering), National University of Singapore
Date of first appointment as a director: 1 July 2014
Length of service as a director (as at 31 December 2014): less than 1 year
Board Committees served on:
Audit Committee (Member); Remuneration Committee (Member)
Present Directorships (as at 1 January 2015):
Listed companies
Hock Lian Seng Holdings Limited;
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust) (Chairman)
Other principal directorships
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd.; Singapore-Tianjin Eco-City Investment Holdings Pte. Ltd; Keppel Group Eco-City Investment Pte. Ltd.; Substantial Enterprises Limited
Principal Commitments (other than directorships):
Nil
Past Directorships held over the preceding 5 years (from 1 January 2010 to 31 December 2014):
Keppel Land Limited, Keppel Land China Limited
Others:
Nil
Senior Management

The following are the Senior Management of the Company and its principal subsidiaries:

CORPORATE OFFICE

Thomas Pang Thieng Hwi, 50 CHIEF EXECUTIVE OFFICER

Bachelor of Arts (Engineering, 2nd Upper Honours), University of Cambridge (UK); Master of Arts (Honorary Award), University of Cambridge (UK)

Mr Thomas Pang is an executive director and the Chief Executive Officer (“CEO”) of Keppel T&T, a position he has held since July 2014. From June 2010 to June 2014, he was the CEO of Keppel Infrastructure Fund Management Pte. Ltd. (“KIFM”), the Trustee-Manager of Keppel Infrastructure Trust (“KIT”), where he was responsible for working with the Board to determine the strategy for KIT. During his tenure, KIT delivered steady financial results. In addition, the management augmented one of the properties in its portfolio with Singapore’s largest solar photovoltaic installation.

He joined Keppel Offshore & Marine Ltd in 2002 as a Senior Manager (Merger Integration Office) to assist in the merger integration of Keppel FELS Limited and Keppel Shipyard Limited. He was promoted to General Manager (Corporate Development) in 2007 and oversaw the investment, mergers and acquisitions and strategic planning of Keppel Offshore & Marine Ltd, during which he assisted in Keppel Offshore & Marine’s expansion into Japan, Indonesia, China, Qatar and Azerbaijan, as well as the establishment of Keppel Offshore & Marine Technology Centre.

Prior to that, he was an investment manager with Vertex Management (United Kingdom) from 1998 to 2001. Mr Thomas Pang was also the Vice President (Central USA) of the Singapore Tourism Board from 1995 to 1998, as well as Assistant Head (Services Group, Enterprise Development Division) at the Economic Development Board of Singapore from 1988 to 1995, where he was responsible for local enterprise development.

Past principal directorships in the last five years (from 1 January 2010 to 31 December 2014):

- Keppel Seghers Newater Development Co Pte Ltd
- Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd
- Senoko Waste-To-Energy Pte Ltd
- Caspian Rigbuilders Pte Ltd

Chan Shui Har (Ms), 62 DEPUTY CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER

Bachelor of Accountancy Degree, University of Singapore; Diploma with distinction (Specialisation in Financial Management), Research Institute for Management Science in Delft, The Netherlands; Fellow of the Institute of Singapore Chartered Accountants.

Ms Chan Shui Har is the Deputy Chief Executive Officer and Chief Financial Officer of Keppel T&T. Ms Chan, who has been with Keppel Group for 25 years, was previously the Deputy Chief Executive Officer of Evergro Properties Limited. Prior to this, Ms Chan was the General Manager of a listed real estate company and was responsible for group asset management, hospitality and corporate planning. She was in charge of businesses in Singapore, Malaysia, Indonesia and China. She was also previously the General Manager of Property Investment and Development at Keppel Land Limited.

Past principal directorships in the last five years (from 1 January 2010 to 31 December 2014):

- Keppel Data Centre Investment Management Pte Ltd (now known as Keppel DC REIT Management Pte Ltd)
- Keppel Anhui Food Logistics Park Pte Ltd
- Wuhu Port Investments Pte Ltd
- Jiangyin Evergro Properties Co., Ltd
- Jiangyin Yangtze Dragon Development Co., Ltd
- Changzhou Fushi Housing Development Pte Ltd
- Jiangyin Yangtze International Country Club Co., Ltd
- Tianjin Pearl Beach International Country Club Co., Ltd
- Tianjin Fushi Property Development Co., Ltd
- Tianjin Fulong Property Development Co., Ltd
- Dragon Link Investment Pte Ltd
- Second Dragon Development Pte Ltd
- Third Dragon Development Pte Ltd
- Third Dragon Holdings Pte Ltd
- Sixth Dragon Development Pte Ltd
- Eighth Dragon Development Pte Ltd
- Ninth Dragon Development Pte Ltd
- Dragonland Technology Pte Ltd
- Sapphire Industrial Park Development (S) Pte Ltd
- Jinan (Suzhou) Property Development Co., Ltd
- PT Windas Development, Suzhou Xin Xin Land Co., Ltd

DATA CENTRE DIVISION

KEPPEL DC REIT

Chua Hsien Yang, 37 CHIEF EXECUTIVE OFFICER

Bachelor of Engineering (Civil) Degree, University of Canterbury; Master of Business Administration, University of Western Australia.

Mr Chua Hsien Yang is the Chief Executive Officer of Keppel DC REIT Management Pte Ltd, Manager of Keppel DC REIT (“the Manager”). Mr Chua has 13 years of experience in fund management, business development and asset management in the real estate and hospitality sectors within the Asia-Pacific region.

Prior to joining the Manager, Mr Chua held the position of Senior Vice President of Keppel REIT Management Limited since 2008, where he headed the investment team. He was also previously with Ascott Residence Trust Management Limited as Director of Business Development and Asset Management, and with Hotel Plaza Limited (now known as Pan Pacific Hotels Group Limited) as Assistant Vice President of Asset Management.

Past principal directorships in the last five years (from 1 January 2010 to 31 December 2014):

- Mirvac 8 Chifley Pty Limited
- Mirvac (Old Treasury) Pty Limited
Key Executives

CORPORATE SERVICES

Henry Goh
FINANCIAL CONTROLLER

Jennifer Tan Nguek Ting
GENERAL MANAGER, HUMAN RESOURCES

Ngiam Share Ching
GENERAL MANAGER, STRATEGIC & BUSINESS DEVELOPMENT

Ong Kok Chye
HEAD, PROGRAMME OFFICE

Paul Lee Chia Hsiung
HEAD, INFORMATION TECHNOLOGY

KEPPEL DC REIT

Ian Charles Hay
CHIEF FINANCIAL OFFICER
Keppel DC REIT Management Pte Ltd

Maritz Bin Mansor
HEAD, CORPORATE SERVICES
Keppel DC REIT Management Pte Ltd

Rebecca Ng
HEAD, PORTFOLIO MANAGEMENT
Keppel DC REIT Management Pte Ltd

Karl Hennessy
CHIEF EXECUTIVE OFFICER
Citadel 100 Datacenters Limited, Dublin, Ireland

DATA CENTRE

Chng Hak Kiat
SENIOR GENERAL MANAGER
Keppel Data Centres Holding Pte Ltd

Ong Kok Chye
HEAD, INVESTMENT
Keppel Data Centres Holding Pte Ltd

Ian Porter
GENERAL MANAGER
Core Hill Data Centre, Sydney, Australia

KEPPEL LOGISTICS SOUTHEAST ASIA

Desmond Boo Yong Kwee
GENERAL MANAGER
Keppel Logistics Pte Ltd

Oh Kheng Huat
GENERAL MANAGER, CAPABILITY DEVELOPMENT
Keppel Logistics Pte Ltd

Darren Lee Kian Peng
GENERAL MANAGER, REGIONAL SUPPLY CHAIN & BUSINESS DEVELOPMENT
Keppel Logistics Pte Ltd

Nelson Wu Di
GENERAL MANAGER
Indo-Trans Keppel Logistics Vietnam Co. Ltd

Yap Chor Hian
PRESIDENT DIRECTOR
PT Keppel Puninar Logistics

Ooi Choon Peen
GENERAL MANAGER
Keppel Logistics (M) Sdn Bhd

Lisa Frances Ashton
BRANCH MANAGER
Keppel Logistics (Australia) Pty Ltd

KEPPEL LOGISTICS CHINA

Alen Ng Say Kai
GENERAL MANAGER
China Business Unit

Au Yong Kong Seng
GENERAL MANAGER
Wuhu Sanshan Port Co. Ltd

Kenny Pan Jian Ping
GENERAL MANAGER
Keppel Logistics (Foshan) Limited

Victor Pang Kok Min
GENERAL MANAGER
Keppel Logistics (Tianjin Eco-City) Ltd

Tan Hoe Lai
GENERAL MANAGER
Keppel Wanjiang International Coldchain Logistics Park (Anhui) Co., Ltd

Jilin Sino-Singapore Food Zone International Logistics Co. Ltd

LOGISTICS DIVISION
CHINA BUSINESS UNIT

Vincent Ko Woon Chun, 62
CHIEF EXECUTIVE OFFICER

Bachelor of Commerce (Accounting), Nanyang University; Diploma in Management Studies, The University of Chicago Graduate School of Business; Fellow Chartered Accountant of Singapore

Mr Vincent Ko is the Chief Executive Officer, Logistics Division (China Business Unit) of Keppel T&T. He started his career when he joined the Keppel Group in March 1980 as an Accountant with Keppel Shipyard Limited. During his career with the Keppel Group, he has held various management appointments in Singapore, China and Hong Kong with Keppel Land International Ltd, Straits Steamship Company Ltd (now known as Keppel Land Limited) and Keppel Corporation Limited. He was appointed as the Company’s Divisional Director, China Business Unit in January 1998 and in February 2004 assumed the position of Executive Director. He is also Executive Chairman and Chief Executive Officer for Keppel Logistics (Foshan) Limited and Keppel Logistics (Hong Kong) Limited and is a director of various other Keppel T&T subsidiaries.

Past principal directorships in the last five years (from 1 January 2010 to 31 December 2014) Nil
The complete list of subsidiaries and significant associated companies is available on Keppel Telecommunications & Transportation’s website www.keppeltt.com.sg.
Leveraging the Group’s extensive networks, we continuously innovate and adapt to changing business environments. Our best-in-class capabilities enable us to build valuable partnerships with stakeholders in our key markets and segments.

Keppel Logistics is attuned to the business landscape of our customers. We grow and meet their expansion needs with high-value logistics solutions within our target markets in Asia Pacific.

Keppel T&T’s Data Centre Division is poised to capitalise on strong growth trends in the new digital economy and increased data centre outsourcing.

MORE THAN

282,000 sm
of warehousing capacity as of end 2014

Keppel Logistics is attuned to the business landscape of our customers. We grow and meet their expansion needs with high-value logistics solutions within our target markets in Asia Pacific.

$512.9 m
raised from listing of Keppel DC REIT

Keppel T&T’s Data Centre Division is poised to capitalise on strong growth trends in the new digital economy and increased data centre outsourcing.

Sustaining Strengths
We are committed to deliver best-in-class services and trusted solutions to our customers across Asia Pacific and Europe.

23 cities
Established presence in 23 cities across Asia Pacific and Europe

More than 1,400 employees across Keppel T&T

Keppel T&T Network

LOGISTICS
AUSTRALIA
- Brisbane

CHINA
- Foshan, Guangdong
- Hong Kong
- Jilin City, Jilin
- Lu’an, Anhui
- Shenzhen, Guangdong
- Tianjin
- Wuhu, Anhui

INDONESIA
- Jakarta
- Medan

MALAYSIA
- Klang, Johor
- Shah Alam, Selangor

SINGAPORE

DATA CENTRE
AUSTRALIA
- Brisbane
- Sydney

IRELAND
- Dublin

MALAYSIA
- Cyberjaya, Selangor

SINGAPORE

THE NETHERLANDS
- Amsterdam

UNITED KINGDOM
- London

Keppel Telecommunications & Transportation Ltd
Report to Shareholders 2014
LOGISTICS

We will continue to focus on target markets in Asia Pacific and deliver high-value logistics services to our customers through innovations and adoption of new technology.

MARKET REVIEW
SOUTHEAST ASIA

Southeast Asian economies generally performed well with the global economy showing signs of recovery. Looking ahead into 2015, strong domestic demand will continue to underpin the region’s GDP growth. Another important growth driver for the region is the increasing foreign direct investments (FDI) that have begun to exceed FDI into China in 2013 (source: International Business Times).

With the targeted establishment of the ASEAN Economic Community by 2015, economic integration within the region will deepen. Trade and cargo volumes are expected to increase, making Southeast Asian export-oriented economies even more attractive as destinations for FDI.

This would fuel the growing demand for logistics activities and warehouse space. With close to full occupancy in the Division’s facilities across the region, a timely pipeline of new warehouses in Singapore, Malaysia and Vietnam will enable the Division to expand and capitalise on this demand. The Division also expanded its network of logistics operations to Australia, enhancing its role as a regional logistics service provider.

CHINA

Growth in China’s economy moderated to 7.4% in 2014 as China transits to a “new normal” economy which will see slower but more sustainable growth rates in coming years. Strong income growth, coupled with a growing middle class has helped China shift to a local consumer-led economy. The Central Government has also demonstrated its commitment to several infrastructure projects that boost its logistics sector and the economy.

With China maintaining strong import and export volumes, both our Sanshui Port (in Foshan, Guangdong) and Wuhu Sanshan Port (in Wuhu, Anhui) posted strong performances in 2014. To capitalise on the strong demand outlook, the Division has embarked on plans to expand Sanshui Port.

The distribution centre in Tianjin is nearing completion and will bolster the Division’s business growth in 2015, while the food logistics parks are being developed.

EARNINGS HIGHLIGHTS ($'000)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>% Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>148,706</td>
<td>113,735</td>
<td>31</td>
</tr>
<tr>
<td>Operating profit</td>
<td>12,911</td>
<td>12,623</td>
<td>2</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>14,611</td>
<td>18,200</td>
<td>(20)</td>
</tr>
<tr>
<td>Net profit</td>
<td>9,854</td>
<td>16,074</td>
<td>(39)</td>
</tr>
<tr>
<td>Assets employed</td>
<td>272,423</td>
<td>254,096</td>
<td>7</td>
</tr>
</tbody>
</table>
EARNINGS AND FINANCIAL REVIEW
In 2014, revenue for the Division increased to $148.7 million from $113.7 million in 2013 due to higher warehousing, distribution and port operations income. Pre-tax profit was $14.6 million as compared to $18.2 million in 2013 due to lower share of results from associated companies and higher interest expense.

BUSINESS REVIEW
SINGAPORE
Keppel Logistics continued to experience near full occupancy for all its logistics facilities in 2014. Its new four-storey ramp-up warehouse facility in Tampines Logistics Park was completed in December 2014, allowing Keppel Logistics to expand further into higher value-added logistics verticals. Operations are expected to commence in 2Q 2015, bringing total warehouse space managed by the Division in Singapore to more than 200,000 sm.

The Division continues to explore redevelopment opportunities for its existing warehouses to meet increasing demand from potential customers. It recently expanded its client base by securing new customers in the semiconductor, fast moving consumer goods (FMCG) and book publication sectors, and will continue to pursue new customers and business opportunities in Singapore.

For the fourth time since 2009, Keppel Logistics was named the Singapore Domestic Logistics Service Provider of the Year, by Frost & Sullivan in October 2014.

MALAYSIA
Both warehouses in Shah Alam and Kluang saw near full occupancy rates in 2014 and the Division will be taking up an additional 4,200 sm of warehousing space next to the existing Shah Alam facility in 2015. The Division will look to leverage this new facility to acquire new warehousing and transportation customers. Meanwhile, the Division will continue to look out for opportunities to expand its warehousing capacity in other parts of Malaysia.

VIETNAM
Indo-Trans Keppel Logistics Vietnam Co Ltd (ITKL) experienced full or near full capacity at its owned and leased warehouse facilities in Vietnam in 2014.

To bolster its warehousing capacity, the company constructed a new 10,200 sm warehouse facility in Vietnam-Singapore Industrial Park 1 (VSIP 1), Binh Duong Province, which was completed in November 2014. The new facility’s strategic location will enable it to meet customers’ growing demands for quality warehouse space in the industrial park and surrounding Binh Duong province.

The company also embarked on a 3,500 sm expansion of its Tien Son Warehouse targeting customers in Bac Ninh Province, North Vietnam.

The Division will continue to explore opportunities and strategic locations to expand its warehousing capacity and network in Vietnam.
01
The VSIP 1
distribution centre
will meet customers’
growing demands
for quality warehouse
space in Binh Duong
Province, Vietnam.

02
Wuhu Sanshan
Port turned in
an impressive
performance,
achieving a total
throughput of over
4.4 million tonnes
for 2014.

INDONESIA
Keppel Puninar Logistics, a joint
venture with PT Puninar Jaya (Puninar
Logistics), expanded its client base
by securing new warehousing
and transportation customers.
The company also extended its
warehousing and transportation
services beyond Jakarta to Medan
and Balikpapan. The company will
continue to target customers in the
consumables and healthcare sectors
and explore other business
opportunities in Indonesia.

AUSTRALIA
The Division expanded its regional
presence with the establishment of a
wholly-owned subsidiary in Australia
which commenced operations in
Brisbane in August 2014. Leveraging
Keppel Logistics’ strong international
customer base, the Division will
continue to pursue other customers,
expand its operations and presence,
and explore new business
opportunities in the country.

CHINA
Foshan, Guangdong Province
Keppel Logistics (Foshan) Limited
(KLF) handled 202,000 TEUs in 2014
amidst challenges posed by traffic
control measures in the city. Meanwhile,
Keppel T&T’s second integrated port
logistics facility in Foshan – Foshan
Sanshui Port Development Co., Ltd
(Sanshui Port), handled 140,000 TEUs,
representing a significant year-on-year
growth of 20%. This has affirmed
the Division’s river port strategy
and enhanced its position in the
Pearl River Delta. Preliminary works
to expand Sanshui Port capacity to
200,000 TEUs have also commenced.

Wuhu, Anhui Province
Keppel T&T’s joint venture with
Sinotrans Ltd, Wuhu Sanshan Port
along the Yangtze River in Wuhu City,
turned in better performance,
achieving a total throughput of over
4.4 million tonnes in 2014. With the
port’s strategic location and capabilities,
the Division is well-positioned to
capture the rising demand along the Yangtze River, a major trade and transportation route in China.

**Tianjin City**
The Division’s new integrated distribution centre within the Eco-Industrial Park (EIP) of the Sino-Singapore Tianjin Eco-City is nearing completion. Equipped with cold room facilities and environmentally friendly features, the Division is set to commence warehousing and distribution services to customers in Tianjin in 2015.

**Jilin City, Jilin Province**
The Sino-Singapore Jilin Food Zone International Logistics Park is a 70% : 30% collaboration between Keppel T&T and the Jilin City Government respectively. It is located within the 1,450 km² Jilin Food Zone in Jilin City, Jilin Province. Phase 1 of the logistics park is being developed.

**Lu’an City, Anhui Province**
The Keppel Wanjiang International Cold-chain Logistics Park is a 33-hectare park located in Lu’an City, Anhui Province. The joint venture company is 60% owned by Keppel T&T, with minority stakes held by private investors and the Lu’an City Jin’an District Government.

The logistics park is within close proximity to Hefei City, the capital city of Anhui Province, the new Hefei Xin Qiao International Airport and the Lu’an City Centre. Synergies are also expected between the Wuhu Sanshan Port and the logistics park which is expected to commence operations in 4Q 2015, serving customers in Central China.

**SIGNIFICANT EVENTS**

**January**
- Keppel Logistics increased its stake in Indo-Trans Keppel Logistics Vietnam Co Ltd (ITKL) from 40% to 51% and ITKL became a subsidiary of the Company.
- Keppel T&T announced the incorporation of a new subsidiary, Keppel Logistics (Australia) Pty Ltd.

**May**
- ITKL broke ground for a new distribution centre located in the Vietnam-Singapore Industrial Park 1 (VSIP 1) in Binh Duong province, Vietnam.

**August**
- Keppel Logistics (Australia) Pty Ltd commenced operations, managing a 10,000 sm warehouse in Brisbane, Australia.

**October**
- For the fourth time since 2009, Keppel Logistics won the Singapore Domestic Logistics Provider of the Year Award by Frost & Sullivan.

**November**
- Completed construction for the new distribution centre in VSIP 1, Vietnam.

**December**
- Completed construction for the Tampines Logistics Hub warehouse in Singapore.
OUTLOOK

Although China’s growth rate has slowed to a “new normal”, it still outperforms the growth rates in Western economies. This is a natural change as the economy matures and shifts towards service-oriented industries. Meanwhile, growth in Southeast Asian economies is expected to accelerate as gradual recovery in high-income economies boosts export demand, and domestic economic reforms advance in some large Southeast Asian economies. The Division will continue to focus on its target markets in Asia Pacific and deliver high-value logistics services to its customers through innovations and adoption of new technology.

By harnessing technology to maximise productivity, Keppel Logistics is primed to capture growth in emerging Southeast Asian economies.
<table>
<thead>
<tr>
<th>Location</th>
<th>Held by</th>
<th>Effective interest (%)</th>
<th>Warehouse area (sm)</th>
<th>Capacity of container yard (TEUs)</th>
<th>Tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>27 Benoi Sector, Singapore</td>
<td>Keppel Logistics Pte Ltd</td>
<td>100</td>
<td>25,000</td>
<td>3,500</td>
<td>25-year leasehold (expiring in 2019)</td>
</tr>
<tr>
<td>7 Gul Circle, Singapore</td>
<td>Keppel Logistics Pte Ltd</td>
<td>100</td>
<td>60,000</td>
<td>–</td>
<td>43-year leasehold (expiring in 2040)</td>
</tr>
<tr>
<td>44 Benoi Road, Singapore</td>
<td>Keppel Logistics Pte Ltd</td>
<td>100</td>
<td>19,800</td>
<td>–</td>
<td>20-year leasehold (expiring in 2030)</td>
</tr>
<tr>
<td>9 Gul Circle, Singapore</td>
<td>Keppel Logistics Pte Ltd</td>
<td>100</td>
<td>39,500</td>
<td>3,000</td>
<td>30-year leasehold (expiring in 2033)</td>
</tr>
<tr>
<td>27 Greenwich Drive, Singapore</td>
<td>Keppel Logistics Pte Ltd</td>
<td>100</td>
<td>32,400</td>
<td>–</td>
<td>30-year leasehold (expiring in 2043)</td>
</tr>
<tr>
<td>Colombo, Sri Lanka</td>
<td>Trans-ware Logistics (Pvt) Ltd</td>
<td>25</td>
<td>3,700</td>
<td>3,000</td>
<td>Freehold</td>
</tr>
<tr>
<td>Bac Ninh, Vietnam</td>
<td>Indo-Trans Keppel Logistics Vietnam Co Ltd</td>
<td>51</td>
<td>4,000 (additional 3,500 under construction)</td>
<td>–</td>
<td>40-year leasehold (expiring in 2049)</td>
</tr>
<tr>
<td>Ho Chi Minh City, Vietnam</td>
<td>Indo-Trans Keppel Logistics Vietnam Co Ltd</td>
<td>51</td>
<td>3,900</td>
<td>–</td>
<td>40-year leasehold (expiring in 2045)</td>
</tr>
<tr>
<td>Binh Duong, Vietnam</td>
<td>Indo-Trans Keppel Logistics Vietnam Co Ltd</td>
<td>51</td>
<td>10,200</td>
<td>–</td>
<td>41-year leasehold (expiring in 2054)</td>
</tr>
<tr>
<td>Foshan, Guangdong, People’s Republic of China</td>
<td>Keppel Logistics (Foshan) Limited</td>
<td>70</td>
<td>40,400</td>
<td>7,500</td>
<td>50-year leasehold (expiring in 2044)</td>
</tr>
<tr>
<td>Nanhai, Guangdong, People’s Republic of China</td>
<td>Keppel Logistics (Foshan) Limited</td>
<td>70</td>
<td>30,000</td>
<td>–</td>
<td>30-year leasehold (expiring in 2038)</td>
</tr>
<tr>
<td>Sanshui, Guangdong, People’s Republic of China</td>
<td>Keppel Logistics (Foshan Sanshui Port) Company Limited</td>
<td>42</td>
<td>2,650</td>
<td>5,600</td>
<td>50-year leasehold (expiring in 2048)</td>
</tr>
<tr>
<td>Wuhu, Anhui, People’s Republic of China</td>
<td>Wuhu Sanshan Port Co Ltd</td>
<td>50</td>
<td>10,573</td>
<td>5,000</td>
<td>50-year leasehold (expiring in 2062)</td>
</tr>
<tr>
<td>Jilin City, Jilin, People’s Republic of China (under construction)</td>
<td>Jilin Sino-Singapore Food Zone International Logistics Co Ltd</td>
<td>70</td>
<td>(under construction)</td>
<td>–</td>
<td>50-year leasehold (expiring in 2062)</td>
</tr>
<tr>
<td>Lu’an, Anhui People’s Republic of China (under construction)</td>
<td>Keppel Wanjiang International Coldchain Logistics Park (Anhui) Co Ltd</td>
<td>60</td>
<td>165,500 – Phase I (warehouse and other facilities)</td>
<td>–</td>
<td>50-year leasehold (expiring in 2063)</td>
</tr>
<tr>
<td>Tianjin, People’s Republic of China (under construction)</td>
<td>Keppel Logistics (Tianjin Eco-City) Limited</td>
<td>100</td>
<td>13,100</td>
<td>–</td>
<td>47-year leasehold (expiring in 2060)</td>
</tr>
</tbody>
</table>
DATA CENTRE

High-level secular drivers for data centres present opportunities for the Division to grow via its REIT-Development Company strategy in target markets.

MARKET REVIEW

Global demand drivers for data centres continue to be strong in 2014, primarily supported by growth in data creation and storage needs. Other drivers include the growth in cloud computing, e-commerce and social media, increasing compliance and regulatory requirements on data security and increased outsourcing of data centre requirements.

Market players have responded swiftly to capitalise on these trends, evidenced by robust expansion and acquisition activities in the industry. Research showed that the global colocation market surpassed US$25 billion in revenue in 2014 and expansion rates have begun to take off in the Asia Pacific and EMEA (Europe, the Middle East and Africa) regions.

The Division’s revenue of $75.9 million increased by $22.7 million compared to last year. Operating profit improved by $255.2 million to $279.7 million due to higher revenue and gain from disposal of fixed assets, subsidiaries and associated companies.

Profit before tax increased by $254.5 million to $280.7 million. After taking into account higher taxation and non-controlling interests, net profit increased by $196.3 million to $212.9 million.

EARNINGS HIGHLIGHTS ($'000)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>% Increase/ (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>75,857</td>
<td>53,128</td>
<td>43</td>
</tr>
<tr>
<td>Operating profit</td>
<td>279,687</td>
<td>24,537</td>
<td>&gt;500</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>280,654</td>
<td>26,138</td>
<td>&gt;500</td>
</tr>
<tr>
<td>Net profit</td>
<td>212,882</td>
<td>16,588</td>
<td>&gt;500</td>
</tr>
<tr>
<td>Assets employed</td>
<td>314,454</td>
<td>108,643</td>
<td>189</td>
</tr>
</tbody>
</table>
BUSINESS REVIEW
KEPPEL DATA CENTRES

In 2014, Keppel T&T’s data centres continued to operate at near full occupancy. To address existing clients’ expansion demands and enjoy greater economies of scale, Keppel Data Centres Holding Pte Ltd (KDCH) completed Keppel Datahub 2 (KDH2), an award-winning high-quality facility with approximately 47,000 sq ft of Lettable Area.

Strategically located next to Keppel Datahub 1, KDH2 was the first new data centre in Singapore to achieve the BCA-IDA Green Mark Platinum, the highest green accolade conferred by the Building and Construction Authority (BCA) and Infocomm Development Authority of Singapore (IDA) specifically for data centre developments. KDH2 also received the LEED Gold Certification by the US Green Building Council.

In November, Keppel T&T expanded its footprint in Europe with a conditional sale and purchase agreement to acquire Almere Data Centre 2 in the Netherlands. The facility will have approximately 53,800 sq ft of Lettable Area when fully fitted out.

Following the approval of shareholders at an Extraordinary General Meeting on 25 November 2014, Keppel T&T divested its interests in S25 (Keppel Dighub), T25 (Keppel Datahub 1), Gore Hill Data Centre and Citadel 100 Data Centre via injection into Keppel DC REIT, which was listed on the Singapore Exchange on 12 December 2014. The IPO also saw the exit of Securus Fund, which formerly held six\(^1\) of eight assets that form the REIT’s initial portfolio.

The listing of Keppel DC REIT marked a significant milestone for Keppel T&T, as Sponsor to the first data centre REIT.

SIGNIFICANT EVENTS

January
- Keppel T&T announced its intention to establish a data centre real estate investment trust (REIT) to be listed on the Main Board of Singapore Exchange Securities Trading Limited (SGX-ST).

March
- Keppel Datahub 2 was the first new data centre in Singapore to achieve the Platinum Award for BCA-IDA Green Mark.

November
- Keppel Data Centres Holding acquired a data centre (Almere Data Centre 2) located in Amsterdam, the Netherlands.
- Keppel Datahub 2 was awarded LEED GOLD certification by the US Green Building Council.

December
- Keppel DC REIT made a strong listing debut as the first data centre REIT in Asia and the largest REIT IPO for 2014 on the SGX-ST Main Board with $512.9 million raised (see page 28-29).
- Keppel T&T completed the divestment of its interests in S25 (Keppel Dighub), T25 (Keppel Datahub 1), Gore Hill Data Centre and Citadel 100 Data Centre to Keppel DC REIT.

\(^1\) The six assets include Gore Hill Data Centre and Citadel 100 Data Centre which were jointly held by Securus and Keppel T&T. Securus held 70% of Gore Hill and 50% of Citadel 100 Data Centre, while Keppel T&T held the remaining stake.
DATA CENTRE FACILITIES OWNED

<table>
<thead>
<tr>
<th>Facilities</th>
<th>Effective interest (%)</th>
<th>Land area (sm)</th>
<th>Tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keppel Datahub 2</td>
<td>70</td>
<td>5,000</td>
<td>30-year lease (expiring in 2022) with option for another 30 years</td>
</tr>
<tr>
<td>Almere Data Centre 2</td>
<td>70</td>
<td>9,300</td>
<td>Freehold</td>
</tr>
</tbody>
</table>

listed in Asia (see page 28-29). The Division continues to participate in the operations of the REIT via its significant ownership stake of 30.1%, acting as the facility manager for some facilities and through ownership of the REIT manager.

KEPPEL DC REIT MANAGEMENT
Keppel DC REIT Management (KDCRM) is the manager of Keppel DC REIT and currently manages a diversified portfolio of eight high-quality assets in Europe and Asia-Pacific with an aggregate appraised value of approximately $1 billion as at 30 September 2014.

Apart from portfolio management activities, KDCRM is also actively evaluating growth opportunities through acquisitions from third parties, as well as from assets under the terms of Rights Of First Refusal (ROFR) from the Sponsor and iSeek Communications.

KEPPEL DATA CENTRE FACILITY MANAGEMENT
Keppel Data Centre Facility Management (KDCF M) was set up to provide both operational and project management support for overseas assets since 2012. In 2014, KDCF M completed the audit of data centres currently held under Keppel DC REIT in Malaysia and Australia. It also continues to support and run the daily operations of Gore Hill Data Centre after the asset was injected into Keppel DC REIT.

TOTAL GLOBAL DATA CREATED ANNUALLY (in zettabytes ^1)

<table>
<thead>
<tr>
<th>Year</th>
<th>Data (in zettabytes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009A</td>
<td>0.40</td>
</tr>
<tr>
<td>2010A</td>
<td>0.69</td>
</tr>
<tr>
<td>2011A</td>
<td>1.09</td>
</tr>
<tr>
<td>2012A</td>
<td>2.05</td>
</tr>
<tr>
<td>2013A</td>
<td>3.10</td>
</tr>
<tr>
<td>2014F</td>
<td>4.00</td>
</tr>
<tr>
<td>2015F</td>
<td>5.50</td>
</tr>
<tr>
<td>2016F</td>
<td>9.50</td>
</tr>
<tr>
<td>2017F</td>
<td>14.00</td>
</tr>
<tr>
<td>2018F</td>
<td>19.05</td>
</tr>
<tr>
<td>2019F</td>
<td>28.12</td>
</tr>
</tbody>
</table>

Source: BroadGroup

^1 A zettabyte is equal to 10^21 bytes
^2 From 2013 to 2018F

CAGR^2: 47.7%
The Data Centre Division expanded its data centre footprint in Europe with Almere Data Centre 2, strategically located next to Keppel DC REIT’s Almere Data Centre 1 in the Netherlands.

OUTLOOK

With the inclusion of the portfolio of assets owned through KDCH and Keppel DC REIT, Keppel T&T will own and manage a combined portfolio of ten data centres with more than 610,000 sq ft of Lettable Area.

In 2015, high-level secular drivers for data centres continue to be positive. With the increasing digitisation of the global economy and strong growth in data creation at 47.7% from 2013 to 2018 (see chart), we anticipate a continued growth in data storage. These trends present opportunities for the Division to grow via its REIT-Development Company strategy in target markets. On top of expanding its portfolio of high occupancy, income-producing data centre assets through acquisition via the REIT, the Division will continue its focus on the development of brown and green field projects. Upon attaining near full occupancy, the new assets will be offered to the REIT for capital recycling.
Keppel DC REIT
The first data centre REIT listed in Asia

Well-positioned to capture growth opportunities.

12 December 2014 marked the Group’s milestone listing of Keppel DC REIT on the Main Board of the Singapore Exchange. The issuance garnered strong interest from the market with the offering of 261,138,000 Units priced at the top end of the offering price range at S$0.93 per Unit. The Placement Tranche was approximately 2.4 times subscribed, whereas the Public Offer was approximately 9.6 times subscribed. A total of S$512.9 million was raised, making it the largest REIT IPO on the Singapore Exchange in 2014. The listing supports Keppel T&T’s future expansion of its data centre business in a capital-efficient manner.

Keppel DC REIT’s investment strategy is to principally invest, directly or indirectly, in a diversified portfolio of income-producing real estate assets which are used primarily for data centre purposes, as well as real estate-related assets, with an initial focus on Asia Pacific and Europe.

Keppel DC REIT’s portfolio comprises eight high-quality data centre properties with aggregate Lettable Area of approximately 509,913 sq ft, strategically located in key data centre hubs across seven cities in Asia Pacific and Europe. Keppel T&T, the Sponsor of the REIT, has also granted Rights of First Refusal (ROFR) for future acquisition opportunities of its infrastructure in the Netherlands.

INVESTMENT HIGHLIGHTS
Opportunities for growth
- Strong growth in data creation and storage needs expected to continue
- Significant barriers to entry
- Embedded organic rental revenue growth with built-in escalations
- Asset enhancement opportunities
- Acquisition pipeline from Keppel T&T and iSeek Communications

Quality investment portfolio
- Strategically located in key data centre hubs in Asia Pacific and Europe
- Built to modern technical specifications required by mission-critical operations
- Young properties with weighted average age of 5.4 years and low capex requirements
- Diversified and quality customer base with favourable lease profile

Conservative capital structure
- Financial flexibility with low aggregate leverage of 27.8% (1)
- Active financial management to optimise risk-adjusted returns to Unitholders

Keppel DC REIT debuted strongly on the Main Board of the Singapore Exchange as the first data centre REIT listed in Asia.

DATA CENTRE PORTFOLIO
Keppel DC REIT’s current portfolio comprises eight high-quality data centre properties with aggregate Lettable Area of approximately 509,913 sq ft, strategically located in key data centre hubs across seven cities in Asia Pacific and Europe.

<table>
<thead>
<tr>
<th>Location</th>
<th>Lettable Area (sq ft)</th>
<th>Occupancy Rate (%)</th>
<th>WALE (years)</th>
<th>Lease Expiry</th>
</tr>
</thead>
<tbody>
<tr>
<td>SINGAPORE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GV7 DATA CENTRE</td>
<td>46,980</td>
<td>100.0</td>
<td>2.7</td>
<td>Leasehold expiring 2024</td>
</tr>
<tr>
<td>AMSTERDAM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ALMERE DATA CENTRE</td>
<td>14,1</td>
<td>100.0</td>
<td>7.8</td>
<td></td>
</tr>
<tr>
<td>DUBLIN</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CITADEL 100 DATA CENTRE</td>
<td>23.7</td>
<td>100.0</td>
<td>2.3</td>
<td>Leasehold expiring 2024</td>
</tr>
<tr>
<td>SYDNEY, AUSTRALIA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GORE HILL DATA CENTRE</td>
<td>77.3</td>
<td>100.0</td>
<td>10.3</td>
<td>Freehold</td>
</tr>
<tr>
<td>LONDON, UNITED KINGDOM</td>
<td>24,972</td>
<td>100.0</td>
<td>7.8</td>
<td></td>
</tr>
<tr>
<td>CYBERJAYA, MALAYSIA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BANA DATA CENTRE</td>
<td>42.3</td>
<td>100.0</td>
<td>2.7</td>
<td></td>
</tr>
<tr>
<td>BRISBANE, AUSTRALIA</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>iSEEK DATA CENTRE</td>
<td>31.5</td>
<td>100.0</td>
<td>2.3</td>
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<tr>
<td>SINGAPORE</td>
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<td>T25</td>
<td>262.8</td>
<td>100.0</td>
<td>3.5</td>
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<td>S25</td>
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<td>LONDON, UNITED KINGDOM</td>
<td>77.3</td>
<td>100.0</td>
<td>10.3</td>
<td>Freehold</td>
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<td>AMSTERDAM</td>
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<tr>
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<td>14.1</td>
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<td>23.7</td>
<td>100.0</td>
<td>2.3</td>
<td>Leasehold expiring 2024</td>
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<td>SYDNEY, AUSTRALIA</td>
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<tr>
<td>iSEEK DATA CENTRE</td>
<td>31.5</td>
<td>100.0</td>
<td>2.3</td>
<td></td>
</tr>
</tbody>
</table>

(1) Based on the average of the two independent valuations conducted by the respective independent Valuers for each property as at 30 September 2014, and translated to Singapore dollars based on exchange rates of S$1.00 = €0.61 as at 2 December 2014
(2) As at 30 September 2014
(3) By leased Lettable Area as at 30 September 2014
(4) Occupancy Rate - Weighted Average Rent and Occupancy Rate as at 30 September 2014
INVESTMENTS

Keppel T&T maintained its shareholdings in key investments that generate healthy returns.

EARNINGS HIGHLIGHTS ($’000)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>% Increase/Decrease</th>
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<tbody>
<tr>
<td>Investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>33,342</td>
<td>38,709</td>
<td>(14)</td>
</tr>
<tr>
<td>Net profit</td>
<td>23,842</td>
<td>30,524</td>
<td>(22)</td>
</tr>
<tr>
<td>Assets employed</td>
<td>205,684</td>
<td>182,149</td>
<td>13</td>
</tr>
</tbody>
</table>

EARNINGS AND FINANCIAL REVIEW

Pre-tax profit of the Division decreased 14% to $33.3 million, due to higher overheads and loss on disposal of subsidiaries but partly offset by distributions received from other investments and higher contributions from associated companies.

OPERATIONS REVIEW

During the year, Keppel T&T maintained its shareholdings in key investments that generate healthy returns and continued to assess conditions to divest other non-core investments at the appropriate time.

M1 recorded a service revenue growth of 1.4% in 2014 to $831.1 million, driven by higher revenue from mobile data and growth in postpaid and fixed customer base. Net profit after tax increased by 9.7% to $175.8 million.

As at end 2014, M1’s mobile customer base was 1.85 million. Its postpaid customer base grew 19,000 to 1.15 million, with the number of customers on tiered data plans increasing to 66%, from 49% a year ago.
The prepaid segment was impacted by a regulatory change in April 2014 that reduced the number of pre-paid SIM cards per customer from ten to three, and as a result, M1’s prepaid customer base decreased to 703,000.

Fibre customer base increased by 18,000 to 103,000, driven by M1’s attractive fibre broadband plans and upgraded service offerings.

During the year, M1 continued to enhance the customer experience through the introduction of faster networks, including the launch of Singapore’s first nationwide 300Mbps LTE-Advanced network.

Corporate customers were able to enjoy the benefits of fibre services through M1’s attractively priced 500Mbps and 1Gbps plans, and all new 10Gbps service, the fastest fibre service on the Next Generation Nationwide Broadband Network (NGNBN) that was made available in May 2014 to cater to corporate customers with high-bandwidth needs such as banks and cloud-service providers.

M1 also launched a new state-of-the-art data centre in October 2014, alongside a suite of attractive cloud-based solutions, further broadening its proposition to the corporate segment.

Based on current economic outlook and barring unforeseen circumstances, M1 estimates moderate growth in net profit after tax for 2015.
OVERVIEW

The Group’s revenue of $224.6 million increased 35% due mainly to higher revenue from Data Centre and Logistics Divisions.

The Group’s operating profit improved to $278.9 million due to better operating performance from Data Centre Division, and one-off gains arising from disposal of the two data centre properties in Singapore and the divestment of Boxel Investments Limited, Citadel 100 Datacenters Limited and Securus Data Property Fund Pte Ltd.

The Group’s profit before tax at $328.6 million increased by 296% due mainly to the higher operating profit and better performance from associated companies, partly offset by higher interest expense.

After taking into account higher taxation expense and non-controlling interest, the Group’s net profit attributable to shareholders increased 290% to $246.6 million.

Due to higher net profit, both Earnings per share (EPS) and Return on Equity (ROE) improved to 44.4 cents and 41.9% compared to 11.4 cents and 14.1% in 2013 respectively.

The Group generated a net operating cash flow of $72.0 million in 2014, compared to $38.2 million in 2013. Free cash flow of $144.5 million improved 115% as compared to $67.2 million in the previous year after taking into account higher cash flow from operating and investing activities. Investing activities excluding expansionary acquisitions, capital expenditure and major divestments was higher due to higher dividend income from associated companies.

For the financial year 2014, the Group is proposing a dividend of 15.0 cents per share which comprises final and special dividend of 3.5 and 11.5 cents per share respectively.

The Group will strive to grow its Logistics and Data Centre businesses organically and geographically, carrying out expansion for logistics projects in Singapore and China as well as remaining focused on developing greenfield data centres and managing data centres of Keppel DC REIT. The Group will continue to remain prudent in managing costs and improving efficiency.

Information on the Group’s five-year performance is set out on pages 39 to 43.
REVENUE

Group revenue of $224.6 million was 35% or $57.7 million higher than 2013.

Revenue from the Logistics Division increased by 31% to $148.7 million due to higher warehousing, distribution and port operations income. The Data Centre Division’s revenue rose by $22.7 million or 43% to $75.9 million compared to $53.1 million in 2013 attributed to additional co-location revenues and management fee income.

NET PROFIT

The Group’s net profit attributable to shareholders of $246.6 million was $183.4 million or 290% higher than 2013.

The Logistics Division’s net profit of $9.9 million decreased by $6.2 million or 39% compared to 2013 due mainly to impairment made for a warehouse in Singapore, lower contributions from associated companies and higher interest expense.

The Data Centre Division’s net profit increased by $196.3 million to $212.9 million due to higher revenue generated by the data centre operations in Singapore, gain from disposal of data centre assets and higher contributions from associated companies, partly offset by higher interest expense, taxation and non-controlling interest.

The Investments Division’s net profit decreased $6.7 million or 22% to $23.8 million. Improvement in contributions from associated companies was negated by higher overheads and loss on disposal of subsidiaries as well as higher tax expense. M1 remained the most significant profit contributor to the Group at $33.9 million. At year end, the Group held a 19.2% equity stake in M1.

ROE & DIVIDEND PER SHARE

ROE of 41.9% increased 197% from 14.1% in 2013 due to improved net profit. The Group paid a dividend of 3.5 cents per share for financial year 2013. Proposed dividend of 15.0 cents per share comprising final and special dividend of 3.5 and 11.5 cents per share respectively has been recommended for financial year 2014 to be paid in 2015.

CASH FLOW

To better reflect its free cash flow for operational activities, the Group had redefined its free cash flow by excluding operating profit improved to $278.9 million due to better operating performance from the Data Centre Division and one-off gains from the disposal of data centre assets to Keppel DC REIT.
Proposed dividend of 15.0 cents per share comprising final and special dividend of 3.5 and 11.5 cents per share has been recommended for financial year 2014 which is higher than the 3.5 cents per share for financial year 2013.

115%
Free cash flow improved from $67.2 million to $144.5 million
## CASH FLOW

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>278,903</td>
<td>33,288</td>
<td>245,615</td>
</tr>
<tr>
<td>Depreciation, amortisation and other non-cash items</td>
<td>(208,485)</td>
<td>15,715</td>
<td>(224,200)</td>
</tr>
<tr>
<td>Operating cash flows before changes in working capital</td>
<td>70,418</td>
<td>49,003</td>
<td>21,415</td>
</tr>
<tr>
<td>Working capital changes</td>
<td>15,227</td>
<td>(5,660)</td>
<td>20,887</td>
</tr>
<tr>
<td>Net interest and taxes paid</td>
<td>(14,570)</td>
<td>(9,153)</td>
<td>(5,417)</td>
</tr>
<tr>
<td>Proceeds from tax losses transferred under group relief system</td>
<td>887</td>
<td>4,039</td>
<td>(3,152)</td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td>71,962</td>
<td>38,229</td>
<td>33,733</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from disposal of fixed assets</td>
<td>89</td>
<td>64</td>
<td>25</td>
</tr>
<tr>
<td>Investments and capital expenditure</td>
<td>(6,207)</td>
<td>(4,247)</td>
<td>(1,960)</td>
</tr>
<tr>
<td>Proceeds from capital reduction in a joint venture company</td>
<td>2,000</td>
<td>-</td>
<td>2,000</td>
</tr>
<tr>
<td>Dividend income</td>
<td>76,699</td>
<td>33,124</td>
<td>43,575</td>
</tr>
<tr>
<td><strong>Net cash from investing activities</strong></td>
<td>72,581</td>
<td>28,941</td>
<td>43,640</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>144,543</td>
<td>67,170</td>
<td>77,373</td>
</tr>
<tr>
<td>Dividend paid to shareholders of the Company and subsidiaries</td>
<td>(80,189)</td>
<td>(20,805)</td>
<td>(59,384)</td>
</tr>
</tbody>
</table>

* Adjusted to exclude expansionary acquisitions, capital expenditure, major investment and divestments.

expansionary acquisitions and capital expenditure which are meant for long-term growth and major divestments.

Net cash from operating activities was $72.0 million in 2014 compared to $38.2 million in 2013 due to higher operating cash flow after taking into account interest charges and working capital requirements.

Net cash from investing activities for the year was $72.6 million largely from dividends received from associated companies and capital reduction of a joint venture, partly offset by operational capital expenditure.

Free cash flow was $144.5 million as compared to $67.2 million in the previous year.

Total distribution to shareholders of the Company and non-controlling shareholders of subsidiaries for the year amounted to $80.2 million.

### Financial Position

Total assets of the Group increased from $1,148.5 million to $1,403.0 million in 2014. Fixed assets of $304.9 million decreased by $202.5 million due mainly to disposal of data centres and transfer to investment properties, partly offset by additions from construction of logistics warehouses, fit-out of data centre and subsidiaries acquired. During the year, the Group adopted FRS 40 Investment Property for the accounting of new data centres and $127.1 million of property, plant and equipment were transferred from fixed assets to investment properties.

Investments rose to $542.5 million in 2014 due to acquisition of Keppel DC REIT and equity accounting for the share of profits, partly offset by disposal of associated companies and dividends received.

The Group’s net borrowings of $198.3 million in 2014 were lower than $419.5 million in 2013 due mainly to repayment of loans and higher fixed deposits and bank balances as result of proceeds received from disposal of data centre assets. The gross borrowings of $479.0 million as at 31 December 2014 were financed by MTN Programme, external banks and related companies. These amounts are repayable within one to five years.

### Capital Structure & Financial Resources

The Group’s capital structure in 2014 is largely maintained as the Group maintains a strong balance sheet and an efficient capital structure to maximise returns for shareholders.

New investments will have to satisfy stringent criteria for return on investment, cash flow generation and risk management and will comprise a combination of equity and debt funding, where appropriate.
$1,403m
Total assets increased from $1,148.5 million to $1,403.0 million in 2014

CAPITAL STRUCTURE
Group shareholders’ funds increased from $470.5 million in 2013 to $706.6 million in 2014. The increase was due mainly to retained profits for the year attributable to gain on disposal of data centre assets, partly offset by dividend payment at 3.5 cents per share in respect of financial year 2013.

Non-controlling interests of the Group increased from $74.4 million in 2013 to $86.0 million in 2014 due mainly to a new non-wholly owned subsidiary acquired during the year and additional shares subscribed in subsidiaries by non-controlling interests.

Interest coverage was higher at 28.6 times in 2014 compared to 12.1 times in 2013. Despite higher interest expense, interest coverage reduced as a result of higher EBIT in 2014.

The net gearing of the Group decreased from 0.77 times in 2013 to 0.25 times in 2014. Net debt decreased as a result of repayment of loans and higher fixed deposits and bank balances.

At the last Annual General Meeting in 2014, shareholders gave their approval for mandates to issue and buy back shares. The Company did not exercise these mandates during the year.
GEARING

Net Gearing = \( \frac{\text{Borrowings} - \text{Cash}}{\text{Capital Employed}} \)

<table>
<thead>
<tr>
<th>$ million</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>900</td>
<td>1.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>750</td>
<td>1.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>600</td>
<td>1.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>450</td>
<td>0.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>300</td>
<td>0.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>150</td>
<td>0.3</td>
<td></td>
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</tr>
<tr>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Capital Employed: 460.4, 544.9, 792.6
Net Debt: 277.0, 419.5, 198.3
Net Gearing: 0.6, 0.8, 0.3

$198.3m

Net borrowings of $198.3 million in 2014 were lower than $419.5 million in 2013

INTEREST COVERAGE

Interest Coverage = \( \frac{\text{EBIT}}{\text{Interest Cost}} \)

<table>
<thead>
<tr>
<th>$ million</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>360</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>300</td>
<td></td>
<td></td>
<td></td>
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<td>240</td>
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<td>180</td>
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</tr>
<tr>
<td>0</td>
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<td></td>
</tr>
</tbody>
</table>

EBIT: 80.6, 90.6, 340.5
Interest Expenses: 5.4, 7.5, 11.9
Interest Coverage: 14.9, 12.1, 28.6
The Group maintains sufficient cash and cash equivalents and an adequate amount of standby credit facilities to fund its working capital requirements and capital expenditure.

At the end of 2014, credit facilities in the form of loans, overdrafts, letters of credit, bank overdrafts and other banking facilities provided by banks and capital market programme to the Group amounted to $1,088.9 million (2013: $965.0 million) of which $345.6 million (2013: $296.3 million) was utilised.

**FINANCIAL RESOURCES**

The Group maintains sufficient cash and cash equivalents and an adequate amount of standby credit facilities to fund its working capital requirements and capital expenditure.

At the end of 2014, credit facilities in the form of loans, overdrafts, letters of credit, bank overdrafts and other banking facilities provided by banks and capital market programme to the Group amounted to $1,088.9 million (2013: $965.0 million) of which $345.6 million (2013: $296.3 million) was utilised.

**FINANCIAL RISK MANAGEMENT**

The Group's principal financial instruments comprise loans and cash and short term deposits. The main purpose of these financial instruments is to finance the Group's operations. The Group has other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Group’s financial risk management is covered in greater detail in Note 35 to the financial statements.

**IMPAIRMENT OF NON-FINANCIAL ASSETS**

In determining whether the carrying amounts 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 future cash flows. The carrying amount of fixed assets, investment properties and intangibles are disclosed in Note 14, 15 and 19 to the financial statements.

**IMPACT OF LOANS AND RECEIVABLES**

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of loans and receivables at the balance sheet date are disclosed in Notes 20, 22, 23, 24 and 25 to the financial statements.

**TAXATION**

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved for certain transactions in 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 income tax provisions in the period in which such determination is made.

---

**Loans are estimated to be repayable as follows:**

<table>
<thead>
<tr>
<th></th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within one year</td>
<td>53,405</td>
<td>38,480</td>
</tr>
<tr>
<td>Between one and two years</td>
<td>81,026</td>
<td>174,696</td>
</tr>
<tr>
<td>Between two to five years</td>
<td>344,549</td>
<td>153,900</td>
</tr>
<tr>
<td>After five years</td>
<td>–</td>
<td>132,607</td>
</tr>
<tr>
<td><strong>Total borrowings</strong></td>
<td><strong>478,980</strong></td>
<td><strong>499,683</strong></td>
</tr>
</tbody>
</table>

The Group's borrowings consist of unsecured loans of $417.2 million (2013: $487.1 million) and secured loans of $61.8 million in 2014 (2013: $12.6 million).
### Five-Year Group Operating Results

The results of the Group for the five years ended 31 December 2014 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>2010</td>
<td>2011</td>
<td>2012</td>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td>Revenue</td>
<td>107,762</td>
<td>118,125</td>
<td>137,493</td>
<td>166,863</td>
<td>224,563</td>
</tr>
<tr>
<td>Operating profit</td>
<td>7,812</td>
<td>43,489</td>
<td>25,268</td>
<td>33,288</td>
<td>278,903</td>
</tr>
<tr>
<td>Interest income</td>
<td>1,225</td>
<td>711</td>
<td>734</td>
<td>614</td>
<td>424</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(2,950)</td>
<td>(3,414)</td>
<td>(5,435)</td>
<td>(7,505)</td>
<td>(11,868)</td>
</tr>
<tr>
<td>Share of results of associated companies and joint ventures</td>
<td>64,382</td>
<td>59,258</td>
<td>54,614</td>
<td>56,650</td>
<td>61,148</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>70,469</td>
<td>100,044</td>
<td>75,181</td>
<td>83,047</td>
<td>328,607</td>
</tr>
<tr>
<td>Taxation</td>
<td>(9,736)</td>
<td>(12,335)</td>
<td>(13,788)</td>
<td>(13,367)</td>
<td>(20,418)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>60,733</td>
<td>87,709</td>
<td>61,393</td>
<td>69,680</td>
<td>308,189</td>
</tr>
<tr>
<td>Attributable to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders of the Company</td>
<td>57,595</td>
<td>79,432</td>
<td>55,452</td>
<td>63,186</td>
<td>246,578</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>3,138</td>
<td>8,277</td>
<td>5,941</td>
<td>6,494</td>
<td>61,611</td>
</tr>
<tr>
<td>Total</td>
<td>60,733</td>
<td>87,709</td>
<td>61,393</td>
<td>69,680</td>
<td>308,189</td>
</tr>
</tbody>
</table>

**REVENUE ($ million)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Profit before taxation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>107.8</td>
<td>70.5</td>
</tr>
<tr>
<td>2011</td>
<td>118.1</td>
<td>100.0</td>
</tr>
<tr>
<td>2012</td>
<td>137.5</td>
<td>75.2</td>
</tr>
<tr>
<td>2013</td>
<td>166.9</td>
<td>83.0</td>
</tr>
<tr>
<td>2014</td>
<td>224.6</td>
<td>328.6</td>
</tr>
</tbody>
</table>
### Quarterly Results

<table>
<thead>
<tr>
<th>QUARTERLY REVENUE ($ million)</th>
<th>QUARTERLY PROFIT BEFORE TAX ($ million)</th>
<th>QUARTERLY NET PROFIT ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1st Qtr $’000</td>
<td>2nd Qtr $’000</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>40,044</td>
<td>40,379</td>
</tr>
<tr>
<td>2014</td>
<td>48,711</td>
<td>51,278</td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>7,068</td>
<td>8,412</td>
</tr>
<tr>
<td>2014</td>
<td>7,400</td>
<td>9,263</td>
</tr>
<tr>
<td>Profit before tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>19,867</td>
<td>21,695</td>
</tr>
<tr>
<td>2014</td>
<td>21,246</td>
<td>20,409</td>
</tr>
<tr>
<td>Net profit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>14,997</td>
<td>16,385</td>
</tr>
<tr>
<td>2014</td>
<td>15,428</td>
<td>14,283</td>
</tr>
</tbody>
</table>
## Five-Year Group Financial Profile

### Balance Sheet ($'000)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>153,715</td>
<td>311,332</td>
<td>339,153</td>
<td>507,446</td>
<td>304,880</td>
</tr>
<tr>
<td>Investments properties</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investments</td>
<td>333,908</td>
<td>355,216</td>
<td>403,990</td>
<td>463,012</td>
<td>542,529</td>
</tr>
<tr>
<td>Intangibles</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>18,229</td>
</tr>
<tr>
<td>Bank balances and cash</td>
<td>61,469</td>
<td>65,558</td>
<td>63,729</td>
<td>80,178</td>
<td>280,664</td>
</tr>
<tr>
<td>Other assets</td>
<td>32,529</td>
<td>39,711</td>
<td>55,824</td>
<td>97,869</td>
<td>129,595</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>581,621</td>
<td>771,817</td>
<td>862,696</td>
<td>1,148,505</td>
<td>1,402,964</td>
</tr>
<tr>
<td>Borrowings</td>
<td>(169,720)</td>
<td>(301,706)</td>
<td>(340,696)</td>
<td>(499,683)</td>
<td>(478,980)</td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>(1,612)</td>
<td>(6,852)</td>
<td>(10,907)</td>
<td>(16,090)</td>
<td>(1,052)</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(41,627)</td>
<td>(42,850)</td>
<td>(50,740)</td>
<td>(87,844)</td>
<td>(130,371)</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>368,662</td>
<td>420,409</td>
<td>460,353</td>
<td>544,888</td>
<td>792,561</td>
</tr>
<tr>
<td>Share capital &amp; reserves</td>
<td>341,716</td>
<td>395,070</td>
<td>427,091</td>
<td>470,458</td>
<td>706,558</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>26,946</td>
<td>25,339</td>
<td>33,262</td>
<td>74,430</td>
<td>86,003</td>
</tr>
<tr>
<td><strong>Capital employed</strong></td>
<td>368,662</td>
<td>420,409</td>
<td>460,353</td>
<td>544,888</td>
<td>792,561</td>
</tr>
</tbody>
</table>

### Per Share

#### Earnings (cents) (Note 1):

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>12.0</td>
<td>16.5</td>
<td>12.3</td>
<td>13.5</td>
<td>57.3</td>
</tr>
<tr>
<td>Net profit</td>
<td>10.4</td>
<td>14.4</td>
<td>10.0</td>
<td>11.4</td>
<td>44.4</td>
</tr>
<tr>
<td>Gross dividends (cents)</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>15.0</td>
</tr>
<tr>
<td>Net asset value ($)</td>
<td>0.62</td>
<td>0.71</td>
<td>0.77</td>
<td>0.85</td>
<td>1.27</td>
</tr>
<tr>
<td>Net tangible assets ($)</td>
<td>0.62</td>
<td>0.71</td>
<td>0.77</td>
<td>0.85</td>
<td>1.24</td>
</tr>
</tbody>
</table>

### Financial Ratios

#### Return on shareholders’ funds (%) (Note 2):

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>20.8</td>
<td>24.7</td>
<td>16.5</td>
<td>16.7</td>
<td>54.0</td>
</tr>
<tr>
<td>Net profit</td>
<td>18.1</td>
<td>21.6</td>
<td>13.5</td>
<td>14.1</td>
<td>41.9</td>
</tr>
<tr>
<td><strong>Net gearing (times)</strong></td>
<td>0.29</td>
<td>0.56</td>
<td>0.60</td>
<td>0.77</td>
<td>0.25</td>
</tr>
</tbody>
</table>

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, the average basis has been used.
### Group Financial Position

#### Total Assets ($ million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Other Assets</th>
<th>Bank Balances and Cash</th>
<th>Investments</th>
<th>Fixed Assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>32.5</td>
<td>61.5</td>
<td>333.9</td>
<td>153.7</td>
<td>581.6</td>
</tr>
<tr>
<td>2011</td>
<td>39.7</td>
<td>65.6</td>
<td>355.2</td>
<td>311.3</td>
<td>771.8</td>
</tr>
<tr>
<td>2012</td>
<td>55.8</td>
<td>63.7</td>
<td>404.0</td>
<td>339.2</td>
<td>862.7</td>
</tr>
<tr>
<td>2013</td>
<td>97.9</td>
<td>80.2</td>
<td>463.0</td>
<td>507.4</td>
<td>1,148.5</td>
</tr>
<tr>
<td>2014</td>
<td>147.8</td>
<td>280.7</td>
<td>542.5</td>
<td>127.1</td>
<td>1,403.0</td>
</tr>
</tbody>
</table>

#### Total Liabilities and Capital Employed ($ million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Other Liabilities</th>
<th>Borrowings</th>
<th>Non-controlling Interests</th>
<th>Shareholders’ Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>43.3</td>
<td>169.7</td>
<td>26.9</td>
<td>341.7</td>
<td>581.6</td>
</tr>
<tr>
<td>2011</td>
<td>49.7</td>
<td>301.7</td>
<td>25.3</td>
<td>395.1</td>
<td>771.8</td>
</tr>
<tr>
<td>2012</td>
<td>61.6</td>
<td>340.7</td>
<td>33.3</td>
<td>427.1</td>
<td>862.7</td>
</tr>
<tr>
<td>2013</td>
<td>103.9</td>
<td>499.7</td>
<td>74.4</td>
<td>470.5</td>
<td>1,148.5</td>
</tr>
<tr>
<td>2014</td>
<td>131.4</td>
<td>479.0</td>
<td>86.0</td>
<td>706.6</td>
<td>1,403.0</td>
</tr>
</tbody>
</table>

Group total assets increased from $1,148.5 million in 2013 to $1,403.0 million in 2014.

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**KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD**

Report to Shareholders 2014
Profit before tax increased from $83.0 million to $328.6 million due mainly to better operating performance from Data Centre Division, one-off gains from disposal of data centre assets and higher contributions from associated companies.

### Five-Year Group Analysis by Industry

#### Revenue ($ million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Investments</th>
<th>Data Centre</th>
<th>Logistics</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>15.2</td>
<td>6.9</td>
<td>85.7</td>
<td>107.8</td>
</tr>
<tr>
<td>2011</td>
<td>3.7</td>
<td>28.7</td>
<td>85.7</td>
<td>118.1</td>
</tr>
<tr>
<td>2012</td>
<td>-</td>
<td>44.3</td>
<td>93.2</td>
<td>137.5</td>
</tr>
<tr>
<td>2013</td>
<td>-</td>
<td>53.1</td>
<td>113.7</td>
<td>166.8</td>
</tr>
<tr>
<td>2014</td>
<td>-</td>
<td>75.9</td>
<td>148.7</td>
<td>224.6</td>
</tr>
</tbody>
</table>

#### Profit Before Tax ($ million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Investments</th>
<th>Data Centre</th>
<th>Logistics</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>37.5</td>
<td>5.7</td>
<td>27.3</td>
<td>70.5</td>
</tr>
<tr>
<td>2011</td>
<td>48.1</td>
<td>13.8</td>
<td>38.1</td>
<td>100.0</td>
</tr>
<tr>
<td>2012</td>
<td>34.6</td>
<td>19.8</td>
<td>20.8</td>
<td>75.2</td>
</tr>
<tr>
<td>2013</td>
<td>38.7</td>
<td>26.1</td>
<td>18.2</td>
<td>83.0</td>
</tr>
<tr>
<td>2014</td>
<td>33.3</td>
<td>280.7</td>
<td>14.6</td>
<td>328.6</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-------</td>
<td>-------</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Value added from:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>224,563</td>
<td>166,863</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: purchases of materials and services</td>
<td>(103,875)</td>
<td>(75,030)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross value added from operation</strong></td>
<td><strong>120,688</strong></td>
<td><strong>91,833</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>In addition:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>424</td>
<td>614</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of results of associated companies and joint ventures</td>
<td>50,084</td>
<td>56,650</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>245,474</td>
<td>7,225</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Group value added</strong></td>
<td><strong>416,670</strong></td>
<td><strong>156,322</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Distribution of Group’s value added:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To employees in wages, salaries and benefits</td>
<td>54,294</td>
<td>41,706</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To government in income and other taxes</td>
<td>16,014</td>
<td>16,683</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To providers of capital on:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest paid on borrowings</td>
<td>11,868</td>
<td>7,505</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends to shareholders</td>
<td>19,421</td>
<td>19,382</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends to non-controlling shareholders of subsidiaries</td>
<td>60,768</td>
<td>1,423</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total distribution</strong></td>
<td><strong>92,057</strong></td>
<td><strong>28,310</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance retained in the business:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>26,541</td>
<td>19,325</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>843</td>
<td>6,494</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>226,921</td>
<td>43,804</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Surplus for the current year</strong></td>
<td><strong>254,305</strong></td>
<td><strong>69,623</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>416,670</strong></td>
<td><strong>156,322</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of employees (average)</strong></td>
<td>1,499</td>
<td>993</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Productivity analysis:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross value added per employee ($’000)</td>
<td>81</td>
<td>92</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross value added per dollar employment cost ($)</td>
<td>2.22</td>
<td>2.20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross value added per dollar sales ($)</td>
<td>0.54</td>
<td>0.55</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Risk Management

STRENGTHENING ENTERPRISE RISK MANAGEMENT PROGRAMME
Keppel T&T operates in nine countries and manages diverse risks relating to its logistics, warehousing and data centre businesses. The Group’s Enterprise Risk Management (ERM) Framework provides a holistic and structured approach towards assessing, monitoring and mitigating risks, enabling the Group to remain agile in capitalising on opportunities. The Board, assisted by the Board Risk Committee (BRC) is responsible for governing risks and ensuring that management maintains sound risk management systems and internal controls to safeguard shareholders’ interest and the Group’s assets. Terms of reference of the BRC are disclosed on page 160 of this Report.

The Board, assisted by the BRC, has established three risk tolerance guiding principles which determine the nature and extent of the risks. The three 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 adopts zero tolerance towards safety incidents, non-compliance with laws and regulations, as well as acts such as fraud, bribery and corruption.

The ERM Framework is reviewed regularly, taking into account changes in the operating environments, as well as evolving corporate governance requirements. It adapts management practices set out in the ISO31000 for Risk Management and ISO22301 for Business Continuity Management (BCM), as well as the Code of Corporate Governance 2012.

The management surfaces key risk issues for discussion and confers with the BRC regularly. The Group’s risk governance is set out on pages 155-156 under Principle 11 (Risk Management and Internal Controls). The risk management assessment has been established to facilitate management and the BRC in determining the adequacy and effectiveness of the risk management system.

STRATEGIC
Risk considerations form an integral part of the Group’s strategic and investment decisions, including budget reviews and policy formulations. The five-year strategic direction of the Group is reviewed with the Board to ensure that the Group is resilient in dealing with adversities and agile in pursuing opportunities. Investment decisions are guided by investment parameters that are set on a Group-wide basis. These practices ensure that investments are in line with the Group’s strategic business focus, consider the underlying risk factors, and meet the risk-adjusted rate of return.

Management and the BRC monitor changes in concentration exposure associated with its investments in the countries where the Group operates, ensuring that the Group is not overly exposed to any single economy. In addition, management closely monitors changes in the business, economic, political, regulatory and competitive landscape in the operating countries. As part of the control assurance process, the Group is implementing Control Self-Assessment.

FINANCIAL
To manage credit, liquidity, currency, interest rate and market price risks, the Group’s policies and financial authority limits are reviewed regularly by management and the BRC to ensure their continued relevance in relation to the operating and control environment. Emphasis is placed on improving financial discipline, deploying its capital to earn the best risk-adjusted returns and maintaining a strong balance sheet to seize opportunities. The Group’s financial risk management is covered in greater detail on pages 133-136.

OPERATIONAL
Operational risk management is integrated into business operations and project management. Formalised guidelines, procedures, internal training and tools are used to assess, mitigate and monitor risks. Management uses Key Risk Indicators as early warning signals of related operational risks. The Group also reviews the insurance programme, with advice from selected brokers and insurers.

STRENGTHENING RISK CENTRIC CULTURE
The management heightens risk awareness through staff education. New overseas entities are progressively integrated into the Group’s ERM Framework. For example, workshops were conducted for overseas units to enhance capabilities and awareness. A portal was set up to feature the Group’s ERM Framework and promulgate good practices. A 2014 Keppel Group-wide survey indicated that the risk culture has been internalised within the Group. Over 95% of the respondents agreed that top management was committed in Risk Management Leadership and that Risk Management was embedded into the Group’s Business Operations.

FORTIFYING BUSINESS CONTINUITY MANAGEMENT
The Group is committed to enhance the Group’s operational resilience by establishing a robust BCM plan that will allow it to respond effectively to potential crises and external threats, while minimising any impact on people, operations and assets. Led by BCM committees, business units conduct a range of simulations to enhance operational preparedness. The plans are being tested and refined to validate the business continuity plans. As part of the Group’s BCM Plan, key company spokespersons are identified and trained, whilst communication protocols are established to effectively manage media communications during crisis.

PROACTIVE RISK MANAGEMENT
The Group will continue to review and refine its risk management methodology, systems and processes to ensure its adequacy and effectiveness, enabling it to take calculated risks and seize any presented opportunities.
As a subsidiary of Keppel Corporation, Keppel T&T aligns its sustainability strategy with its parent company which focuses on three areas: Sustaining Growth, Empowering Lives and Nurturing Communities.

**SUSTAINING GROWTH**
**Caring for the Environment**
Our commitment to business excellence is underpinned by an unwavering focus on strong corporate governance and prudent financial management.

- Resource efficiency is not only our responsibility, but also makes good business sense.
- Innovation and delivering quality products and services are key in sharpening our competitive edge.

**EMPOWERING LIVES**
**Caring for our People**
People are the cornerstone of our business.

- As an employer of choice, we are committed to growing and nurturing our talent pool through continuous training and development to help our people reach their full potential.
- We want to instil a culture of safety so that everyone who comes to work goes home safe.

**NURTURING COMMUNITIES**
**Caring for the Society**
As a global citizen, we believe that as communities thrive, we thrive.

- We give back to communities wherever we operate through our multi-faceted approach towards corporate social responsibility.
- We believe in cultivating long-term relationships with our tenants for sustainable growth.

2,520 GJ
Annual energy savings resulting from initiatives in 2014.

42,499 hours
Training received by employees across the Group.

1,111 hours
Contributed by volunteers from across all business units.
Letter to Our Stakeholders

We continued to maintain a good safety record with no major incident occurrences; both Accident Frequency Rate (AFR) and Accident Severity Rate (ASR) were at a five-year low.

DEAR VALUED STAKEHOLDERS,

In the past year, we have seen sustainability grow in prominence among governments and corporates worldwide. Significantly, Singapore’s Government announced the Sustainable Singapore Blueprint 2015, outlining its strategy to become a more sustainable city, while the Singapore Exchange announced its intention to require all listed companies to report their sustainability performance. This is a clear signal that sustainability is gaining momentum in adoption in both public and private sectors.

2014 marks the fourth year that Keppel T&T is publishing its Sustainability Report following the internationally recognised GRI framework. The Report with our Annual Report, will outline sustainability strategy, actions and performance, as well as represent our commitment to transparency and long-term shareholder value.

SUSTAINABILITY PERFORMANCE IN 2014

Due to the nature of our businesses in Logistics and Data Centre which give rise to direct and indirect emissions, managing this aspect of environmental impact is one of our key focuses in sustainability.

Starting in 2014, the inclusion of two new entities in Vietnam and Foshan, China in the scope of reporting has increased our energy and material usage. However, our carbon emission intensity (measured by indirect carbon emission per million dollar revenue) dropped by 26%, from 173 tCO₂ in 2013 to 128 tCO₂ in 2014, as growth in revenue outpaced the increase in indirect carbon emission.

Some of the notable environmental efforts this year include Keppel Logistics Singapore’s chilled water cooling system that can potentially reduce electricity consumption for air conditioning by 40% to 50%. Keppel Data Centres continues to improve its Power Usage Efficiency level (PUE). In addition, it has achieved both the IDA-BCA Green Mark Platinum, as well as LEED Gold for energy efficiency for Keppel Datahub 2, its newest data centre.

We continued to maintain a good safety record with no major incident occurrences. Both Accident Frequency Rate (AFR) and Accident Severity Rate (ASR) were at a five-year low.

Throughout the year, staff at Keppel T&T Group had on average 29 hours of training. As our geographical footprint extends, more exchange programmes have been introduced for staff, nurturing group identity and facilitating teamwork across borders.

Participation in volunteer work increased in 2014 to 1,111 volunteer hours. Our community strategy continues to focus on supporting community development through scholarships and bursary schemes for students and supporting the underprivileged.

LOOKING FORWARD

Going forward, we will continue to focus on our three pillars of Sustaining Growth, Empowering Lives and Nurturing Communities. We will also strengthen our engagement across the supply chain, positively influencing our contractors, partners and customers to play their part in the sustainability journey.

A major challenge in our sustainability strategy is the integration of new entities in developing countries. To address this challenge, we work closely with each new entity to communicate the strategy within a local, relatable context for relevance. Where possible, we will integrate the sustainability action plan with the business plan such as building green facilities, or leveraging our business expertise to support community programmes.

I hope this report provides a comprehensive view of Keppel T&T’s sustainability performance. We value any feedback that will help us do better in our future performance.

Yours sincerely,

THOMAS PANG
14 February 2015
### Countries with Significant Operations

<table>
<thead>
<tr>
<th>Countries with Significant Operations</th>
<th>Logistics Services</th>
<th>Data Centre Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>Keppel Logistics Singapore</td>
<td>Keppel Data Centres</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Keppel Logistics Malaysia</td>
<td>N/A</td>
</tr>
<tr>
<td>China</td>
<td>Keppel Logistics Foshan</td>
<td>N/A</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Indo-Trans Keppel Logistics Vietnam</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### PERFORMANCE DATA

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014¹</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Environment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect Energy (GJ)</td>
<td>138,364</td>
<td>171,507</td>
<td>195,294</td>
<td>218,762</td>
<td>58</td>
</tr>
<tr>
<td>Direct Energy (GJ)</td>
<td>61,075</td>
<td>45,587</td>
<td>44,417</td>
<td>70,102</td>
<td>58-59</td>
</tr>
<tr>
<td>Paper (tonnes)</td>
<td>41.9</td>
<td>40.3</td>
<td>28.5</td>
<td>43.2</td>
<td>61-62</td>
</tr>
<tr>
<td>Shrink Wrap (tonnes)</td>
<td>118.2</td>
<td>131.6</td>
<td>130.3</td>
<td>149.3</td>
<td>61-62</td>
</tr>
<tr>
<td>Water (m³)</td>
<td>284,593</td>
<td>324,065</td>
<td>363,142</td>
<td>409,597</td>
<td>61-62</td>
</tr>
<tr>
<td>Disposed Waste (tonnes) (Singapore)</td>
<td>607</td>
<td>476</td>
<td>462</td>
<td>475</td>
<td>62</td>
</tr>
<tr>
<td>Recycled Waste (tonnes) (Singapore)</td>
<td>101</td>
<td>69</td>
<td>58</td>
<td>67</td>
<td>62</td>
</tr>
<tr>
<td>Recycling Rate (%) (Singapore)</td>
<td>14%</td>
<td>13%</td>
<td>11%</td>
<td>12%</td>
<td>62</td>
</tr>
<tr>
<td>Direct Carbon Emissions (tCO₂)</td>
<td>4,481</td>
<td>3,325</td>
<td>3,235</td>
<td>5,077</td>
<td>60-61</td>
</tr>
<tr>
<td>Indirect Carbon Emissions² (tCO₂)</td>
<td>19,506</td>
<td>25,575</td>
<td>27,930</td>
<td>28,723</td>
<td>60-61</td>
</tr>
<tr>
<td>Indirect Emission (tCO₂) per $1 million Revenue</td>
<td>165</td>
<td>186</td>
<td>173</td>
<td>128</td>
<td>60-61</td>
</tr>
<tr>
<td>Incremental Energy Saved (GJ)³</td>
<td>13,818</td>
<td>6,861</td>
<td>183</td>
<td>2,520</td>
<td>59-60</td>
</tr>
<tr>
<td><strong>Labour</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training Hours per Employee</td>
<td>12</td>
<td>22</td>
<td>39</td>
<td>29</td>
<td>67-69</td>
</tr>
<tr>
<td>Monthly Employee Turnover (%)</td>
<td>2.2%</td>
<td>1.7%</td>
<td>1.1%</td>
<td>1.7%</td>
<td>67</td>
</tr>
<tr>
<td>Accident Frequency Rate (reportable accidents per million man-hours)</td>
<td>1.4</td>
<td>1.4</td>
<td>0.4</td>
<td>0.2</td>
<td>69-70</td>
</tr>
<tr>
<td>Accident Severity Rate (man-days lost per million man-hours)</td>
<td>2,895</td>
<td>16.4</td>
<td>1.7</td>
<td>1.1</td>
<td>69-70</td>
</tr>
<tr>
<td><strong>Community</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donation and Sponsorship ($)</td>
<td>44,793</td>
<td>59,817</td>
<td>128,930</td>
<td>115,989</td>
<td>72</td>
</tr>
<tr>
<td>Volunteer Hours</td>
<td>288</td>
<td>612</td>
<td>908</td>
<td>1,111</td>
<td>72</td>
</tr>
</tbody>
</table>

¹ Major changes in performance data were due to the inclusion of new entities in the scope of reporting.
² Indirect emission consists of emission from the consumption of electricity.
³ Incremental energy saved from initiatives undertaken during the year.

### REPORTING PERIOD AND SCOPE

This Report is prepared in accordance with the Global Reporting Initiative (GRI) G4 reporting guidelines, at Core level. Corresponding to G4’s emphasis on materiality, this Report covers the areas of sustainability that are deemed material to Keppel T&T and its stakeholders, which are categorised into: Economic, Environmental, Human Rights, Social and Service Responsibility.

Standard units of measurements are used in this Report and conversion factors, where applicable, are explained in their respective sections.

This year, we have been on a learning journey, adopting the new G4 guidelines, and starting on a new data collection system. We aim to strengthen both processes before getting our Sustainability Report externally assured.

This Report covers Keppel T&T and its operating subsidiaries, as at 31 December 2014 indicated in the Corporate Structure chart on page 12. Entities which Keppel T&T does not have majority control over, or have yet to start full-scale operations by 1 July 2014 are excluded from the scope of reporting. Where possible, we aim to influence the
sustainability performance of entities we do not have majority control over.

The disclosure period for this Sustainability Report is aligned with the 2014 financial reporting period of January to December. However, the performance data stated in this Report is annualised based on ten-month actual data, as finalised data was not available at the time of the publication of this Report. If the actual data shows a variance of more than 5% from our estimations, we will restate the data and provide an explanation in the Sustainability Report produced in the following year. Restatements of our 2013 Sustainability Report can be found below.

There are two changes in reporting scope from last year’s Report that can significantly affect comparability across years.

- The inclusion of Keppel Logistics (Foshan Sanshui Port) Company Limited data from January 2014. The company became a subsidiary of Keppel Logistics (Foshan) Limited in November 2013.
- The inclusion of Indo-Trans Keppel Logistics Vietnam Co Ltd (ITKL Vietnam) data from January 2014. The company became a subsidiary of Keppel T&T in the same month.

On 12 December 2014, Keppel Data Centres completed the divestment of two assets in Singapore (Keppel Datahub 1 and Keppel Digihub) to Keppel DC REIT. For simplicity, full-year data from the two assets are still included in this Report.

**RESTATEMENT OF 2013 DATA**

Below are indicators with more than 5% of variance between the actual and stated data in the 2013 Sustainability Report:

- Paper consumption – see page 62.

For further queries, please contact: keppeltt@keppeltt.com.sg.

**ACCOLADES IN 2014**

**Service Excellence**

- Keppel Logistics received the Singapore Domestic Logistics Service Provider of the Year Award from Frost & Sullivan for its unwavering commitment to operational and service excellence.

**Safety**

- Keppel Datahub 1 and Keppel Digihub won the Workplace Safety & Health Risk Management Award, which recognises companies that have effectively implemented Risk Management to enhance safety and health performance.
- Keppel Logistics Foshan won the Standard Enterprise in Safety Production Standardisation, Category 3, by the Foshan Transportation Bureau.

**Corporate Governance**

- Keppel T&T was presented the 15th SIAS Investors’ Choice Awards – Singapore Corporate Governance Award 2014, Mid Cap Category.

**Environment**

- Keppel Datahub 2 was the first new data centre in the Singapore to achieve the Platinum Award for BCA-IDA Green Mark, the highest green accolade conferred by the Building and Construction Authority (BCA) and Infocomm Development Authority (IDA) of Singapore specifically for data centre developments.
- Keppel Datahub 2 was awarded the LEED GOLD certificate (Leadership in Energy and Environmental Design) in Core and Shell, by the US Green Building Council.
- Keppel Logistics was awarded BCA Green Mark Gold for Tampines Logistics Hub in Tampines Logistics Park, Singapore.
STRATEGIC MEMBERSHIPS IN ASSOCIATIONS

Keppel T&T is currently a member, partner with or active in: Singapore Logistics Association; Republic Polytechnic, Singapore; Singapore infocomm Technology Federation; Uptime Institute Asia Pacific Network; Singapore Business Federation; Foshan Association of Enterprises with Foreign Investment - standing director (1995); Foshan Logistics Industry Association - governing unit (2005); Guangdong International Freight Forwarders Association - standing director (2004); Guangdong Port & Harbours Association - standing director (since 2001); Singapore Chamber of Commerce and Industry in China - member (since 2002); Guangdong Guangzhou Customs Brokers Association - member (2009); Singapore-Guangdong Collaboration Council - director (since 2009); Guangdong Exit-Entry Inspection and Quarantine Association - member (since 2011); Foshan Association of Foreign Exchange on Anti-smuggling - member (2011); Director Unit of Safety Production Association of Sanshui District, 2014; Singapore Business Group in Vietnam.
LEADERSHIP AND MANAGEMENT INVOLVEMENT
As a listed company, Keppel T&T is committed to the Code of Corporate Governance of Singapore. The Code provides the framework for controls, checks and accountabilities and requires the Board of Directors to consider sustainability issues in its business decisions.

Keppel T&T’s sustainability strategy is endorsed by the Board of Directors. Reports on company sustainability performance which includes environment, people and community aspects are sent to the Board monthly and quarterly. Sustainability risks are integrated as part of new project assessments. Project owners are required to plan for mitigation of such risks, if any, for project approval.

The CSR committee, comprising senior representatives across the corporate departments and various business units, is responsible for developing Keppel T&T’s sustainability strategy as well as monitoring sustainability performance and trends.

Keppel T&T Corporate Social Responsibility Management Structure

Board of Directors

- SENIOR MANAGEMENT
  - CSR COMMITTEE
    - Logistics
    - Data Centre
    - Group Human Resources
    - Group Safety
    - Group Strategic Development

01
Keppel T&T’s Board monitors the Group’s sustainability strategy, performance and trends.

02
Keppel T&T was presented the 15th SIAS Investors’ Choice Awards – Singapore Corporate Governance Award 2014, Mid Cap Category.
MATERIALITY AND STAKEHOLDER ENGAGEMENT
Keppel T&T is not only a company but also an employer to our staff, a listed entity to shareholders, a supplier to our customers, business partner to our contractors, and a corporate citizen in society. These are our key stakeholder groups.

<table>
<thead>
<tr>
<th>STAFF</th>
<th>SHAREHOLDERS</th>
<th>CUSTOMERS</th>
<th>COMMUNITY</th>
<th>SUPPLIERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal: Foster a cohesive identity and enhance two-way communications</td>
<td>Goal: Maintain timely, accurate and transparent communication</td>
<td>Goal: Strengthen customer relations through open communication and feedback on improvements</td>
<td>Goal: Contribute meaningfully to community welfare and development</td>
<td>Goal: Align our values and standards with long-term suppliers and contractors to ensure smooth operations throughout the supply chain</td>
</tr>
<tr>
<td>Engagement: Annual organisational climate survey, online feedback channel, CEO communication session, HR dialogue</td>
<td>Engagement: Annual report, email feedback, annual general meetings and investors meetings</td>
<td>Engagement: Annual survey, onsite audit, meetings and functions for customers</td>
<td>Engagement: Regular dialogue with our endorsed charity organisations, research institutes and business federations</td>
<td>Engagement: Safety and operations workshops, annual reviews and feedback sessions</td>
</tr>
</tbody>
</table>

To define the content of this Sustainability Report, we have adopted GRI G4’s four principles on: Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness. Our approach is presented below:

<table>
<thead>
<tr>
<th>STAKEHOLDER INCLUSIVENESS</th>
<th>SUSTAINABILITY CONTEXT</th>
<th>MATERIALITY</th>
<th>COMPLETENESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conducted surveys with the following groups of stakeholders: key customers, suppliers, and staff. As and when possible, consult other stakeholder groups for opinions on the company’s strategy (investment analysts, shareholders, community groups).</td>
<td>Analysed key trends that would significantly affect the organisation in a comprehensive Risk Management Framework that was reviewed on a regular basis.</td>
<td>Reported on key material issues identified through the stakeholder engagements, analysis and assessment of the CSR committee in combination with input from independent external consultants.</td>
<td>Scanned through and reported on key material issues, horizontally (across economic, environmental and social aspects) and vertically (throughout the supply chain).</td>
</tr>
</tbody>
</table>
We value ideas and feedback from our staff, shareholders, customers, suppliers and communities for mutual understanding and feedback. A comprehensive staff survey was conducted on sustainability issues in 2014, whereby staff contributed valuable insights on the company’s scope of materiality.

The results of this survey were combined with a stakeholder survey organised in conjunction with Keppel Corporation in 2013, which consulted key customers and suppliers of Keppel T&T for the purpose of scoping our materiality issues.

The issues mentioned above apply to all group companies and are included in the scope of this report. Fuel efficiency also applies to our transport contractors in the Logistics Division, where diesel is used to run vehicles.

Apart from identifying key material issues, the results of the stakeholder engagement exercises have also pointed out the need to work with transport contractors closely to promote environmental conservation awareness. Details on how we plan to manage suppliers’ environmental performance can be found on page 61.
Keppel Logistics is committed to providing quality and innovative services to its customers, leveraging innovative solutions and technology. Our operations are equipped with leading industry technologies such as the Warehouse Management System, Transport Management System, Electronic Data Interchange and Global Positioning System that help smooth process flow, enhance data accuracy and goods security. To further enhance customer experience, we implemented the Customer Relationship Management (CRM) system and conducted the first online customer satisfaction survey in 2014.

We have also actively engaged customers to formulate innovative solutions, such as operation process reengineering, which involves a thorough review of the customer account’s operations, to see how resources can be optimised while maintaining performance.

China
Keppel Logistics Foshan has actively improved its service quality with more training on staff service skill. Since becoming a subsidiary in late 2013, Foshan Sanshui Port has similarly stepped up its customer service with one-stop solutions for customers and is extending its scope of service offerings. A new Customer Service Department was set up to improve customers’ experience. Thanks to
these collective efforts, key targets on terminal operations at the port to date such as reduced customer waiting time, have been achieved and surpassed.

Vietnam
ITKL Vietnam actively identifies ways to increase its productivity by looking closely at operational activities and staff productivity, thereby reducing costs for customers. The Operations Excellence team analyses performance through a series of key performance indicators and actively works with the Operations team to improve on processes. Staff undergo cross training to ensure availability of backup staff as a contingency, minimising any potential operation disruptions. These efforts allowed the team to achieve good service performance for 2014, with no major service failures and customer complaints.

DATA CENTRE DIVISION
Keppel Data Centres has extensive experience and a good track record of running high quality data centres. Its facilities are highly resilient and secure, with infrastructure that meet stringent international standards. Customers’ IT systems are well protected with robust, 24/7 physical security. Strict operating processes and procedures ensure high availability of infrastructure to support customer needs.

We continue to place strong emphasis on the Business Continuity Management (BCM) aspect of our Data Centres. BCM exercises such as power outage, fire drills and pandemic flu are conducted annually to enhance our vigilance and resilience in the face of crisis.

SUPPLY CHAIN MANAGEMENT
External suppliers play an integral role in our third party logistics business model, providing handling, container repair and trucking services. In the Data Centre division, sub-contractors support our maintenance of data centre infrastructure. The majority of our suppliers are local companies.

To uphold service quality, we screen potential suppliers based on company track record, reputation and service quality. In 2013, Keppel Logistics Singapore added green and safety requirements to the selection process. Safety briefings were conducted to key contractors to ensure their practices are in line with our safety standards. For example, Keppel Logistics involves tenants and contractors in their annual Environment, Health and Safety Month initiatives.

Suppliers’ performances are re-evaluated annually and we will take action to ensure satisfactory service quality and safety standards. No significant non-compliance cases with laws and regulations have been found among our suppliers.

CUSTOMER SATISFACTION
Keppel Logistics Singapore measures customer satisfaction through annual customer surveys. In 2014, results of the survey were favourable and showed improvement over the previous year with 97% of respondents rating Keppel Logistics’ services as good and above. 89% of respondents would also recommend Keppel Logistics to others.
Two-way engagement with customers of Keppel Logistics Malaysia, Vietnam and China, and Keppel Data Centres is done through regular service and operations meetings to discuss any potential operational and business concerns. The high renewal rate of over 90% for our data centre facilities reaffirms the high service standards that we provide.

**COMPLIANCE AND FAIR OPERATING PRACTICES**

We comply with the laws and regulations, of the countries where we operate. We are pleased to report that we have not received any significant monetary or non-monetary sanctions in 2014 arising from non-compliance.

**ANTI-BRIBERY AND CORRUPTION MEASURES**

New employees at every level are required to declare conflicts of interest. They are also briefed on our anti-corruption policy and whistle-blowing procedures during their orientation. The policies are clearly stated in the HR policy file made available to employees. In addition, employees are responsible for the declaration of any conflicts of interests, as and when necessary, and senior management are required to declare this annually.

The following table summarises our management systems and standards:

| **Keppel Logistics Singapore** |  |
| ISO9001 – Quality Management Systems | Since 1993 |
| Certified On-The-Job Training Centre | Since 1995 |
| People Developer certificate | Since 1998 |
| ISO14001 – Environmental Management Systems | Since 2002 |
| Secure Trade Partnership for robust security measures in trading operations (STP-Plus) | Since 2008 |
| GDPMDS – Good Distribution Practice for Medical Device of Singapore | Since 2009 |
| Workplace Safety and Health Council – bizSafe Star | Since 2009 |
| Trade Facilitation and Integrated Risk-based System (TradeFIRST) | Since 2011 |
| HACCP – Management of Food Safety based on Hazard Analysis and Critical Control Point | Since 2011 |

| **Keppel Data Centres** |  |
| SS 564 – National Green Data Centre Management System [Keppel Datahub] | Since 2011 |
| Threat Vulnerability Risk Assessment (TVRA) by the Monetary Authority of Singapore [Keppel Digihub] | Since 2012 |

| **Keppel Logistics Foshan** |  |
| ISO 9001- Quality Management Systems | Since 2002 |

| **Keppel Logistics Hong Kong** |  |
| ISO 9001- Quality Management Systems | Since 2000 |

| **ITKL Vietnam** |  |
| Good Storage Practice for Pharmaceutical products by Drug Administration of Vietnam [ITL Keppel Tanimex Logistics] | Since 2012 |
We promote environmental consciousness in our businesses.

2,520 GJ
Annual energy savings resulting from initiatives in 2014

26%
Reduction in indirect carbon emission density in 2014 compared to 2013

100%
New developments in Singapore in 2014 that achieved BCA Green Mark awards

Energy conservation is integrated into our business strategy, from the way we run our daily operations to setting up new projects.

FRAMEWORK ON ENVIRONMENTAL SUSTAINABILITY

**OPERATE GREEN**
- Utilisation of energy-saving technology
- Green logistics operations

**BUILD GREEN**
- Green construction and infrastructure
- Research and development

**MEASURE GREEN**
- Monitoring of energy and material consumption
- Benchmarking and certification

**EDUCATE GREEN**
- Effective carbon management plan
- Increasing awareness on environmental protection
- Promotion of green practices
As a responsible corporate citizen, we recognise the need to measure and manage our environmental footprint as well as environmental conservation. Environmental conservation is integrated into our business strategy, from the way we run our daily operations to the setting up of new projects. Our Environment Sustainability Framework focuses on four areas: operating, building, measuring and educating, which promotes environmental consciousness in our businesses.

ENERGY CONSUMPTION AND EMISSIONS

INDIRECT ENERGY CONSUMPTION

Grid-supplied electricity, a form of indirect energy, is the main source of energy used across all of our business functions. The Group’s total electricity consumption for 2014 was 218,762GJ, representing an increase of 12% from 2013. 66% of the total consumption came from our Data Centre Division.

At Keppel Data Centres, growing business volume has led to higher power usage. Growth in the Division’s revenue (43%) however, has outpaced the increase in electricity consumption (14%), as we continue our efforts to increase energy efficiency and closely monitor Power Usage Effectiveness (PUE).

Electricity consumption at Keppel Logistics Singapore remained relatively unchanged compared to last year, despite the growth in revenue, thanks to the implementation of a chilled water cooling system in July 2014 which helped reduce electricity consumption for air-conditioning. The inclusion of Foshan Sanshui Port into the reporting scope accounted for most of the increase in Keppel Logistics Foshan’s electricity consumption. Excluding this, electricity consumption at Keppel Logistics Foshan was comparable to 2013.

DIRECT ENERGY CONSUMPTION (GJ)

Direct energy such as diesel and Liquefied Petroleum Gas (LPG) powers the Logistics Division’s equipment and...
transportation fleet, as well as the Data Centre Division’s back-up generators. LPG is also used for cooking in staff canteens in some of our business units.

In 2014, the total direct energy consumed by our fleet vehicles and equipment increased by 58% to 70,102GJ, mainly attributable to the inclusion of ITKL Vietnam in the reporting scope. Diesel is used for ITKL Vietnam’s vehicles for transportation business, and the company alone contributed around 27% of the group’s total diesel consumption for the year.

In our Logistics Division, diesel consumption is managed through regular control and checks of owned vehicles, or selecting transport contractors that adhere to our environmental policies. To improve the energy efficiency level of diesel-run vehicles, Transport Management System (TMS) software is used to minimise mileage wastage. We also keep track of environmental regulations for transport vehicles and ensure compliance.

Direct energy consumption data for outsourced transportation has not been included in this report due to the lack of an effective monitoring scheme.

Out of the total direct energy consumption in 2014, LPG consumed for operation of forklifts and staff canteens accounted for 3%. Solar power generated from solar panels installed in the staff dormitory at Keppel Logistics Foshan accounted for 1%.

**SAVING ENERGY**

In July 2014, Keppel Logistics Singapore embarked on replacing its existing Variable Refrigerant Volume (VRV) air-conditioning system with a chilled water cooling system at the company’s 7 Gul Circle office and warehouse in Singapore. The new system has proven to be at least 40% to 50% more energy efficient than a VRV system and is expected to reduce our energy consumption by about 700,000 kWh, or 2,520GJ annually.

This year, we are proud to announce that all new projects in Singapore, Keppel Datahub 2 (KDH2) and Tampines Logistics Hub have achieved BCA Green Mark award.

KDH2 set the benchmark in sustainable development in Singapore by becoming the first new data centre to achieve the Platinum Award for BCA-IDA Green Mark, the highest green accolade for data centre developments in Singapore. Green features and initiatives employed by KDH2 include Dynamic Rotary Uninterruptible Power Systems (DRUPS) with higher operating efficiencies than traditional battery-run systems, chilled water cooling systems that maximise energy efficiency, customised Data Centre Infrastructure Management (DCIM) that tracks data centre performance and improves energy management, usage of eco-friendly materials during construction, and Computational Fluid Dynamics studies to analyse building airflow patterns to ensure uniformity of temperature distribution.

These efforts have also been recognised with a LEED Gold certification for Core and Shell by the US Green Building Council.

Tampines Logistics Hub was conferred the BCA Green Mark Gold for green features such as its façade with high thermal performance that reduces solar heat gain, natural cross ventilation that reduces energy consumption on cooling, energy efficient air-conditioning and lighting, and use of sustainable architectural products with recycled content to reduce environmental impact during the construction process.
Energy savings from these new developments will be included in our 2015 report when the facilities start full scale operations.

**GREENHOUSE GASES (GHG) EMISSION**

GHG emission is the main source of environmental footprint for our businesses. Emissions are computed based on the internationally accepted conversion factors, and classified using the GHG Protocol\(^5\).

Scope 1 emissions, which are direct emissions from the consumption of diesel, LPG and chiller leakage in our business operations, have increased by 57% due to the inclusion of new entities.

Indirect emissions in Scope 2 increased by 3%, much lower than the increase seen in electricity consumption due to a change in yearly conversion factors\(^6\).

Scope 3 emissions increased by two fold to 819 tCO\(_2\) due to the inclusion of electricity used by our chilled water cooling system provider.

Similar to previous years, it is estimated that in 2014, 3% of total refrigerant holding capacity was leaked into the atmosphere as ozone depleting emissions, based on the DEFRA standard.

There were a total of 19 chillers located in Singapore. 14 chiller units used HCFC-123, three chiller units used HFC-134a, and two chiller units used HCFC-22 (R22), all of which have been approved for use until 2030 under the Montreal Protocol. Emission of ozone-depleting substances was added into Scope 1 emission.

Although absolute carbon emissions from our businesses went up in 2014, there was a significant drop in indirect carbon emission intensity. Using revenue as the denominator, indirect carbon emission intensity has dropped to 128 tCO\(_2\) per million dollar revenue, compared to 173 tCO\(_2\) per million dollar revenue in 2013. This is mainly due to the fact that our revenue growth outpaced the increase in indirect carbon emission. Another

---

### Classification of GHG emissions from our operations:

<table>
<thead>
<tr>
<th>Scope 1 – Direct Emission</th>
<th>Scope 2 – Indirect Emission</th>
<th>Scope 3 – Other Indirect Emission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diesel (for running owned vehicles, machinery and equipment)</td>
<td>Electricity</td>
<td>Material (paper &amp; stretch wrap)</td>
</tr>
<tr>
<td>LPG (for running forklifts)</td>
<td>LPG (used in staff canteens)</td>
<td>Electricity used by supplier (chilled-water cooling system provider)</td>
</tr>
</tbody>
</table>

---

**Carbon Emissions (tCO\(_2\))**

<table>
<thead>
<tr>
<th>Year</th>
<th>Scope 1</th>
<th>Scope 2</th>
<th>Scope 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>3,325</td>
<td>25,575</td>
<td>425</td>
</tr>
<tr>
<td>2013</td>
<td>3,235</td>
<td>27,930</td>
<td>405</td>
</tr>
<tr>
<td>2014</td>
<td>5,077</td>
<td>28,723</td>
<td>819</td>
</tr>
</tbody>
</table>

---

**Estimated Emission by Ozone Depleting Substances**

<table>
<thead>
<tr>
<th>Ozone depleting substances</th>
<th>Weight (kg)</th>
<th>Emission (tCO(_2))</th>
</tr>
</thead>
<tbody>
<tr>
<td>R22</td>
<td>13.2</td>
<td>23.9</td>
</tr>
<tr>
<td>HCFC-123</td>
<td>171.4</td>
<td>13.2</td>
</tr>
<tr>
<td>HFC-134a</td>
<td>35.1</td>
<td>45.6</td>
</tr>
</tbody>
</table>

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\(^5\) The GHG emission scopes 1, 2 and 3 are defined by the GHG Protocol. Scope 1 refers to emission from company owned and operated facilities, machines, vehicles, etc. Scope 2 refers to emission from sources external to the company, but which provide the company with a service such as power plants and other utilities. Scope 3 refers to emission from daily activity that performs a supporting role to the company such as employee commuting, business travel and the purchase of office supplies.

\(^6\) Singapore’s conversion factors are from the Energy Market Authority (EMA) of Singapore’s 2014 guideline, and Vietnam’s conversion factors are from the International Energy Agency (IEA) latest available standards (dated 2011). The rest of the conversion factors used are from the UK Department for Environment, Food and Rural Affairs (DEFRA)’s 2014 guideline.
Tampines Logistics Hub’s green features earned the BCA Green Mark Gold certification in 2014. The factor behind this was the exclusion of Keppel Datahub 2’s emission data since it had not reached full-scale operations by July 2014.

Direct carbon emissions (or Scope 1) are not included in our carbon intensity calculation, as it depends on transport outsourcing level and therefore does not reflect our emission control efforts.

In the coming years, we will continue to explore more green initiatives across our local businesses and establish best practices that can be cascaded to overseas or new business units.

MANAGING SUPPLIERS’ ENVIRONMENTAL PERFORMANCE
Since 2013, Keppel Logistics Singapore has introduced green standards in its supplier selection process with the aim of gradually aligning them with the company’s environmental policy. In all of our operations, the tender process and annual review of sub-contractors’ performance were conducted to identify if there was any misalignment or legal violations from the sub-contractors during their engagement with the company. So far, there have not been any.

Sustainability Report Highlights
Sustaining Growth – Caring for the Environment
records on environmental incidents caused by our sub-contractors. This has also been confirmed through an internal staff survey done in 2014.

Going forward, we aim to step up in promoting environmental awareness to sub-contractors, to ensure they not only comply with local environmental regulations but also adopt good environmental practices.

WATER CONSUMPTION
In our business units, water is used for washing and other operational needs. At Keppel Logistics Foshan, river water is used for barge cleaning. Keppel Data Centres and Keppel Logistics also use water to run the chilled water cooling system, which has a higher efficiency level compared to traditional chiller systems powered by electricity.

Total water consumption of the whole group increased by 13% to 409,597 m³ compared to last year. This was mainly attributed to the implementation of the chilled water cooling system in July 2014 at Keppel Logistics Singapore, as well as inclusion of new entities in the reporting scope.

Of the total, 11% was water drawn from rivers with the rest drawn from public utility providers.

MATERIAL AND WASTE
Paper is used for office and labeling purposes, and stretch wraps are used to enhance handling and protection of goods in our logistics operations. In 2014, our paper and stretch wrap consumption increased by 51% and 15% respectively, largely due to the inclusion of new entities in the reporting scope and an increase in customer requirements in our logistics business.

We have also implemented a paperless system for internal procedures in our Singapore operations to conserve paper.

Due to increased label printing requirements within the last two months of 2013, paper consumption in the year was restated to 28,509 kg, 8% higher than the annualised number in our 2013 report.

Keppel T&T does not generate or handle hazardous waste in all of our operations. However, we keep track of waste disposal whenever possible, to ensure no potential environmental risks arise from the disposal of waste from our operations.

In Singapore, the weight of waste disposed is measured by authorised waste collectors, and waste is sent to incineration plants for energy recovery. Disposed wastes at our overseas business units in China, Malaysia and Vietnam are collected by authorised waste collectors and sent to landfill sites in compliance with local regulations. In this report, we have excluded waste disposal figures for China, Malaysia and Vietnam business units due to a lack of accurate weight data.

In 2014, waste disposal of 475 tonnes from our Singapore sites was stable compared to last year, and the recycling rate improved slightly to 12%.

PROMOTING ENVIRONMENTAL AWARENESS
Keppel T&T aims to increase staff awareness and engagement in environmental conservation activities through various activities, exhibitions and campaigns.

Keppel T&T’s annual participation in Earth Hour and World Environment Day as well as Environment, Health and Safety (EHS) month have helped to raise the environmental awareness of its staff. Weekly tips on green behaviour at home and work were also sent to all staff as part of the initiatives. In 2014, a 5km Treetop walk at MacRitchie Reservoir was organised to help participating staff discover the natural beauty of Singapore’s tropical rainforests and deepen their understanding on environmental conservation.

Our scope of Educate Green has also been extended to the community through our mobile library project “Keppel-Nurtures-On-Wheels” that distributes environmental books to young children in Singapore.
People are our most invaluable asset at Keppel T&T. In 2014, we invested more than $600,000 in employee training and talent management.

0.2
accidents per million man-hours worked. Lowest Accident Frequency Rate in the last 5 years

42,499
hours training received by employees across the Group

59%
of the key management in business units are locals

OUR PEOPLE
Keppel T&T believes that our people are critical to the success of the Group. We see our people as our most invaluable asset to invest in. Our people strategy focuses on:

• Learning and development to nurture, develop and empower our employees to reach their optimum potential.
• Employee welfare to boost staff morale and retention.
• Employee engagement to foster a cohesive identity within the Group and provide open feedback channels.

EMPLOYEE PROFILE
With the addition of new subsidiaries in Vietnam, China and Australia, the Group employed 1,484 employees as at 31 December 2014, of whom 36% were permanent staff and the rest were contract staff. Part-time or temporary workers under our agencies’ management are employed on an ad hoc basis depending on operational requirements.

The Group’s workforce comprises 12 nationalities. Around 43% are based in Singapore, 35% are based in China and 15% are based in Vietnam, countries where the Group’s major operations are located.

Female employees constitute about 30% of the Group’s workforce. Our employee demographics show a healthy distribution of age and experience; 30% of employees are...
below the age of 30 and 59% of employees are between the ages of 30 and 49.

With the inclusion of new subsidiaries, 56% of employees have a service length of below 3 years while 31% of employees have served between 3 to 10 years.

As a mark of the quality of our workforce, 41% of our employees hold tertiary qualifications and above, representing an increase of 5% from 2013. This includes Diploma, Bachelor’s and Master’s degree holders. 24% of employees hold technical or trade certificates, GCE “O” and “A” levels.

As a multinational corporation, Keppel T&T believes that integrating corporate values with local context is integral to the success of our overseas expansion. We strive to have a localised workforce where most of the staff employed are locals. By end 2014, 59% of key management (defined as the top three decision-makers) in our business units were locals.

**RE-ENGAGEMENT OF OLDER WORKERS**

Keppel T&T values the vast work experience of older employees and engages them at least six months prior to retirement to discuss re-employment terms. Employees with satisfactory work performance who are medically fit to continue are offered re-employment based on term contract. The Group has a total of twelve employees who have been re-engaged after reaching 62 years old, with the oldest employee aged 73.

**POLICIES AND PRACTICES**

Keppel T&T believes in providing a fair, inclusive and conducive workplace for all employees. We adhere to the fair employment practices recommended by Singapore’s Tripartite Alliance for Fair & Progressive Employment Practices, and abide by local employment laws in all the countries where we operate.

Upon joining the company, employees are briefed on the Employee Code of conduct, which covers the following key areas:
SINGAPORE’S TRIPARTITE ALLIANCE FOR FAIR & PROGRESSIVE EMPLOYMENT PRACTICES (TAFEP)– KEY PRINCIPLES:

• Recruit and select employees on the basis of merit (such as skills, experience or ability to perform the job), regardless of age, race, religion, marital status and family responsibilities, or disability;
• Treat employees fairly and with respect and put in place progressive human resource management systems;
• Provide employees with equal opportunities to be considered for training and development based on their strengths and needs, to help them achieve their full potential;
• Reward employees fairly based on their ability, performance, contribution and experience;
• Abide by labour laws and adopt the Tripartite Guidelines on fair employment practices.

1. Employee Conduct: To address standards of acceptable and unacceptable employee behaviour and personal decorum;

2. Safety: To conduct business in a manner that protects the safety of employees, others involved in the operations, customers and members of the public;

3. Workplace Harassment: To prohibit discrimination on any basis, including ethnicity, sex, religious beliefs, nationality, age or physical disability;

4. Business Conduct: To conduct business fairly, impartially, in an ethical and proper manner, and in full compliance with all laws and regulations;

5. Conflict of Interest: To avoid any conflict between own interests and the interests of the Group in dealing with suppliers, customers and other third parties.

In compliance with the new Personal Data Protection Act, the Group established a framework and series of measures to govern the collection, use, disclosure and care of personal data of internal stakeholders and external parties. This includes the creation and use of the Personal Data Inventory and Personal Data Registry for tracking of data flow and proper documentation of requests from stakeholders. A Data Protection statement is also available through the Company’s Website which also includes an email link to contact the appointed Data Protection Officers.

LABOUR MANAGEMENT RELATIONS
Keppel T&T maintains a strong relationship with the Singapore Industrial and Services Employees’ Union (SISEU). A total of 115 staff, representing 29% of Keppel T&T’s bargainable employees in Singapore are union members.

Under the collective bargaining agreement signed with the SISEU, the notice period for consultation and negotiation between the Company and the Union shall be no later than 6 months prior to the expiry of the agreement. The Union will be advised before changes in the general conditions of employment such as rates of pay, hours of work and other general terms and conditions of employment, are put into effect.

The Group supports SISEU by granting employees time off to attend meetings and a venue for SISEU’s recruitment drives. Through regular dialogues and meetings, Keppel T&T’s management engages SISEU representatives on human resources matters involving bargainable employees in Singapore. We also regularly update SISEU on our performance, long-term business plan and anticipated future challenges.

QUALIFICATIONS

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>15</td>
<td>42</td>
</tr>
<tr>
<td>Secondary</td>
<td>83</td>
<td>385</td>
</tr>
<tr>
<td>Technical/Trade</td>
<td>35</td>
<td>158</td>
</tr>
<tr>
<td>Certificate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GCE ‘N’/‘O’ Level</td>
<td>42</td>
<td>104</td>
</tr>
<tr>
<td>GCE ‘A’ Level</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Diploma</td>
<td>101</td>
<td>160</td>
</tr>
<tr>
<td>Bachelor’s Degree</td>
<td>149</td>
<td>170</td>
</tr>
<tr>
<td>Master’s Degree</td>
<td>11</td>
<td>21</td>
</tr>
</tbody>
</table>

SUSTAINABILITY REPORT HIGHLIGHTS
Sustaining Growth – Caring for our People
GRIEVANCE MECHANISM

Keppel T&T has a formal procedure where employees can approach their supervisors, Human Resource Department or union representatives to voice any concerns. Our whistle-blower protection policy is an essential part of our strategy to prevent and control fraud, corruption and other unethical or illegal conduct. Under this policy, employees are able to report inappropriate conduct without fear of reprisal. In 2014, no incidents of discrimination or grievances relating to human rights or labour practices were reported.

PROVISION OF BENEFITS

In 2014, employee salaries, wages and benefits accounted for approximately 28% of Keppel T&T’s total operating expenditure. We comply with all statutory regulations relating to employment terms and benefits to offer employees competitive and sustainable compensation.

Benefits for employees vary slightly across the different markets depending on the norms of each country.

All employees across the Group are entitled to:
• Personal accident and group term life insurance
• Outpatient and inpatient healthcare coverage
• Contribution to local pension funds (Central Provident Fund in Singapore, Employees Provident Fund in Malaysia, Social Security in China, Social Insurance Fund in Vietnam and Superannuation Fund in Australia)

In addition to the benefits required by local labour regulations, the Group also provides other benefits such as childcare leave, maternity leave, paternity leave, marriage leave and compassionate leave. In 2014, a total of 66 employees took parental leave, of which 59% were male and 41% were female. The return rate for those taking parental leave was 100%, and the retention rate 12 months after taking parental leave increased by 2% from the previous year to 94%.
PERFORMANCE MANAGEMENT
Keppel T&T conducts a structured annual Performance Management Review of all employees.

Employees and their supervisors jointly set clear and measurable goals for the year using work targets or the balanced scorecard which focuses on four key areas: Commercial/Financial, Customers, Process and People.

Non-executive employees undergo half-yearly performance reviews to ensure that they are able to meet expected targets by the end of the year. Through this process, we are also able to identify underperforming employees so that they may receive coaching and supervision to improve. The Keppel Group’s competency model was incorporated in our performance appraisal exercise to allow for greater consistency in succession planning and talent management across business units.

Through this process, we are able to determine the Current Estimated Potential of employees and identify their learning needs for the following year.

TALENT MANAGEMENT
Keppel T&T places strong focus on our Succession Planning and Talent Management Framework which is reviewed twice a year by senior management and the Board Nominating Committee. Young talents with a track record of good performance, leadership potential and industry experience are identified and groomed for future leadership roles. Keppel T&T also provides undergraduate scholarships through the Keppel Scholarship programme and management trainee opportunities. Applicants are subjected to rigorous interviews and tests to allow the Group to identify and recruit promising young talent.

High-potential and high-performing employees are given opportunities for accelerated professional growth through job rotations, overseas assignments, stretch assignments and project management with leadership roles. They are also sent for training courses in leadership, strategic management & critical thinking and are given opportunities to engage with senior management and Board members. This framework allows

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**AVERAGE MONTHLY TURNOVER RATE (%)**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>3.1%</td>
<td>1.9%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Singapore</td>
<td>2.1%</td>
<td>1.3%</td>
<td>1.7%</td>
</tr>
<tr>
<td>China</td>
<td>1.4%</td>
<td>1.0%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Australia</td>
<td>–</td>
<td>–</td>
<td>1.6%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>–</td>
<td>–</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

**AVERAGE TRAINING HOURS PER EMPLOYEE BY COUNTRY**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>30</td>
<td>36</td>
<td>53</td>
</tr>
<tr>
<td>Malaysia</td>
<td>23</td>
<td>23</td>
<td>9</td>
</tr>
<tr>
<td>China</td>
<td>12</td>
<td>45</td>
<td>13</td>
</tr>
<tr>
<td>Vietnam</td>
<td>–</td>
<td>–</td>
<td>8</td>
</tr>
</tbody>
</table>

**AVERAGE TRAINING HOURS BY GENDER AND SENIORITY**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Senior Management</th>
<th>Middle Management</th>
<th>Executive Staff</th>
<th>Supervisory &amp; Confidential</th>
<th>Non-Executive, Non-Supervisory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>18</td>
<td>25</td>
<td>34</td>
<td>8</td>
<td>40</td>
</tr>
<tr>
<td>Female</td>
<td>10</td>
<td>17</td>
<td>28</td>
<td>7</td>
<td>13</td>
</tr>
</tbody>
</table>

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**EMPLOYEE TURNOVER BY AGE AND GENDER**

<table>
<thead>
<tr>
<th></th>
<th>Female</th>
<th>Male</th>
<th>Below 30 years old</th>
<th>Between 30 to 50 years old</th>
<th>Over 50 years old</th>
<th>Total Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involuntary</td>
<td>5</td>
<td>37</td>
<td>15</td>
<td>20</td>
<td>7</td>
<td>42</td>
</tr>
<tr>
<td>Voluntary</td>
<td>78</td>
<td>220</td>
<td>143</td>
<td>138</td>
<td>17</td>
<td>298</td>
</tr>
</tbody>
</table>
high-potential employees to learn and develop as well as benefit from the mentorship and guidance of experienced mentors.

**MANAGEMENT TRAINEE PROGRAMME**

Keppel T&T’s management trainee programme is a 24-month scheme which aims to develop and build a career foundation for potential young talent. The programme is immersive, comprising a 6-month corporate attachment, a 12-month operations attachment, followed by a 6-month overseas attachment. Three candidates have joined our management trainee programme in 2014.

**LEARNING AND DEVELOPMENT**

Keppel T&T’s learning and development focus on improving employees’ professional, technical and leadership skills. In order to constantly improve our bench strength and talent pool, we pay close attention to talent management and succession planning. In 2014, we invested $624,825 in training and provided 6,674 training places for employees, who underwent a total of 42,499 training hours.

<table>
<thead>
<tr>
<th></th>
<th>Singapore</th>
<th>Malaysia</th>
<th>China</th>
<th>Australia</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>New hires in 2014</td>
<td>225</td>
<td>15</td>
<td>107</td>
<td>21</td>
<td>83</td>
</tr>
<tr>
<td><strong>As a % of total employees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total new hires</td>
<td>35%</td>
<td>44%</td>
<td>20%</td>
<td>100%</td>
<td>31%</td>
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<tr>
<td>New hires who are women</td>
<td>9%</td>
<td>18%</td>
<td>5%</td>
<td>29%</td>
<td>9%</td>
</tr>
<tr>
<td>New hires who are below 30 years old</td>
<td>15%</td>
<td>18%</td>
<td>8%</td>
<td>5%</td>
<td>18%</td>
</tr>
<tr>
<td>New hires who are between 30 to 50 years old</td>
<td>15%</td>
<td>26%</td>
<td>11%</td>
<td>71%</td>
<td>12%</td>
</tr>
<tr>
<td>New hires who are over 50 years old</td>
<td>5%</td>
<td>0%</td>
<td>1%</td>
<td>24%</td>
<td>1%</td>
</tr>
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</table>

With a proper performance management framework in place, the Group is better able to identify the training necessary for employees to enhance competencies and upgrade their professional, technical and leadership performance. In-house training and external courses are both available. We believe in lifelong learning, encouraging employees to upgrade their academic qualification through our scholarship schemes. Up to seven days of examination leave per year are available to employees under our scholarship schemes as well as those taking private courses related to their field of work.

**PROFESSIONAL/TECHNICAL SKILLS DEVELOPMENT**

Employees are sent for training courses and seminars throughout the year to enhance the knowledge and skills necessary for them to perform their work efficiently and effectively.

Keeping relevant and up-to-date is essential for the Data Centre Division to maintain its competitive edge. An On-the-job (OJT) training framework was added as an enhancement to the current Data Centre training roadmap for the Division’s employees to achieve a higher level of productivity, allowing new employees to learn as they work.

In 2014, we invested $624,825 in training and provided 6,674 training places for employees.

Keppel T&T staff and family bonding at its Movie Day Out.
The Group also offered courses such as “Finance for Non-Finance Professionals” and “Effective Selection and Interviewing Skills” to allow executives to take a more holistic approach in making operational decisions.

**LEADERSHIP SKILLS DEVELOPMENT**

In 2014, 171 of our employees in Singapore and China participated in leadership seminars and management workshops, representing an increase of 68% from 2013. These seminars and workshops also served as an excellent knowledge sharing and networking platform for our key managers and executives.

**EXCHANGE PROGRAMME**

Since 2007, Keppel T&T has organized annual exchange programmes in Singapore for executives across all business units. Through classroom sharing sessions, site visits, case study discussions and team building activities, participants gained a deeper understanding of the Group’s different business units and honed their critical thinking and strategic planning skills.

**EMPLOYEE WELFARE**

**HEALTH AND SAFETY**

At Keppel T&T, staff health and safety are among our utmost priorities. We strive to ensure that everyone at our worksites and offices goes home safe every day.

The Board Safety Committee at Keppel T&T maintains oversight of safety issues while an Environment, Health and Safety Committee in each of our business units ensures operational safety, identifies actions to be taken, raises awareness and provides updates on regulations.

Our business units track cases of occupational disease, lost time due to injuries, accident severity rate (ASR) and accident frequency rate (AFR) for all directly-employed staff and contractors working on-site. To engage staff and proactively prevent accidents from happening, Keppel T&T introduced near-miss reporting in 2012 in all Keppel T&T businesses.

**SAFETY PERFORMANCE**

Both the ASR and AFR dropped in 2014, reaching their lowest in 5 years. There was one reportable accident which involved an employee who slipped and fell on a wet surface. The incident was analysed and preventive measures were taken to avoid recurrences.

Throughout the year, the Safety team continued to conduct regular safety audits to identify potential workplace hazards and organise safety initiatives such as a defensive driving course for the transport department at Keppel Logistics Foshan that provided theoretical and practical training.

In recognition of its commitment to safety, Keppel T&T won four safety innovation awards in the annual Keppel Safety Convention, while both Keppel Datahub 1 and Keppel Digihub won the Workplace Safety & Health Risk Management Award in 2014 for their effective implementation of a risk management framework that enhances safety performance.

**HEALTH AND WELLNESS**

In line with our integrated approach to employee welfare, the Group signed the HEALTH Charter (Helping Employees Achieve Life-time Health) where we pledged to develop, execute and enhance an integrated Workplace Health Promotion (WHP) programme.

Healthy living initiatives during the year were well-received and included:
- Distribution of healthy snacks every month and educating employees on healthy eating benefits.
- Fitness classes such as yoga, dance and zumba classes for employees.
Pedometers distributed to employees during EHS (Environmental Health and Safety) month

• Lunchtime talks for staff on health, mental wellness, and stress management
• Cooling herbal tea and intermittent rest breaks for employees in China during the hot season, to prevent heat stroke

Similar to our approach in safety, we strive for zero health incidents or occupational diseases in our business operations. We are happy to report no occupational disease cases in any of our operations in 2014.

SPORTS AND GAMES
Outdoor games and activities are organised on a regular basis to encourage employees to lead an active lifestyle. Staff can vote and participate in their preferred sporting activity, such as the Inter-Business Unit Bowling Challenge. In addition to the activities organised by Keppel T&T, employees can also participate in the Keppel Games, an annual sporting event within the Keppel Group.

WORK-LIFE BALANCE
The Group believes that work-life balance is important to employees’ morale and work performance. Our Work-Life Harmony programme includes activities to promote family bonding such as the Keppel T&T Family Day and Eat with Your Family Day. Staff and their families also enjoy complimentary access to popular leisure destinations such as the Singapore Zoo, River Safari and Sentosa.

TEAM-BUILDING ACTIVITIES
At Keppel, “Collective Strength” or teamwork is one of our core values. To cultivate team spirit, besides formal working groups, we provide platforms for our staff to mingle informally to promote mutual understanding. In 2014, such activities include:
• Offsite team building sessions
• Annual Dinner and Dance
• Sports and games

In 2014, a townhall meeting chaired by our new Keppel T&T Chairman, and Keppel T&T CEO, allowed staff, including representatives from Keppel T&T’s local and overseas business units to get acquainted with the new management and the Group’s future directions.

REWARDS AND RECOGNITION
In recognition of their contributions, commitment and loyalty to the Group, 63 employees were presented the Keppel T&T Long Service Awards by our CEO in 2014.

In 2014, five Keppel T&T employees received the Outstanding Keppelite Award from the Chairman of Keppel Corporation for their exceptional work performance and exemplary display of Keppel core values.

Every month, Keppel Logistics recognises outstanding employees or departments through its Best Employee / Department of the Month award, motivating all employees to strive for work excellence and increase their productivity.
Keppel T&T is committed to nurture communities and encourage employees to actively reach out to the underprivileged.

SUPPORTING EDUCATION
In 2014, Keppel T&T continued its partnership with educational institutions to offer students industrial attachments and internships. Students under the Group’s internship programme were given on-the-job work experience guided by assigned mentors, paving the way for potential job opportunities after graduation.

As part of the IE Singapore Young Talent Programme Scholarship programme that offers mid-term undergraduate scholarships, one student embarked on a seven-month internship programme with the Group’s Logistics division. The programme included a two-month attachment to our Singapore operations and a further five months with our associate company in Indonesia.

The Group is committed to uplift communities wherever we operate. In China, Keppel Logistics Foshan continued its bursary scheme, first introduced in 2013, to support needy students from the Foshan University of Science and Technology. In 2014, four students were awarded the bursaries amounting to a total of $10,000.

REACHING OUT TO THE NEEDY
Keppel T&T is committed to nurture communities and encourage employees to actively reach out to the underprivileged.

Throughout 2014, our employees spread festive joy to senior citizens at various Thye Hua Kwan Senior Citizens Activity Centres in Singapore through interactive activities between our staff and the elderly, organised during Chinese New Year and the Mid-Autumn Festival.

2014 also marks the second year that Keppel T&T implemented the “Keppel - Nurtures-On-Wheels” outreach initiative. Two events were organised in Singapore at Thye Hwa Kwan (MacPherson) child care & student service centre and at Thye Hwa Kwan Educare Centre (Ang Mo Kio Branch), benefiting 33 children. The initiative aims to cultivate
PROMOTING VOLUNTEERISM

To encourage staff volunteerism, employees in Singapore are entitled to two days of volunteerism leave which can be utilised not only for events organised by Keppel T&T, but also those organised by Keppel Volunteers, a Keppel Group-wide initiative which works with various charities. Our overseas business units similarly grant time-off for Company-organised charity events to promote volunteerism.

Keppel T&T organised charity activities throughout the year to encourage participation from employees by catering to a range of volunteering interest areas. In 2014, employees across the Group contributed a total of 1,111 hours to volunteering activities, representing an increase of 22% from 2013.

DONATION AND FUND RAISING

During the year, the Group demonstrated its support towards community causes through various donations and fund-raising events for the underprivileged.

Keppel T&T donated a total of $15,000 to the Singapore Exchange Bull Charge Run which benefited more than 50 different charities. The Group also donated $22,000 in support of a new Dementia Prevention Programme set up by the National University of Singapore for the benefit of Singapore’s aging population.

As part of Keppel Group’s efforts, Keppel T&T donated a total of $5,146 to the “Card for You” project and painting contest initiated by The Better Thailand Foundation, to support the underprivileged and disabled children under the foundation. The Group also supported the Singapore infocomm Technology Federation (SiTF) Leaders Golf 2014 – a fund raising event for the Singapore Children Society, with a donation of $5,500.

Keppel T&T employees also played their part for charity by contributing a total of $13,270 through the SHARE programme, a monthly workplace donation programme by Community Chest Singapore. A total of $115,989 was donated by Keppel T&T through its charity drives and projects in 2014.
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<td><strong>Non-discrimination</strong></td>
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<td></td>
</tr>
<tr>
<td>G4-DMA Generic Disclosures on Management Approach</td>
<td>●</td>
<td>64-66</td>
</tr>
<tr>
<td>G4-HR3 Total number of incidents of discrimination and corrective actions taken</td>
<td>●</td>
<td>66</td>
</tr>
<tr>
<td><strong>Human Rights Grievance Mechanisms</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-DMA Generic Disclosures on Management Approach</td>
<td>●</td>
<td>66</td>
</tr>
<tr>
<td>G4-HR12 Number of grievances about human rights impacts filed, addressed, and resolved</td>
<td>●</td>
<td>66</td>
</tr>
<tr>
<td>through formal grievance mechanisms</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SOCIETY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Local communities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-DMA Generic Disclosures on Management Approach</td>
<td>●</td>
<td>71-72</td>
</tr>
<tr>
<td>G4-SO1 Percentage of operations with implemented local community engagement, impact assessments,</td>
<td>●</td>
<td>71-72</td>
</tr>
<tr>
<td>and development programs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**LEGEND**

● Fully reported  ○ Partially reported
### Specific Standard Disclosures

<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>Disclosure</th>
<th>Reference page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Anti-corruption</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-DMA</td>
<td>Generic Disclosures on Management Approach</td>
<td>56</td>
</tr>
<tr>
<td>G4-SO4</td>
<td>Communication and training on anti-corruption policies and procedures</td>
<td>56</td>
</tr>
<tr>
<td>G4-SO5</td>
<td>Confirmed incidents of corruption and actions taken</td>
<td>56</td>
</tr>
<tr>
<td><strong>Compliance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-DMA</td>
<td>Generic Disclosures on Management Approach</td>
<td>56</td>
</tr>
<tr>
<td>G4-SO8</td>
<td>Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations</td>
<td>56</td>
</tr>
</tbody>
</table>

**PRODUCT RESPONSIBILITY**

**Product and Service Labelling**

<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>Disclosure</th>
<th>Reference page</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-DMA</td>
<td>Generic Disclosures on Management Approach</td>
<td>54-56</td>
</tr>
<tr>
<td>G4-PR5</td>
<td>Results of surveys measuring customer satisfaction</td>
<td>55-56</td>
</tr>
<tr>
<td><strong>Compliance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-DMA</td>
<td>Generic Disclosures on Management Approach</td>
<td>56</td>
</tr>
<tr>
<td>G4-PR9</td>
<td>Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services</td>
<td>56</td>
</tr>
</tbody>
</table>

**LEGEND**

- ✔️ Fully reported
- ❑ Partially reported
Statutory Reports & Financial Statements
The Directors are pleased to present their report, together with the audited consolidated financial statements of Keppel Telecommunications & Transportation Ltd (the “Company”) and its subsidiaries (collectively, the “Group”), and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2014.

1. Directors
The Directors of the Company in office at the date of this report are:

Loh Chin Hua (Chairman)
Pang Thiang Hwi, Thomas (appointed on 1 July 2014)
Tan Tiong Gie, Bernard
Wee Sin Tho
Tan Boon Huat
Neo Boon Siong
Karmjit Singh
Lim Chin Leong (appointed on 1 September 2014)
Chan Hon Chew (appointed on 1 June 2014)
Khor Poh Hwa (appointed on 1 July 2014)

2. Audit Committee
The Audit Committee carried out its function in accordance with the Companies Act. In relation to the financial statements of the Group and the Company for the financial year ended 31 December 2014, the Committee reviewed the audit plans and the scope of examination of the external auditors of the Company, and the scope and results of internal audit procedures of companies within the Group. It further reviewed the financial statements of the Group and the Company for the financial year ended 31 December 2014 and the report of the external auditors thereon. The functions performed are detailed in the report on Corporate Governance.

The Committee has recommended to the Board of Directors the re-nomination of Ernst & Young LLP, Public Accountants and Chartered Accountants, as external auditors of the Company at the forthcoming Annual General Meeting.

The Audit Committee comprises five members of which three are independent Directors. The members of the Committee in office at the date of this report are:

Neo Boon Siong (Chairman) (Independent Director)
Wee Sin Tho (Independent Director)
Karmjit Singh (Independent Director)
Chan Hon Chew
Khor Poh Hwa

3. Arrangements to Enable Directors to Acquire Shares or Debentures
Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors to acquire benefits through the acquisition of shares in or debentures of the Company or any other body corporate, other than the Keppel T&T Share Option Scheme 1993, the KT&T Restricted Share Plan and the KT&T Performance Share Plan.

4. Directors’ Interests in Shares and Debentures
The Directors holding office at the end of the financial year and their interests in shares and share options of the Company and related companies as recorded in the Register of Directors’ Shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, were as follows:

<table>
<thead>
<tr>
<th>Keppel Corporation Limited</th>
<th>At 1.1.14</th>
<th>At 31.12.14</th>
<th>At 21.1.15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keppel Corporation Limited (Ordinary shares)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loh Chin Hua</td>
<td>25,000</td>
<td>180,212</td>
<td>180,212</td>
</tr>
<tr>
<td>Loh Chin Hua (deemed interest)</td>
<td>38,500</td>
<td>38,500</td>
<td>38,500</td>
</tr>
</tbody>
</table>
### Directors’ Report

<table>
<thead>
<tr>
<th>Name</th>
<th>At 1.1.14</th>
<th>At 31.12.14</th>
<th>At 21.1.15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pang Thieng Hwi, Thomas</td>
<td>145,548</td>
<td>145,548</td>
<td>145,548</td>
</tr>
<tr>
<td>Karmjit Singh</td>
<td>10,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lim Chin Leong</td>
<td>13,200</td>
<td>13,200</td>
<td>13,200</td>
</tr>
<tr>
<td>Chan Hon Chew</td>
<td>5,500</td>
<td>5,500</td>
<td>5,500</td>
</tr>
<tr>
<td>Chan Hon Chew (deemed interest)</td>
<td>7,770</td>
<td>7,770</td>
<td>7,770</td>
</tr>
</tbody>
</table>

*(Share options)*

<table>
<thead>
<tr>
<th>Name</th>
<th>At 1.1.14</th>
<th>At 31.12.14</th>
<th>At 21.1.15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pang Thieng Hwi, Thomas</td>
<td>313,500</td>
<td>313,500</td>
<td>313,500</td>
</tr>
</tbody>
</table>

*(Unvested restricted shares to be delivered after 2012)*

<table>
<thead>
<tr>
<th>Name</th>
<th>At 1.1.14</th>
<th>At 31.12.14</th>
<th>At 21.1.15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loh Chin Hua</td>
<td>51,762</td>
<td>25,881</td>
<td>25,881</td>
</tr>
<tr>
<td>Pang Thieng Hwi, Thomas</td>
<td>6,885</td>
<td>6,885</td>
<td>6,885</td>
</tr>
</tbody>
</table>

*(Unvested restricted shares to be delivered after 2013)*

<table>
<thead>
<tr>
<th>Name</th>
<th>At 1.1.14</th>
<th>At 31.12.14</th>
<th>At 21.1.15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loh Chin Hua</td>
<td>87,995</td>
<td>58,664</td>
<td>58,664</td>
</tr>
<tr>
<td>Pang Thieng Hwi, Thomas</td>
<td>13,804</td>
<td>13,804</td>
<td>13,804</td>
</tr>
</tbody>
</table>

*(Contingent award of restricted shares to be delivered after 2014)*

<table>
<thead>
<tr>
<th>Name</th>
<th>At 1.1.14</th>
<th>At 31.12.14</th>
<th>At 21.1.15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loh Chin Hua</td>
<td>-</td>
<td>150,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Pang Thieng Hwi, Thomas</td>
<td>20,000</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Chan Hon Chew</td>
<td>35,000</td>
<td>35,000</td>
<td>35,000</td>
</tr>
</tbody>
</table>

*(Contingent award of performance shares issued in 2012 to be delivered after 2014)*

<table>
<thead>
<tr>
<th>Name</th>
<th>At 1.1.14</th>
<th>At 31.12.14</th>
<th>At 21.1.15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loh Chin Hua</td>
<td>77,643</td>
<td>77,643</td>
<td>77,643</td>
</tr>
</tbody>
</table>

*(Contingent award of performance shares issued in 2013 to be delivered after 2015)*

<table>
<thead>
<tr>
<th>Name</th>
<th>At 1.1.14</th>
<th>At 31.12.14</th>
<th>At 21.1.15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loh Chin Hua</td>
<td>93,171</td>
<td>93,171</td>
<td>93,171</td>
</tr>
</tbody>
</table>

*(Contingent award of performance shares issued in 2014 to be delivered after 2016)*

<table>
<thead>
<tr>
<th>Name</th>
<th>At 1.1.14</th>
<th>At 31.12.14</th>
<th>At 21.1.15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loh Chin Hua</td>
<td>-</td>
<td>180,000</td>
<td>180,000</td>
</tr>
<tr>
<td>Chan Hon Chew</td>
<td>30,000</td>
<td>30,000</td>
<td>30,000</td>
</tr>
</tbody>
</table>

**Keppel Land Limited**

*(Ordinary shares)*

<table>
<thead>
<tr>
<th>Name</th>
<th>At 1.1.14</th>
<th>At 31.12.14</th>
<th>At 21.1.15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loh Chin Hua</td>
<td>99,600</td>
<td>150,400</td>
<td>150,400</td>
</tr>
<tr>
<td>Khor Poh Hwa</td>
<td>-</td>
<td>600</td>
<td>600</td>
</tr>
</tbody>
</table>

*(Contingent award of performance shares issued in 2011 to be delivered after 2013)*

<table>
<thead>
<tr>
<th>Name</th>
<th>At 1.1.14</th>
<th>At 31.12.14</th>
<th>At 21.1.15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loh Chin Hua</td>
<td>96,000</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Keppel REIT**

*(Units)*

<table>
<thead>
<tr>
<th>Name</th>
<th>At 1.1.14</th>
<th>At 31.12.14</th>
<th>At 21.1.15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loh Chin Hua</td>
<td>7,000</td>
<td>7,000</td>
<td>7,000</td>
</tr>
<tr>
<td>Loh Chin Hua (deemed interest)</td>
<td>556,160</td>
<td>556,160</td>
<td>556,160</td>
</tr>
<tr>
<td>Pang Thieng Hwi, Thomas</td>
<td>74,780</td>
<td>74,780</td>
<td>74,780</td>
</tr>
<tr>
<td>Lim Chin Leong</td>
<td>3,696</td>
<td>3,696</td>
<td>3,696</td>
</tr>
<tr>
<td>Chan Hon Chew</td>
<td>-</td>
<td>1,100</td>
<td>1,100</td>
</tr>
<tr>
<td>Chan Hon Chew (deemed interest)</td>
<td>-</td>
<td>1,875</td>
<td>1,875</td>
</tr>
</tbody>
</table>
Directors’ Report

Keppel DC REIT
(Units)

<table>
<thead>
<tr>
<th></th>
<th>At 1.1.14 or date of appointment, if later</th>
<th>At 31.12.14</th>
<th>At 21.1.15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pang Thieng Hwi, Thomas</td>
<td>-</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Wee Sin Tho</td>
<td>-</td>
<td>75,000</td>
<td>75,000</td>
</tr>
<tr>
<td>Tan Boon Huat</td>
<td>-</td>
<td>75,000</td>
<td>75,000</td>
</tr>
</tbody>
</table>

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

5. Directors’ Contractual Benefits
Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or has become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

6. Employee Share Options and Share Plans

(a) Share Options
The Keppel T&T Share Option Scheme 1993 (“KT&T Share Option Scheme”) which has been approved by the shareholders of the Company is administered by the Remuneration Committee, whose members are:

Tan Tiong Gie, Bernard (Chairman)
Loh Chin Hua
Lim Chin Leong
Khor Poh Hwa

Under the KT&T Share Option 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 shares under option may be exercised in full or in respect of 100 shares or a multiple thereof, on the payment of the subscription price. The subscription price is based on the average last business done price for the shares of the Company on the Singapore Exchange Securities Trading Limited for the three market days preceding the date of offer. The Remuneration Committee may at its discretion fix the subscription price at a discount not exceeding 20 per cent to the above price. None of the options offered in the financial year was granted at a discount. 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.

The KT&T Share Option Scheme was terminated on 2 July 2010 upon the adoption of the KT&T Restricted Share Plan (“KT&T RSP”) and the KT&T Performance Share Plan (“KT&T PSP”). Options granted and outstanding prior to the termination will continue to be valid and subject to the terms and conditions of the KT&T Share Option Scheme.

220,000 shares were issued by virtue of exercise of options and 255,000 option shares were cancelled during the financial year.
At 31 December 2014, the following options to take up 800,000 unissued shares in the Company were outstanding:

<table>
<thead>
<tr>
<th>Date of grant</th>
<th>Number of Share Options</th>
<th>At 1.1.14</th>
<th>Exercised</th>
<th>Cancelled</th>
<th>At 31.12.14</th>
<th>Exercise price ($)</th>
<th>Expiry date</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.8.06</td>
<td>15,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,000</td>
<td>1.61</td>
<td>7.8.16</td>
</tr>
<tr>
<td>6.2.07</td>
<td>175,000</td>
<td>-</td>
<td>(55,000)</td>
<td>-</td>
<td>120,000</td>
<td>1.70</td>
<td>5.2.17</td>
</tr>
<tr>
<td>7.8.07</td>
<td>225,000</td>
<td>-</td>
<td>(55,000)</td>
<td>-</td>
<td>170,000</td>
<td>3.75</td>
<td>6.8.17</td>
</tr>
<tr>
<td>11.2.08</td>
<td>225,000</td>
<td>-</td>
<td>(55,000)</td>
<td>-</td>
<td>170,000</td>
<td>4.97</td>
<td>10.2.18</td>
</tr>
<tr>
<td>11.8.08</td>
<td>190,000</td>
<td>-</td>
<td>(45,000)</td>
<td>-</td>
<td>145,000</td>
<td>5.25</td>
<td>10.8.18</td>
</tr>
<tr>
<td>3.2.09</td>
<td>50,000</td>
<td>(50,000)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.73</td>
<td>2.2.19</td>
</tr>
<tr>
<td>3.8.09</td>
<td>205,000</td>
<td>(45,000)</td>
<td>(45,000)</td>
<td>-</td>
<td>115,000</td>
<td>1.49</td>
<td>2.8.19</td>
</tr>
<tr>
<td>3.2.10</td>
<td>190,000</td>
<td>(125,000)</td>
<td>-</td>
<td>-</td>
<td>65,000</td>
<td>1.38</td>
<td>2.2.20</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,275,000</td>
<td>(220,000)</td>
<td>(255,000)</td>
<td>800,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

No options have been granted to Directors and controlling shareholders of the Company or their associates and no employee received 5 per cent or more of the total number of options available under the KT&T Share Option Scheme.

During the financial year, no options to take up unissued shares of any subsidiary were granted and there were no shares of any subsidiary issued by virtue of the exercise of an option to take up unissued shares.

(b) Share Plans

The KT&T RSP and the KT&T PSP were approved at the Extraordinary General Meeting of the Company held on 21 April 2010.

Details of share plans awarded are disclosed in Note 11 to the financial statements.

During the financial year, the number of contingent shares granted was 1,176,000 for KT&T RSP and 275,000 for KT&T PSP. The number of shares released was 1,042,000 under KT&T RSP and 95,400 under KT&T PSP during the financial year. 704,500 shares under KT&T RSP and 95,400 shares under KT&T PSP were vested during the financial year. 297,600 shares under KT&T RSP and 534,600 shares under KT&T PSP were cancelled during the financial year. At the end of the financial year, there were 1,015,000 contingent shares and 747,600 unvested shares under the KT&T RSP and 325,000 contingent shares under the KT&T PSP as follows:

Contingent awards:

<table>
<thead>
<tr>
<th>Date of grant</th>
<th>Number of Shares</th>
<th>At 1.1.14</th>
<th>Contingent shares granted</th>
<th>Released</th>
<th>Cancelled</th>
<th>At 31.12.14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KT&amp;T RSP</td>
<td>1,042,000</td>
<td>-</td>
<td>(1,042,000)</td>
<td>-</td>
<td>1,015,000</td>
</tr>
<tr>
<td>3.4.13</td>
<td></td>
<td>-</td>
<td>1,176,000</td>
<td>-</td>
<td>(161,000)</td>
<td>1,015,000</td>
</tr>
<tr>
<td>7.4.14</td>
<td></td>
<td>1,042,000</td>
<td>1,176,000</td>
<td>(1,042,000)</td>
<td>(161,000)</td>
<td>1,015,000</td>
</tr>
<tr>
<td></td>
<td>KT&amp;T PSP</td>
<td>180,000</td>
<td>-</td>
<td>(95,400)</td>
<td>(84,600)</td>
<td>75,000</td>
</tr>
<tr>
<td>1.7.11</td>
<td></td>
<td>225,000</td>
<td>-</td>
<td>(150,000)</td>
<td>75,000</td>
<td></td>
</tr>
<tr>
<td>2.7.12</td>
<td></td>
<td>275,000</td>
<td>-</td>
<td>(150,000)</td>
<td>125,000</td>
<td></td>
</tr>
<tr>
<td>3.4.13</td>
<td></td>
<td>-</td>
<td>275,000</td>
<td>-</td>
<td>(150,000)</td>
<td>125,000</td>
</tr>
<tr>
<td>7.4.14</td>
<td></td>
<td>680,000</td>
<td>275,000</td>
<td>(95,400)</td>
<td>(534,600)</td>
<td>325,000</td>
</tr>
</tbody>
</table>
Awards released but not vested:

<table>
<thead>
<tr>
<th>Date of grant</th>
<th>Number of Shares</th>
<th>1.1.14</th>
<th>Released</th>
<th>Vested</th>
<th>Cancelled</th>
<th>31.12.14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KT&amp;T RSP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.7.11</td>
<td>166,600</td>
<td>-</td>
<td>(166,600)</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.7.12</td>
<td>380,100</td>
<td>-</td>
<td>(190,900)</td>
<td>(28,600)</td>
<td>160,600</td>
<td></td>
</tr>
<tr>
<td>3.4.13</td>
<td>-</td>
<td>1,042,000</td>
<td>(347,000)</td>
<td>(108,000)</td>
<td>587,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>546,700</td>
<td>1,042,000</td>
<td>(704,500)</td>
<td>(136,600)</td>
<td>747,600</td>
<td></td>
</tr>
<tr>
<td><strong>KT&amp;T PSP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.7.11</td>
<td>-</td>
<td>95,400</td>
<td>(95,400)</td>
<td>-</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

There is no contingent award of shares under the KT&T RSP and KT&T PSP granted to Directors and controlling shareholders of the Company or their associates during the financial year and aggregated to date.

Employees who were granted 5 per cent or more of the total number of contingent awards of shares during the financial year and aggregated to date are as follows.

Contingent awards:

<table>
<thead>
<tr>
<th>Name of participant</th>
<th>Contingent shares granted during the financial year</th>
<th>Aggregate shares granted since commencement of the share plans to the end of financial year</th>
<th>Aggregate shares released since commencement of the share plans to the end of financial year</th>
<th>Aggregate shares cancelled as at the end of financial year</th>
<th>Aggregate shares not released as at the end of financial year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KT&amp;T RSP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pang Hee Hon¹</td>
<td>49,000</td>
<td>329,000</td>
<td>(249,000)</td>
<td>(80,000)</td>
<td>-</td>
</tr>
<tr>
<td>Chan Shui Har</td>
<td>15,000</td>
<td>255,000</td>
<td>(213,000)</td>
<td>(27,000)</td>
<td>15,000</td>
</tr>
<tr>
<td>Bruno Lopez¹</td>
<td>70,000</td>
<td>290,000</td>
<td>(199,000)</td>
<td>(91,000)</td>
<td>-</td>
</tr>
<tr>
<td>Ko Woon Chun, Vincent</td>
<td>31,000</td>
<td>198,000</td>
<td>(150,000)</td>
<td>(17,000)</td>
<td>31,000</td>
</tr>
<tr>
<td><strong>KT&amp;T PSP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pang Hee Hon¹</td>
<td>60,000</td>
<td>440,000</td>
<td>(128,000)</td>
<td>(312,000)</td>
<td>-</td>
</tr>
<tr>
<td>Chan Shui Har</td>
<td>75,000</td>
<td>385,000</td>
<td>(102,400)</td>
<td>(57,600)</td>
<td>225,000</td>
</tr>
<tr>
<td>Bruno Lopez¹</td>
<td>90,000</td>
<td>210,000</td>
<td>-</td>
<td>(210,000)</td>
<td>-</td>
</tr>
<tr>
<td>Ko Woon Chun, Vincent</td>
<td>50,000</td>
<td>100,000</td>
<td>-</td>
<td>-</td>
<td>100,000</td>
</tr>
</tbody>
</table>
## Awards released but not vested:

<table>
<thead>
<tr>
<th>Name of participant</th>
<th>KT&amp;T RSP</th>
<th>KT&amp;T PSP</th>
<th>Contingent shares granted during the financial year</th>
<th>Aggregate contingent shares granted to date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pang Hee Hon¹</td>
<td>249,000</td>
<td>(128,000)</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>Chan Shui Har</td>
<td>213,000</td>
<td>(102,400)</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Bruno Lopez¹</td>
<td>199,000</td>
<td>(128,000)</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>Ko Woon Chun, Vincent</td>
<td>150,000</td>
<td>(105,700)</td>
<td>6</td>
<td>5</td>
</tr>
</tbody>
</table>

¹ Resigned during the financial year

### 7. Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board

LOH CHIN HUA  
Chairman

NEO BOON SIONG  
Director

Singapore, 16 February 2015
## Consolidated Profit and Loss Account

For the financial year ended 31 December 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>224,563</td>
<td>161,694</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>(191,134)</td>
<td>(135,631)</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>245,474</td>
<td>7,225</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>278,903</td>
<td>33,288</td>
</tr>
<tr>
<td><strong>Interest income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>424</td>
<td>614</td>
</tr>
<tr>
<td><strong>Interest expense</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>(11,868)</td>
<td>(7,505)</td>
</tr>
<tr>
<td><strong>Share of results of associated companies and joint ventures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>61,148</td>
<td>56,650</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>328,607</td>
<td>83,047</td>
</tr>
<tr>
<td><strong>Taxation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>(20,418)</td>
<td>(13,367)</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>308,189</td>
<td>69,680</td>
</tr>
</tbody>
</table>

Attributable to:

- Shareholders of the Company | 246,578 | 63,186 |
- Non-controlling interests | 61,611 | 6,494 |

**Total** | 308,189 | 69,680 |

Earnings per share (cents)

- basic | 44.4 | 11.4 |
- diluted | 44.3 | 11.4

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.
## Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2014

<table>
<thead>
<tr>
<th></th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year</td>
<td>308,189</td>
<td>69,680</td>
</tr>
<tr>
<td><strong>Items that may be reclassified subsequently to profit and loss account:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available-for-sale financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Fair value changes</td>
<td>(157)</td>
<td>(425)</td>
</tr>
<tr>
<td>- Realised and transferred to profit and loss account</td>
<td>157</td>
<td>407</td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Exchange differences arising on consolidation</td>
<td>3,576</td>
<td>4,698</td>
</tr>
<tr>
<td>- Realised and transferred to profit and loss account</td>
<td>9,378</td>
<td>(1,372)</td>
</tr>
<tr>
<td>Share of other comprehensive income/(expense) of associated companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cash flow hedge</td>
<td>-</td>
<td>38</td>
</tr>
<tr>
<td>- Foreign currency translation</td>
<td>(3,867)</td>
<td>(3,220)</td>
</tr>
<tr>
<td>Other comprehensive income for the year, net of tax</td>
<td>9,087</td>
<td>126</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>317,276</td>
<td>69,806</td>
</tr>
<tr>
<td>Attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders of the Company</td>
<td>254,152</td>
<td>62,066</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>63,124</td>
<td>7,740</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>317,276</td>
<td>69,806</td>
</tr>
</tbody>
</table>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.
## Balance Sheets

As at 31 December 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>Group 2014 $'000</th>
<th>Group 2013 $'000</th>
<th>Company 2014 $'000</th>
<th>Company 2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Share capital</td>
<td>76,741</td>
<td>75,468</td>
<td>76,741</td>
</tr>
<tr>
<td>12</td>
<td>Reserves</td>
<td>629,817</td>
<td>394,990</td>
<td>97,545</td>
</tr>
<tr>
<td>13</td>
<td>Share capital and reserves</td>
<td>706,558</td>
<td>470,458</td>
<td>174,286</td>
</tr>
<tr>
<td>14</td>
<td>Non-controlling interests</td>
<td>86,003</td>
<td>74,430</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Capital employed</td>
<td>792,561</td>
<td>544,888</td>
<td>174,286</td>
</tr>
</tbody>
</table>

Represented by:

### Non-current assets

<table>
<thead>
<tr>
<th>Note</th>
<th>Fixed assets</th>
<th>Investment properties</th>
<th>Investments</th>
<th>Subsidiaries</th>
<th>Associated companies and joint ventures</th>
<th>Others</th>
<th>Intangibles</th>
<th>Long-term receivables</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>304,880</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,895</td>
<td>79</td>
<td>-</td>
<td>142,822</td>
</tr>
<tr>
<td>15</td>
<td>127,067</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Current assets

<table>
<thead>
<tr>
<th>Note</th>
<th>Stocks</th>
<th>Debtors</th>
<th>Amounts owing by holding and related companies</th>
<th>Amounts owing by associated companies</th>
<th>Fixed deposits</th>
<th>Bank balances and cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>737</td>
<td>124,925</td>
<td>1,625</td>
<td>2,308</td>
<td>221,026</td>
<td>59,638</td>
</tr>
<tr>
<td>22</td>
<td>754</td>
<td>85,255</td>
<td>1,824</td>
<td>10,036</td>
<td>45,245</td>
<td>34,933</td>
</tr>
<tr>
<td>23</td>
<td>3,815</td>
<td>4,781</td>
<td>20,492</td>
<td>12,562</td>
<td>142,822</td>
<td>184</td>
</tr>
<tr>
<td>24</td>
<td>3,331</td>
<td>4,781</td>
<td>73,355</td>
<td>11,483</td>
<td>94,850</td>
<td>231</td>
</tr>
<tr>
<td>25</td>
<td>33,493</td>
<td>4,781</td>
<td>43,560</td>
<td>90,041</td>
<td>216,729</td>
<td></td>
</tr>
</tbody>
</table>

### Current liabilities

<table>
<thead>
<tr>
<th>Note</th>
<th>Creditors</th>
<th>Amounts owing to holding and related companies</th>
<th>Amounts owing to associated companies</th>
<th>Short-term borrowings</th>
<th>Taxation</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td>83,634</td>
<td>1,048</td>
<td>21,036</td>
<td>53,405</td>
<td>24,653</td>
</tr>
<tr>
<td>23</td>
<td>3,815</td>
<td>1,745</td>
<td>1,749</td>
<td>-</td>
<td>191</td>
</tr>
<tr>
<td>24</td>
<td>3,331</td>
<td>-</td>
<td>-</td>
<td>38,480</td>
<td>231</td>
</tr>
<tr>
<td>27</td>
<td>43,560</td>
<td>-</td>
<td>43,560</td>
<td>-</td>
<td>90,041</td>
</tr>
</tbody>
</table>

### Net current assets

<table>
<thead>
<tr>
<th>Note</th>
<th>226,483</th>
<th>51,723</th>
<th>27,933</th>
<th>46,481</th>
</tr>
</thead>
</table>

### Non-current liabilities

<table>
<thead>
<tr>
<th>Note</th>
<th>Long-term borrowings</th>
<th>Deferred taxation</th>
</tr>
</thead>
<tbody>
<tr>
<td>28</td>
<td>425,575</td>
<td>1,052</td>
</tr>
<tr>
<td>9</td>
<td>120,000</td>
<td>120,000</td>
</tr>
</tbody>
</table>

### Net assets

<table>
<thead>
<tr>
<th>Note</th>
<th>792,561</th>
<th>544,888</th>
<th>174,286</th>
<th>143,210</th>
</tr>
</thead>
</table>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.
## Statements of Changes in Equity

For the financial year ended 31 December 2014

<table>
<thead>
<tr>
<th>Attributable to owners of the Company</th>
<th>Share Capital $’000</th>
<th>Capital Reserves $’000</th>
<th>Revenue Reserve $’000</th>
<th>Foreign Currency Translation Account $’000</th>
<th>Share Capital and Reserves $’000</th>
<th>Non-controlling Interests $’000</th>
<th>Capital Employed $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 January 2014</td>
<td>75,468</td>
<td>30,533</td>
<td>379,943</td>
<td>(15,486)</td>
<td>470,458</td>
<td>74,430</td>
<td>544,888</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the year</td>
<td>-</td>
<td>-</td>
<td>246,578</td>
<td>-</td>
<td>246,578</td>
<td>61,611</td>
<td>308,189</td>
</tr>
<tr>
<td>Other comprehensive income for the year *</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,513</td>
<td>9,087</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>254,152</td>
<td>317,276</td>
</tr>
<tr>
<td><strong>Transactions with owners, recognised directly in equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions by and distributions to owners</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue of shares</td>
<td>1,273</td>
<td>(997)</td>
<td>-</td>
<td>-</td>
<td>276</td>
<td>-</td>
<td>276</td>
</tr>
<tr>
<td>Cost of share-based payment</td>
<td>-</td>
<td>1,100</td>
<td>-</td>
<td>-</td>
<td>1,100</td>
<td>-</td>
<td>1,100</td>
</tr>
<tr>
<td>Transfer from revenue reserve to capital reserves</td>
<td>-</td>
<td>17</td>
<td>(17)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends paid to non-controlling shareholders</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(60,768)</td>
<td>(60,768)</td>
</tr>
<tr>
<td>Dividend paid for 2013 (Note 38)</td>
<td>-</td>
<td>-</td>
<td>(19,421)</td>
<td>-</td>
<td>(19,421)</td>
<td>-</td>
<td>(19,421)</td>
</tr>
<tr>
<td>Total contributions by and distributions to owners</td>
<td>1,273</td>
<td>120</td>
<td>(19,438)</td>
<td>-</td>
<td>(18,045)</td>
<td>(60,768)</td>
<td>(78,813)</td>
</tr>
<tr>
<td>Changes in ownership interests in subsidiaries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of subsidiaries</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,737</td>
<td>3,737</td>
</tr>
<tr>
<td>Disposal of subsidiaries</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(7)</td>
<td>(7)</td>
</tr>
<tr>
<td>Cash contributed by non-controlling shareholders</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,487</td>
<td>5,487</td>
</tr>
<tr>
<td>Total changes in ownership interests in subsidiaries</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,217</td>
<td>9,217</td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
<td>1,273</td>
<td>120</td>
<td>(19,438)</td>
<td>-</td>
<td>(18,045)</td>
<td>(51,551)</td>
<td>(69,596)</td>
</tr>
<tr>
<td><strong>Share of reserves of associated companies</strong></td>
<td>-</td>
<td>(7)</td>
<td>-</td>
<td>-</td>
<td>(7)</td>
<td>-</td>
<td>(7)</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2014</strong></td>
<td>76,741</td>
<td>30,646</td>
<td>607,083</td>
<td>(7,912)</td>
<td>706,558</td>
<td>86,003</td>
<td>792,561</td>
</tr>
</tbody>
</table>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.
## Statements of Changes in Equity

<table>
<thead>
<tr>
<th>Attributable to owners of the Company</th>
<th>Share</th>
<th>Capital</th>
<th>Revenue</th>
<th>Foreign</th>
<th>Share</th>
<th>Non-</th>
<th>Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capital</td>
<td>Reserves</td>
<td>Reserve</td>
<td>Currency</td>
<td>Capital</td>
<td>control</td>
<td>Employed</td>
</tr>
<tr>
<td>Group</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>Interests</td>
<td>$'000</td>
</tr>
<tr>
<td>Balance at 1 January 2013</td>
<td>74,565</td>
<td>30,663</td>
<td>336,209</td>
<td>(14,346)</td>
<td>427,091</td>
<td>33,262</td>
<td>460,353</td>
</tr>
</tbody>
</table>

### Total comprehensive income for the year

#### Profit for the year

<table>
<thead>
<tr>
<th>Amount</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Currency Share Non-Share Capital Revenue Translation Capital and controlling Capital Reserves Reserve Account Reserves Interests Employed</td>
<td></td>
</tr>
<tr>
<td>63,186</td>
<td>6,494</td>
</tr>
</tbody>
</table>

#### Other comprehensive income for the year *

<table>
<thead>
<tr>
<th>Amount</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Currency Share Non-Share Capital Revenue Translation Capital and controlling Capital Reserves Reserve Account Reserves Interests Employed</td>
<td></td>
</tr>
<tr>
<td>(20)</td>
<td>(1,120)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total comprehensive income for the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>- 20</td>
</tr>
<tr>
<td>63,186</td>
</tr>
<tr>
<td>(1,140)</td>
</tr>
<tr>
<td>62,066</td>
</tr>
<tr>
<td>7,740</td>
</tr>
<tr>
<td>69,806</td>
</tr>
</tbody>
</table>

### Transactions with owners, recognised directly in equity

#### Contributions by and distributions to owners

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue of shares</td>
<td>903</td>
</tr>
<tr>
<td>Cost of share-based payment</td>
<td>974</td>
</tr>
<tr>
<td>Transfer from revenue reserve to capital reserves</td>
<td>70</td>
</tr>
<tr>
<td>Dividends paid to non-controlling shareholders</td>
<td>-</td>
</tr>
<tr>
<td>Dividend paid for 2012 (Note 38)</td>
<td>-</td>
</tr>
<tr>
<td>Total contributions by and distributions to owners</td>
<td>903</td>
</tr>
</tbody>
</table>

#### Changes in ownership interests in subsidiaries

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of a subsidiary</td>
<td>-</td>
</tr>
<tr>
<td>Disposal of a subsidiary</td>
<td>-</td>
</tr>
<tr>
<td>Cash contributed by non-controlling shareholders</td>
<td>-</td>
</tr>
<tr>
<td>Total changes in ownership interests in subsidiaries</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total transactions with owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>903</td>
</tr>
<tr>
<td>(19,452)</td>
</tr>
<tr>
<td>(18,263)</td>
</tr>
<tr>
<td>33,428</td>
</tr>
<tr>
<td>15,165</td>
</tr>
</tbody>
</table>

#### Share of reserves of associated companies

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
</tr>
<tr>
<td>(436)</td>
</tr>
<tr>
<td>(436)</td>
</tr>
<tr>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Balance at 31 December 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>75,468</td>
</tr>
<tr>
<td>30,533</td>
</tr>
<tr>
<td>379,943</td>
</tr>
<tr>
<td>(15,486)</td>
</tr>
<tr>
<td>470,458</td>
</tr>
<tr>
<td>74,430</td>
</tr>
<tr>
<td>544,888</td>
</tr>
</tbody>
</table>

* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.
<table>
<thead>
<tr>
<th>Company</th>
<th>Share Capital $'000</th>
<th>Capital Reserves $'000</th>
<th>Revenue Reserve $'000</th>
<th>Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 January 2014</td>
<td>75,468</td>
<td>5,781</td>
<td>61,961</td>
<td>143,210</td>
</tr>
<tr>
<td>Profit for the year, representing total comprehensive income for the year</td>
<td>-</td>
<td>-</td>
<td>49,121</td>
<td>49,121</td>
</tr>
<tr>
<td><strong>Transactions with owners, recognised directly in equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue of shares</td>
<td>1,273</td>
<td>(997)</td>
<td>-</td>
<td>276</td>
</tr>
<tr>
<td>Cost of share-based payment</td>
<td>-</td>
<td>1,100</td>
<td>-</td>
<td>1,100</td>
</tr>
<tr>
<td>Dividend paid for 2013 (Note 38)</td>
<td>-</td>
<td>-</td>
<td>(19,421)</td>
<td>(19,421)</td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
<td>1,273</td>
<td>103</td>
<td>(19,421)</td>
<td>(18,045)</td>
</tr>
<tr>
<td>Balance at 31 December 2014</td>
<td>76,741</td>
<td>5,884</td>
<td>91,661</td>
<td>174,286</td>
</tr>
</tbody>
</table>

| Balance at 1 January 2013 | 74,565 | 5,565 | 52,912 | 133,042 |
| Profit for the year, representing total comprehensive income for the year | - | - | 28,431 | 28,431 |
| **Transactions with owners, recognised directly in equity** | | | | |
| Issue of shares | 903 | (758) | - | 145 |
| Cost of share-based payment | - | 974 | - | 974 |
| Dividend paid for 2012 (Note 38) | - | - | (19,382) | (19,382) |
| **Total transactions with owners** | 903 | 216 | (19,382) | (18,263) |
| Balance at 31 December 2013 | 75,468 | 5,781 | 61,961 | 143,210 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.
# Consolidated Statement of Cash Flows

**For the financial year ended 31 December 2014**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Consolidated Statement of Cash Flows</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash Flows from Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>278,903</td>
<td>33,288</td>
</tr>
<tr>
<td>Adjustments for non-cash items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation of fixed assets</td>
<td>26,541</td>
<td>19,325</td>
</tr>
<tr>
<td>Share-based payment expenses</td>
<td>1,250</td>
<td>1,114</td>
</tr>
<tr>
<td>(Gain)/loss on disposal of fixed assets</td>
<td>(172,853)</td>
<td>13</td>
</tr>
<tr>
<td>Gain on disposal of subsidiaries and associated companies</td>
<td>(65,614)</td>
<td>(1,789)</td>
</tr>
<tr>
<td>Impairment loss on fixed assets</td>
<td>5,711</td>
<td>-</td>
</tr>
<tr>
<td>Impairment loss on investments</td>
<td>157</td>
<td>1,261</td>
</tr>
<tr>
<td>Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired</td>
<td>(219)</td>
<td>-</td>
</tr>
<tr>
<td>Gain on bargain purchase arising from acquisition of a subsidiary</td>
<td>(113)</td>
<td>(314)</td>
</tr>
<tr>
<td>Fair value gain on forward foreign currency contracts</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Gain on dilution of interest in an associated company</td>
<td>(3,345)</td>
<td>(3,895)</td>
</tr>
<tr>
<td>Operating cash flows before changes in working capital</td>
<td>70,418</td>
<td>49,003</td>
</tr>
<tr>
<td>Working capital changes:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stocks</td>
<td>17</td>
<td>(5)</td>
</tr>
<tr>
<td>Debtors</td>
<td>1,566</td>
<td>(7,047)</td>
</tr>
<tr>
<td>Creditors</td>
<td>13,644</td>
<td>1,392</td>
</tr>
<tr>
<td>Cash flows from operations</td>
<td>85,645</td>
<td>43,343</td>
</tr>
<tr>
<td>Interest received</td>
<td>413</td>
<td>511</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(12,461)</td>
<td>(7,311)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(2,522)</td>
<td>(2,353)</td>
</tr>
<tr>
<td>Proceeds from tax losses transferred under group relief system</td>
<td>887</td>
<td>4,099</td>
</tr>
<tr>
<td><strong>Net Cash from Operating Activities</strong></td>
<td>71,962</td>
<td>38,229</td>
</tr>
<tr>
<td><strong>Cash Flows from Investing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of subsidiaries (Note A)</td>
<td>(17,000)</td>
<td>(13,180)</td>
</tr>
<tr>
<td>Investment in associated companies</td>
<td>(247,159)</td>
<td>(50,694)</td>
</tr>
<tr>
<td>Additions to fixed assets</td>
<td>(164,946)</td>
<td>(130,396)</td>
</tr>
<tr>
<td>Addition to investment properties</td>
<td>(48,045)</td>
<td>-</td>
</tr>
<tr>
<td>Addition to intangibles</td>
<td>(16,757)</td>
<td>-</td>
</tr>
<tr>
<td>Addition to other investments</td>
<td>- (157)</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from disposal of subsidiaries (Note B)</td>
<td>45,525</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from disposal of associated companies</td>
<td>139,998</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from disposal of fixed assets</td>
<td>403,864</td>
<td>64</td>
</tr>
<tr>
<td>Proceeds from capital reduction of a joint venture</td>
<td>2,000</td>
<td>-</td>
</tr>
<tr>
<td>Dividends received from associated companies</td>
<td>105,566</td>
<td>33,124</td>
</tr>
<tr>
<td><strong>Net Cash from/(used in) Investing Activities</strong></td>
<td>203,046</td>
<td>(161,239)</td>
</tr>
<tr>
<td><strong>Cash Flows from Financing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from share issues</td>
<td>276</td>
<td>145</td>
</tr>
<tr>
<td>Proceeds from short-term loans</td>
<td>71,974</td>
<td>38,480</td>
</tr>
<tr>
<td>Repayment of short-term loans</td>
<td>(61,886)</td>
<td>(25,000)</td>
</tr>
<tr>
<td>Proceeds from long-term loans</td>
<td>111,693</td>
<td>132,900</td>
</tr>
<tr>
<td>Repayment of long-term loans</td>
<td>(144,889)</td>
<td>-</td>
</tr>
<tr>
<td>Funds from associated companies</td>
<td>21,025</td>
<td>1,000</td>
</tr>
<tr>
<td>Contribution from non-controlling shareholders of subsidiaries</td>
<td>5,487</td>
<td>11,406</td>
</tr>
<tr>
<td>Dividends paid to shareholders of the Company</td>
<td>(19,421)</td>
<td>(19,382)</td>
</tr>
<tr>
<td>Dividends paid to non-controlling shareholders of subsidiaries</td>
<td>(60,768)</td>
<td>(1,423)</td>
</tr>
<tr>
<td><strong>Net Cash (used in)/from Financing Activities</strong></td>
<td>(76,509)</td>
<td>138,126</td>
</tr>
<tr>
<td><strong>Net Increase in Cash and Cash Equivalents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents as at 1 January</td>
<td>198,499</td>
<td>15,116</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>80,178</td>
<td>63,729</td>
</tr>
<tr>
<td>Dividends paid to non-controlling shareholders of subsidiaries</td>
<td>1,967</td>
<td>1,333</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents as at 31 December (Note C)</strong></td>
<td>280,664</td>
<td>80,178</td>
</tr>
</tbody>
</table>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.
Notes to Consolidated Statement of Cash Flows

A. Acquisition of Subsidiaries

During the financial year, the fair values of assets and liabilities of subsidiaries acquired were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>5,990</td>
<td>67,615</td>
</tr>
<tr>
<td>Stocks</td>
<td>-</td>
<td>312</td>
</tr>
<tr>
<td>Trade debtors</td>
<td>5,280</td>
<td>655</td>
</tr>
<tr>
<td>Prepayments and sundry debtors</td>
<td>3,155</td>
<td>9</td>
</tr>
<tr>
<td>Bank balances and cash</td>
<td>1,357</td>
<td>3,732</td>
</tr>
<tr>
<td>Creditors</td>
<td>(5,140)</td>
<td>(879)</td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>(927)</td>
<td>-</td>
</tr>
<tr>
<td>Taxation</td>
<td>(101)</td>
<td>-</td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>(1,487)</td>
<td>(12,607)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total net identifiable assets at fair value</td>
<td>8,127</td>
<td>58,837</td>
</tr>
<tr>
<td>Non-controlling interests measured at non-controlling interests’ proportionate share of net identifiable assets</td>
<td>(3,737)</td>
<td>(23,535)</td>
</tr>
<tr>
<td>Amounts previously accounted for as associated companies and joint venture</td>
<td>(4,243)</td>
<td>-</td>
</tr>
<tr>
<td>Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired</td>
<td>(219)</td>
<td>-</td>
</tr>
<tr>
<td>Goodwill arising from acquisition</td>
<td>1,472</td>
<td>-</td>
</tr>
<tr>
<td>Gain on bargain purchase arising from acquisition</td>
<td>(113)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase consideration</td>
<td>1,287</td>
<td>35,302</td>
</tr>
<tr>
<td>Less: Deferred payment</td>
<td>-</td>
<td>(18,390)</td>
</tr>
<tr>
<td>Add: Settlement of deferred payment</td>
<td>17,070</td>
<td>-</td>
</tr>
<tr>
<td>Less: Bank balances and cash acquired</td>
<td>(1,357)</td>
<td>(3,732)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash outflow on acquisition</td>
<td>17,000</td>
<td>13,180</td>
</tr>
</tbody>
</table>

The gross contractual amount for trade debtors is $5,280,000 of which all are expected to be collectible.

The Group recognised a gain of $219,000 from fair value measurement on the 40% equity interest in Indo-Trans Keppel Logistics Vietnam Co Ltd held before the business combination and a gain on bargain purchase of $113,000 from the acquisition of Securus Partners Pte Ltd. These gains are included in the “Other income” line item in the Group’s profit and loss account for the financial year ended 31 December 2014.

Goodwill of $1,472,000 was recognised on the acquisition of Indo-Trans Keppel Logistics Vietnam Co Ltd from which the Group expects to benefit from a stronger market position in Vietnam.
### B. Disposal of Subsidiaries

During the financial year, the assets and liabilities of subsidiaries disposed were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in an associated company</td>
<td>22,446</td>
<td>-</td>
</tr>
<tr>
<td>Debtors</td>
<td>-</td>
<td>123</td>
</tr>
<tr>
<td>Bank balances and cash</td>
<td>137</td>
<td>-</td>
</tr>
<tr>
<td>Creditors</td>
<td>(331)</td>
<td>-</td>
</tr>
<tr>
<td>Net assets disposed</td>
<td>22,252</td>
<td>123</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>31</td>
<td>(90)</td>
</tr>
<tr>
<td>Cumulative foreign currency translation reserve realised</td>
<td>8,396</td>
<td>(1,248)</td>
</tr>
<tr>
<td>Net gain on disposal</td>
<td>14,983</td>
<td>1,215</td>
</tr>
<tr>
<td><strong>Sale proceeds</strong></td>
<td>45,662</td>
<td>-</td>
</tr>
<tr>
<td><strong>Less: Bank balances and cash disposed</strong></td>
<td>(137)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cash inflow on disposal</strong></td>
<td>45,525</td>
<td>-</td>
</tr>
</tbody>
</table>

### C. Cash and Cash Equivalents

Cash and cash equivalents consist of fixed deposits, bank balances and cash. Cash and cash equivalents in the consolidated statement of cash flows comprise the following:

<table>
<thead>
<tr>
<th></th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed deposits (Note 25)</td>
<td>221,026</td>
<td>45,245</td>
</tr>
<tr>
<td>Bank balances and cash (Note 25)</td>
<td>59,638</td>
<td>34,933</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>280,664</td>
<td>80,178</td>
</tr>
</tbody>
</table>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.
1. **Corporate Information**

   The Company is a public listed company domiciled and incorporated in Singapore, and its holding company is Keppel Corporation Limited, a company incorporated in Singapore. The registered office of the Company is located at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632. The principal place of business of the Company is located at 7 Gul Circle, Singapore 629563.

   The principal activity of the Company is that of an investment holding and management company. The principal activities of major subsidiaries, associated companies and joint ventures are shown in Note 37.

2. **Significant Accounting Policies**

   2.1 **Basis of Preparation**

       The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

       The financial statements have been prepared on a historical cost convention, except as disclosed in the accounting policies below.

       The financial statements are presented in Singapore Dollars (“SGD”) and all values are rounded to the nearest thousand ($’000), except where otherwise indicated.

   2.2 **Changes in Accounting Policies**

       The accounting policies adopted are consistent with those of the previous financial year except as follows:

       On 1 January 2014, the Group has adopted all the new and revised standards that are relevant and effective for annual financial periods beginning on or after 1 January 2014.

       The adoption of the new and revised standards did not result in any substantial change to the Group’s accounting policies nor any significant impact on the financial performance or position of the Group.

   2.3 **Standards Issued but not yet Effective**

       The Group has not adopted the following standards that have been issued but not yet effective:

       | Reference | Description | Effective for annual periods beginning on or after |
       |-----------|-------------|--------------------------------------------------|
       | FRS 19    | Amendments to FRS 19 Defined Benefit Plans: Employee Contributions | 1 July 2014 |
       | Improvements to FRSs (January 2014) | a) Amendments to FRS 102 Share Based Payment  
b) Amendments to FRS 103 Business Combinations  
c) Amendments to FRS 108 Operating Segments  
d) Amendments to FRS 113 Fair Value Measurement  
e) Amendments to FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets  
f) Amendments to FRS 24 Related Party Disclosures | 1 July 2014 |
       | Improvements to FRSs (February 2014) | a) Amendments to FRS 103 Business Combinations  
b) Amendments to FRS 113 Fair Value Measurement  
c) Amendments to FRS 40 Investment Property | 1 July 2014 |
       | FRS 114 | Regulatory Deferral Accounts | 1 Jan 2016 |
       | FRS 27 | Amendments to FRS 27: Equity Method in Separate Financial Statements | 1 Jan 2016 |
       | FRS 16 and FRS 38 | Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation | 1 Jan 2016 |
Effective for annual periods beginning on or after

**FRS 111 Amendments to FRS 111 Accounting for Acquisitions of Interest in Joint Operations** (1 Jan 2016)

**FRS 110 and FRS 28 Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** (1 Jan 2016)

**Improvements to FRSs (November 2014)**
- **a) Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations** (1 Jan 2016)
- **b) Amendments to FRS 107 Financial Instruments: Disclosures**
- **c) Amendments to FRS 19 Employee Benefits**
- **d) Amendments to FRS 34 Interim Financial Reporting**

**FRS 115 Revenue from Contracts with Customers** (1 Jan 2017)

**FRS 109 Financial Instruments** (1 Jan 2018)

Except for FRS 115 and FRS 109, the Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 is described below.

**FRS 115 Revenue from Contracts with Customers**

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

**FRS 109 Financial Instruments**

In December 2014, the ASC issued the final version of FRS 109 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The adoption of FRS 109 will have an effect on the classification and measurement of the Group’s financial assets, but no impact on the classification and measurement of the Group’s financial liabilities.

**2.4 Significant Accounting Estimates and Judgments**

The preparation of the Group’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

**Critical judgment in applying the Group’s accounting policies**

In the process of applying the Group’s accounting policies, management is of the opinion that there is no instance of application of judgments which have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.
Key sources of estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty as 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:

(a) Impairment of non-financial assets
Determining whether the carrying value of a non-current 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 estimated recoverable amount is most sensitive to the discount rate, expected future cash inflows and growth rate used for extrapolation purposes. The carrying amounts of fixed assets, investment properties and intangibles are disclosed in the balance sheet.

(b) Impairment of loans and receivables
The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of loans and receivables as at the balance sheet date are disclosed in Notes 20, 22, 23, 24 and 25 to the financial statements.

(c) Impairment of available-for-sale financial assets
The Group classifies its long-term equity instruments as available-for-sale financial assets. Management exercises judgment based on the observable data relating to the possible events that may have caused the decline in value. A decline in value below cost determined to be significant or prolonged is an impairment that should be recognised in profit or loss. The fair value of available-for-sale financial assets is disclosed in Note 18 to the financial statements.

(d) Income Taxes
The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved for certain transactions in which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises tax liabilities on expected tax issues based on estimates. Where the final tax outcome of these matters is different from the amounts initially recognised, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. The carrying amounts of taxation and deferred taxation are as disclosed in the balance sheet.

2.5 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.

2.6 Currency Translation

(a) Functional and presentation currency
Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Singapore Dollars, which is the Company’s functional and presentation currency.

(b) Transactions and balances
Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates approximating those ruling as at the balance sheet date. Exchange differences arising from the settlement of monetary items or on translating monetary items as at the balance sheet date are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.
(c) **Consolidated financial statements**
For consolidation purpose, the trading results of subsidiaries and associated companies whose financial
statements are denominated in functional currencies other than Singapore Dollars are translated into Singapore
Dollars at the average exchange rates for the year. All assets and liabilities of these subsidiaries are translated into
Singapore Dollars at the exchange rates ruling as at the balance sheet date. Exchange differences due to such
currency translations are recognised in other comprehensive income.

On disposal of a foreign operation, the cumulative exchange differences recognised in other comprehensive
income relating to that foreign operation is recognised in profit or loss.

### 2.7 Subsidiaries, Basis of Consolidation and Business Combinations

(a) **Subsidiaries**

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed,
or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns
through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment
losses.

(b) **Basis of consolidation and business combinations**

The consolidated financial statements include the financial statements of the Company and its subsidiaries as
at balance sheet date. The financial statements of the subsidiaries used in the preparation of the consolidated
financial statements are prepared for the same reporting date as the Company. Consistent accounting policies
are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and unrealised gains and losses resulting from intra-
group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control,
and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity
transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the
date when control is lost;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investments retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit
or loss or retained earnings, as appropriate.

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities
assumed in a business combination are initially recognised at their fair values at the acquisition date. Acquisition-
related costs are recognised as expenses in the periods in which the costs are incurred and the services are
received.

Any contingent considerations to be transferred by the acquirer are recognised at fair value at the acquisition
date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or
liability that is a financial instrument will be measured at fair value, with any resulting gain or loss recognised in
accordance with FRS 39 either in profit or loss or in other comprehensive income. If the contingent consideration
is classified as equity, it will not be re-measured until it is finally settled within equity.
In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to
fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree
(if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in
the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest’s
proportionate share of the acquiree’s identifiable net assets. Other components of non-controlling interests are
measured at their fair value at the acquisition date, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business consideration, the amount
of non-controlling interest in the acquiree (if any) and the fair value of the Group’s previously held equity interest
in the acquiree (if any), over the net fair value of the identifiable assets and liabilities, is recognised as goodwill. In
instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in
profit or loss on the acquisition date.

Where a business combination involves entities under common control, it is outside the scope of FRS 103 and
accounted for using the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the
  consolidated financial statements of the controlling holding company;
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or
  liabilities;
- No additional goodwill is recognised as a result of the combination;
- Any differences between the consideration paid/transferred and the equity ‘acquired’ is reflected within the
  equity as merger reserve; and
- The statement of comprehensive income reflects the results of the combining entities for the full year,
  irrespective of when the combination took place.

The Group has adopted the “no restatement” approach for which comparatives will not be re-presented. Any pre-
acquisition reserves transferred over will not be recorded as “retained earnings” as the intention was not to restate
prior period financial information. FRS 27 requires the Group to only include the profit or loss from acquisition
date.

(c) Transactions with non-controlling interests
Non-controlling interests representing the equity in subsidiaries not attributable to owners of the Company
are presented separately in the consolidated statement of comprehensive income and within equity in the
consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company’s ownership interest in a subsidiary that do not result in a loss of control are accounted
for as equity transactions and the carrying amounts of the non-controlling interests are adjusted to reflect the
changes in their relative interests in the subsidiary. Any difference between the amount by which the non-
controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in
equity and attributed to owners of the Company.

2.8 Joint Arrangements
A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the
contractually agreed sharing of control of an arrangement, which exists only when decisions about relevant activities
require unanimous consent of parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the
parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities
relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the
Group with rights to the net assets of the arrangement, the arrangement is a joint venture and is accounted for using
the equity method set out in Note 2.9.
2.9 Associated Companies and Joint Ventures
An associated company is an entity over which the Group has the power to participate in the operating and financial policy decisions of the investee but does not have control or joint control of those policies.

The Group’s investments in associated companies and joint ventures are accounted for using the equity method from the date on which it becomes an associate or joint venture.

The equity method involves recording investments in associated companies and joint ventures initially at cost and recognising the Group’s share of post-acquisition results and movements in reserves against the carrying amount of the investments. The associated companies and joint ventures are equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the investments.

On acquisition of the investment, any excess of the cost of investment over the Group’s share of the fair value of the investee’s net identifiable assets and liabilities is accounted for as goodwill and included in the carrying amount of the investment. Any excess of the Group’s share of the fair value of the investee’s net identifiable assets and liabilities over the cost of investment is included as income in the profit or loss in the period in which the investment is acquired.

When the Group’s share of losses in an associated company or joint venture equals or exceeds its interest in the investment, including any other unsecured receivables, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associated companies and joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group’s investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

In the Company’s separate financial statements, investments in associated companies and joint ventures are stated at cost less accumulated impairment losses.

The most recent available audited financial statements of the associated companies and joint ventures are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminus with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the financial year. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.10 Fixed Assets
All items of fixed assets are initially recorded at cost. Subsequent to recognition, fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the fixed assets after taking the estimated residual values into account. No depreciation is provided for capital work-in-progress, as these assets are not yet available for use.

The estimated useful lives of fixed assets are as follows:

Leasehold land and buildings - over period of lease (ranging from 20 to 80 years)
Plant and equipment
  - Data centre equipments - 10 to 20 years
  - Office furniture and fittings - 5 years
  - Other equipments - 1 to 10 years
Motor vehicles
  - Prime movers and trailers - 4 to 10 years
  - Motor cars - 4 to 5 years

The residual values, useful life and depreciation method are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising from de-recognition of the asset is included in profit or loss.
2.11 Investment Properties
Investment properties comprise properties held to earn rental or for capital appreciation, or both. Investment properties include properties under construction or development for future use as investment properties.

Investment properties are initially recognised at cost, including transaction costs, and subsequently measured at fair value. Gains or losses arising from changes in the fair value are recognised in profit or loss.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss.

Transfer is made to or from investment properties only when there is a change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for fixed assets set out in Note 2.10 up to the date of change in use.

2.12 Intangibles
Intangible assets acquired separately are measured initially at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

Intangible assets with indefinite useful lives are not amortised and are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or loss arising from derecognition of an intangible asset is recognised in profit or loss.

(a) Goodwill on acquisitions
Goodwill arising from acquisition of a subsidiary represents the excess of the cost of the business combination over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any impairment losses.

(b) Management rights
Management rights is initially recognised at cost and subsequently measured at cost less accumulated impairment losses. The useful life of 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.

2.13 Financial Assets
A financial asset is recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. When a financial asset is recognised initially, it is measured at fair value, plus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised when the contractual rights to receive cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On de-recognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

(a) Financial assets at fair value through profit or loss
Financial assets held for trading are classified as financial assets at fair value through profit or loss if they are acquired for the purpose of selling in the near term. Derivative financial instruments are also classified as fair value through profit or loss unless they are designated as effective hedging instruments. Gains or losses on financial assets at fair value through profit or loss are recognised in profit or loss.
(b) Loans and receivables
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables include debtors, amounts owing by holding and related companies, amounts owing by associated companies, fixed deposits, bank balances and cash in the balance sheet. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired and through the amortisation process.

(c) Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

The fair values of instruments that are actively traded in organised financial markets is determined by reference to the relevant Exchange’s quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques, such as discounted cash flow analysis. Investments in other unlisted investment funds are recorded at the net asset value per share as reported by the managers of these funds.

2.14 Impairment

(a) Impairment of goodwill
Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the synergies of the combination. Goodwill included in the carrying amount of an associated company or joint venture is tested for impairment as part of the investment.

Cash-generating units to which goodwill have been allocated are tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired.

An impairment loss is recognised in profit or loss when the carrying amount of the cash-generating unit, including goodwill, exceeds the recoverable amount of the cash-generating unit. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating units and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Impairment losses recognised for goodwill are not reversed in subsequent periods.

(b) Impairment of other non-financial assets
The carrying amounts of the Group’s assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists or when an annual impairment assessment for an asset is required, the recoverable amount of that asset is estimated and an impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it will be charged to equity.

Impairment losses recognised in prior years is reversed only if there has been a change in the estimates used to determine an asset’s recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its revised recoverable amount up to the extent that its carrying amount does not exceed that which would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised in profit or loss.
(c) Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

(i) Financial assets measured at amortised cost

For financial assets measured at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for significant financial assets or collectively for financial assets not individually significant. When determined that no objective evidence of impairment exists for an individually assessed asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for which impairment loss is to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The reversal of impairment loss is recognised in profit or loss.

(ii) Available-for-sale financial assets

For equity instruments classified as available-for-sale, if any evidence of a significant or prolonged decline in the fair value of the investment below its cost exists, 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 profit or loss) is removed from the fair value reserve within equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity investments are not reversed through profit or loss, until the equity instruments are disposed of.

2.15 Stocks

Stocks are stated at the lower of weighted average cost and net realisable value after adequate provision is made for damaged, obsolete or slow-moving stocks.

2.16 Cash and Cash Equivalents

Cash and cash equivalents comprise fixed deposits, bank balances and cash and are subjected to an insignificant risk of changes in value.

2.17 Financial Liabilities

Financial liabilities include creditors, borrowings and other payables which are initially stated at fair value plus directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method. All borrowings are initially recognised at the fair values of the consideration received less directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.
2.18 Derivative Financial Instruments

Derivative financial instruments are recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivative financial instruments are classified as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to profit or loss.

The fair values of forward foreign currency contracts are determined by reference to current forward exchange rates for contracts with similar maturity profiles. The fair values of interest rate cap contracts are determined by reference to market values for similar instruments.

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.20 Deferred Revenue

Deferred revenue relates to invoices raised to customers for co-location services and are amortised on a straight-line basis over the contract term.

2.21 Leases

(a) As lessee

A lease which transfers to the Group substantially all the risks and rewards incidental to ownership of the leased item is classified as finance lease and capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

A lease where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item is classified as an operating lease. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.22 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, sales taxes, value-added taxes and duties.

Revenue from services rendered is recognised in the period in which the services are rendered. It represents income from integrated logistics port operations, third-party logistics services, supply chain solutions, warehousing, distribution, container storage and repairs, freight forwarding services, real estate investment trust (“REIT”) management services and data centre facilities services including co-location, business continuity, disaster recovery and facility management.

Rental income from warehousing and co-location includes operating lease income which is recognised in profit or loss on a straight-line basis over the lease term.

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customers, usually on delivery of goods.

Interest income is recognised using the effective interest method and dividend income is recognised when the Group’s right to receive payment is established.
2.23 Employee Benefits

(a) Defined contribution plan
The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, companies in the Group operating in Singapore make contributions to the Central Provident Fund scheme of Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement
Employees’ entitlement to annual leave is recognised when it accrues to the employees. A provision is made for the estimated liability of un Consumed leave as a result of services rendered by employees up to the balance sheet date.

(c) Termination benefits
The Group recognises termination benefits when it is demonstrably committed to terminate the employment of current employees according to a plan of action.

(d) Employee 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 profit or loss 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 at 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 profit or loss, 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.

2.24 Borrowing Costs
Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. Other borrowing costs are recognised as expenses in the period in which they are incurred.

2.25 Income Taxes

(a) Current taxation
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the balance sheet date.

(b) Deferred taxation
Deferred taxation has been provided for under the liability method on all temporary differences as at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the
countries in which those temporary differences are expected to be recovered or settled based on tax rates enacted
or substantively enacted as at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a
  transaction that is not a business combination and, at the time of the transaction, affects neither accounting
  profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associated
  companies and joint ventures, where the timing of the reversal of the temporary difference can be controlled
  and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets
and unused tax losses, to the extent that it is probable that they can be utilised against future taxable profit,
except:

- where the deferred income tax asset relating to the deductible temporary difference arises from initial
  recognition of an asset or liability in a transaction that is not a business combination and, at the time of the
  transaction, affects neither accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associated
  companies and interest in joint ventures, deferred income tax assets are recognised only to the extent it
  is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be
  available against which temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that
it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset
to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to
the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive
income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on
acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to
set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same
taxable entity and the same taxation authority.

2.26 Contingent Assets and Liabilities
A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will
be confirmed only by the occurrence or non-occurrence of one or more uncertain future event not wholly within the
control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities
assured in a business combination that are present obligations and which the fair values can be reliably determined.

3. Revenue
Group revenue excludes inter-company transactions. Revenue of the Group is analysed as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental income from warehousing</td>
<td>41,524</td>
<td>38,009</td>
</tr>
<tr>
<td>Revenue from data centre co-location services</td>
<td>53,827</td>
<td>42,982</td>
</tr>
<tr>
<td>Revenue from services rendered</td>
<td>129,209</td>
<td>80,480</td>
</tr>
<tr>
<td>Revenue from sale of goods</td>
<td>3</td>
<td>223</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td><strong>224,563</strong></td>
<td><strong>161,694</strong></td>
</tr>
</tbody>
</table>
4. **Operating Expenses**

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of goods and services</td>
<td>62,043</td>
<td>37,811</td>
</tr>
<tr>
<td>Staff costs</td>
<td>49,300</td>
<td>37,371</td>
</tr>
<tr>
<td>Employer’s contribution to defined contribution plans</td>
<td>3,744</td>
<td>3,221</td>
</tr>
<tr>
<td>Share-based payment expenses</td>
<td>1,250</td>
<td>1,114</td>
</tr>
<tr>
<td>Depreciation of fixed assets</td>
<td>26,541</td>
<td>19,325</td>
</tr>
<tr>
<td>Rental of equipment and facilities expenses</td>
<td>32,695</td>
<td>27,039</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>15,561</td>
<td>9,750</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>191,134</td>
<td>135,631</td>
</tr>
</tbody>
</table>

5. **Other Income**

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain/(loss) on disposal of fixed assets</td>
<td>172,853</td>
<td>(13)</td>
</tr>
<tr>
<td>Gain on disposal of subsidiaries and associated companies</td>
<td>65,614</td>
<td>1,789</td>
</tr>
<tr>
<td>Gain on dilution of interest in an associated company</td>
<td>3,345</td>
<td>3,895</td>
</tr>
<tr>
<td>Distributions received from other investments</td>
<td>1,064</td>
<td>38</td>
</tr>
<tr>
<td>Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired</td>
<td>219</td>
<td>-</td>
</tr>
<tr>
<td>Gain on bargain purchase arising from acquisition of a subsidiary</td>
<td>113</td>
<td>-</td>
</tr>
<tr>
<td>Impairment loss on fixed assets</td>
<td>(5,711)</td>
<td>(854)</td>
</tr>
<tr>
<td>Impairment loss on investments in associated companies</td>
<td>-</td>
<td>(1,400)</td>
</tr>
<tr>
<td>Impairment loss in value of other investments</td>
<td>(157)</td>
<td>(407)</td>
</tr>
<tr>
<td>(Provision for)/write-back of doubtful debts, net</td>
<td>(111)</td>
<td>314</td>
</tr>
<tr>
<td>Fair value (loss)/gain on forward foreign currency contracts</td>
<td>(510)</td>
<td>(407)</td>
</tr>
<tr>
<td>Others</td>
<td>8,755</td>
<td>1,063</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>245,474</td>
<td>7,225</td>
</tr>
</tbody>
</table>

6. **Operating Profit**

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit is arrived at after charging/(crediting):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auditors’ remuneration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auditors of the Company</td>
<td>356</td>
<td>343</td>
</tr>
<tr>
<td>Other auditors of subsidiaries</td>
<td>113</td>
<td>72</td>
</tr>
<tr>
<td>Other professional fees paid to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auditors of the Company</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>Other auditors of subsidiaries</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>Fees to Directors of the Company</td>
<td>565</td>
<td>434</td>
</tr>
<tr>
<td>Key management emoluments (Note 29.2)</td>
<td>2,601</td>
<td>2,083</td>
</tr>
<tr>
<td>Write-back of stock obsolescence</td>
<td>(3)</td>
<td>(192)</td>
</tr>
<tr>
<td>Foreign exchange loss</td>
<td>1,066</td>
<td>868</td>
</tr>
<tr>
<td>Operating lease expense</td>
<td>14,360</td>
<td>12,339</td>
</tr>
</tbody>
</table>
7. **Interest Income**

<table>
<thead>
<tr>
<th></th>
<th>Group 2014</th>
<th>Group 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest from deposits with banks</td>
<td>252</td>
<td>430</td>
</tr>
<tr>
<td>Interest from short-term placements with a related company</td>
<td>172</td>
<td>49</td>
</tr>
<tr>
<td>Interest from other loans and receivables</td>
<td>-</td>
<td>135</td>
</tr>
<tr>
<td></td>
<td><strong>424</strong></td>
<td><strong>614</strong></td>
</tr>
</tbody>
</table>

8. **Interest Expense**

<table>
<thead>
<tr>
<th></th>
<th>Group 2014</th>
<th>Group 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on bank borrowings</td>
<td>5,151</td>
<td>1,034</td>
</tr>
<tr>
<td>Interest on loans with related companies</td>
<td>3,567</td>
<td>2,978</td>
</tr>
<tr>
<td>Interest on Medium Term Note</td>
<td>3,150</td>
<td>3,493</td>
</tr>
<tr>
<td></td>
<td><strong>11,868</strong></td>
<td><strong>7,505</strong></td>
</tr>
</tbody>
</table>

9. **Taxation**

<table>
<thead>
<tr>
<th></th>
<th>Group 2014</th>
<th>Group 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current taxation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Based on profit for the year</td>
<td>25,377</td>
<td>2,443</td>
</tr>
<tr>
<td>Under/(over) provision in respect of prior years</td>
<td>138</td>
<td>(264)</td>
</tr>
<tr>
<td></td>
<td><strong>25,515</strong></td>
<td><strong>2,179</strong></td>
</tr>
<tr>
<td>Deferred taxation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Movements in temporary differences</td>
<td>(15,038)</td>
<td>5,183</td>
</tr>
<tr>
<td>Benefits from transfer of tax losses under group relief</td>
<td>(887)</td>
<td>(2,844)</td>
</tr>
<tr>
<td></td>
<td><strong>(15,925)</strong></td>
<td><strong>2,339</strong></td>
</tr>
<tr>
<td>Share of taxation of associated companies and joint ventures</td>
<td>9,590</td>
<td>4,518</td>
</tr>
<tr>
<td></td>
<td><strong>20,418</strong></td>
<td><strong>13,367</strong></td>
</tr>
</tbody>
</table>
A reconciliation between tax expense and the product of profit before tax multiplied by the Singapore statutory tax rate for the years ended 31 December is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before taxation</td>
<td>328,607</td>
<td>83,047</td>
</tr>
<tr>
<td>Less: Share of results of associates</td>
<td>(61,148)</td>
<td>(56,650)</td>
</tr>
<tr>
<td></td>
<td>267,459</td>
<td>26,397</td>
</tr>
<tr>
<td>Tax calculated at the Singapore statutory tax rate of 17%</td>
<td>45,468</td>
<td>4,487</td>
</tr>
<tr>
<td>Effects of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income not subject to taxation</td>
<td>(45,378)</td>
<td>(2,079)</td>
</tr>
<tr>
<td>Expenses not deductible for tax purposes</td>
<td>6,549</td>
<td>5,595</td>
</tr>
<tr>
<td>Under/(over) provision in respect of prior years</td>
<td>138</td>
<td>(264)</td>
</tr>
<tr>
<td>Deferred tax benefits not recognised</td>
<td>1</td>
<td>140</td>
</tr>
<tr>
<td>Utilisation of previously unrecognised tax benefits</td>
<td>(449)</td>
<td>(992)</td>
</tr>
<tr>
<td>Benefits from transfer of tax losses under group relief</td>
<td>(887)</td>
<td>(2,844)</td>
</tr>
<tr>
<td>Effect of different tax rates in other countries</td>
<td>4,148</td>
<td>475</td>
</tr>
<tr>
<td></td>
<td>9,590</td>
<td>4,518</td>
</tr>
<tr>
<td>Share of taxation of associated companies and joint ventures</td>
<td>10,828</td>
<td>8,849</td>
</tr>
<tr>
<td></td>
<td>20,418</td>
<td>13,367</td>
</tr>
</tbody>
</table>

The estimated unutilised losses and unabsorbed capital allowances for the Group at 31 December 2014 amounted to approximately $9,570,000 (2013: $12,203,000) and Nil (2013: $77,000) respectively for which no deferred tax benefit is recognised due to uncertainty of its recoverability.

The use of these losses and capital allowances is subject to agreement by the tax authority and compliance with certain provisions of the tax legislation in Singapore.

A loss-transfer system of group relief (known as “group relief system”) for companies was introduced in Singapore with effect from Year of Assessment 2003. Under this system, corporate groups may set off the current year unutilised capital allowances, trade losses and donations (“loss items”) of one Singapore company against the profits of another Singapore company within the same group, subject to compliance with the relevant rules and procedures and agreement of the Inland Revenue Authority of Singapore.

The Group recognised deferred tax credit of $887,000 (2013: $2,844,000) on the transfer of unabsorbed donations of $30,000 (2013: $51,000), capital allowances of $5,189,000 (2013: $15,531,000) and tax losses of Nil (2013: $125,000) to certain related companies under the group relief system.
The Group has deferred tax liabilities of $2,265,000 (2013: $1,918,000) not recognised 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.

Movements in deferred tax liabilities and assets are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Charged/ (credited) to profit or loss $'000</th>
<th>At 31 December $'000</th>
<th>At 1 January $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Deferred tax liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Differences in depreciation for tax purposes</td>
<td>17,802</td>
<td>(16,171)</td>
<td>1,631</td>
</tr>
<tr>
<td>Others</td>
<td>194</td>
<td>4</td>
<td>198</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>17,996</td>
<td>(16,167)</td>
<td>1,829</td>
</tr>
<tr>
<td><strong>Deferred tax assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unutilised tax losses</td>
<td>(463)</td>
<td>236</td>
<td>(227)</td>
</tr>
<tr>
<td>Other provisions</td>
<td>(1,443)</td>
<td>893</td>
<td>(550)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(1,906)</td>
<td>1,129</td>
<td>(777)</td>
</tr>
<tr>
<td><strong>Net deferred tax liabilities</strong></td>
<td>16,090</td>
<td>(15,038)</td>
<td>1,052</td>
</tr>
<tr>
<td><strong>2013</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Deferred tax liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Differences in depreciation for tax purposes</td>
<td>11,628</td>
<td>6,174</td>
<td>17,802</td>
</tr>
<tr>
<td>Others</td>
<td>153</td>
<td>41</td>
<td>194</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>11,781</td>
<td>6,215</td>
<td>17,996</td>
</tr>
<tr>
<td><strong>Deferred tax assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unutilised tax losses</td>
<td>(874)</td>
<td>411</td>
<td>(463)</td>
</tr>
<tr>
<td>Other provisions</td>
<td>-</td>
<td>(1,443)</td>
<td>(1,443)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(874)</td>
<td>(1,032)</td>
<td>(1,906)</td>
</tr>
<tr>
<td><strong>Net deferred tax liabilities</strong></td>
<td>10,907</td>
<td>5,183</td>
<td>16,090</td>
</tr>
</tbody>
</table>
10. Earnings Per Share

Basic earnings per share represents the Group’s profit attributable to shareholders of the Company, divided by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share represents the Group’s profit attributable to shareholders of the Company, divided by the weighted average number of ordinary shares outstanding during the year adjusted for the effects of all potential dilutive ordinary shares.

Details of the computation are set out below:

<table>
<thead>
<tr>
<th></th>
<th>2014 Basic $’000</th>
<th>2014 Diluted $’000</th>
<th>2013 Basic $’000</th>
<th>2013 Diluted $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit attributable to shareholders</td>
<td>246,578</td>
<td>246,578</td>
<td>63,186</td>
<td>63,186</td>
</tr>
<tr>
<td>Number of shares '000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diluted</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted average number of shares</td>
<td>554,797</td>
<td>554,797</td>
<td>553,710</td>
<td>553,710</td>
</tr>
<tr>
<td>Adjustment for potential dilutive ordinary shares</td>
<td>-</td>
<td>2,123</td>
<td>-</td>
<td>2,240</td>
</tr>
<tr>
<td>Weighted average number of shares used to compute earnings per share</td>
<td>554,797</td>
<td>556,920</td>
<td>553,710</td>
<td>555,950</td>
</tr>
<tr>
<td>Earnings per share (cents)</td>
<td>44.4</td>
<td>44.3</td>
<td>11.4</td>
<td>11.4</td>
</tr>
</tbody>
</table>

485,000 (2013: 1,035,000) share options granted to employees under the existing employee share option scheme have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous financial years presented.

11. Share Capital

<table>
<thead>
<tr>
<th></th>
<th>2014 $’000</th>
<th>2013 $’000</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Issued and Fully Paid Ordinary Shares</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>553,891,937</td>
<td>553,095,737</td>
<td>75,468</td>
</tr>
<tr>
<td>2013</td>
<td>75,468</td>
<td>74,565</td>
<td></td>
</tr>
<tr>
<td>At 1 January</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance under Keppel T&amp;T Share Option Scheme 1993</td>
<td>220,000</td>
<td>150,000</td>
<td>276</td>
</tr>
<tr>
<td>Issuance under Keppel T&amp;T Share Plans</td>
<td>799,900</td>
<td>646,200</td>
<td>997</td>
</tr>
<tr>
<td>At 31 December</td>
<td>554,911,837</td>
<td>553,891,937</td>
<td>76,741</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>75,468</td>
</tr>
</tbody>
</table>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

Keppel T&T Share Option Scheme 1993

Share options are granted to employees under the Keppel T&T Share Option Scheme 1993 (“KT&T Share Option Scheme”), which became operative on 5 May 1993.

The exercise price of the share options is equal to the average last business done price for the shares of the Company on the Singapore Exchange Securities Trading Limited for the three market days preceding the date of offer. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20 per cent of the above price.
The vesting of granted options is conditional on the employee completing another 24 months of service. Once the options are vested, they are exercisable for a contractual option term of 10 years from the date of grant. The options may be exercised in full or in part in respect of 100 shares or a multiple thereof, on the payment of the exercise price. The persons, to whom the options have been issued, have no right to participate by virtue of the options in any share issue of any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The following table illustrates the number and weighted average exercise price (“WAEP”) of, and movements in, share options during the year.

<table>
<thead>
<tr>
<th></th>
<th>Group and Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td></td>
<td>Number of Options '000</td>
</tr>
<tr>
<td>At 1 January</td>
<td>1,275</td>
</tr>
<tr>
<td>Cancelled</td>
<td>(255)</td>
</tr>
<tr>
<td>Exercised</td>
<td>(220)</td>
</tr>
<tr>
<td>At 31 December</td>
<td>800</td>
</tr>
<tr>
<td>Exercisable at 31 December</td>
<td>800</td>
</tr>
</tbody>
</table>

The weighted average share price at the date of exercise for the options exercised in 2014 was $1.75 (2013: $1.51). The options outstanding at the end of the financial year had a weighted average exercise price of $3.42 (2013: $3.05) and a weighted average remaining contractual life of 3.3 years (2013: 4.5 years).

Details of outstanding share options to subscribe to the Company’s shares granted under the Keppel T&T Share Option Scheme 1993 are set out in paragraph 6 of the Directors’ Report.

**Keppel T&T Share Plans**

At the Extraordinary General Meeting of the Company held on 21 April 2010, the Company’s shareholders approved the adoption of two share plans, namely, the KT&T RSP and the KT&T PSP with effect from the date of termination of the KT&T Share Option Scheme. The KT&T Share Option Scheme was terminated on 2 July 2010. Options granted and outstanding prior to the termination will continue to be valid and subject to the terms and conditions of the KT&T Share Option Scheme. The two share plans are administered by the Remuneration Committee.

Details of the KT&T RSP and KT&T PSP are as follows:

<table>
<thead>
<tr>
<th></th>
<th>KT&amp;T RSP</th>
<th>KT&amp;T PSP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan Description</td>
<td>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</td>
<td>Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a three-year performance period</td>
</tr>
<tr>
<td>Performance Conditions</td>
<td>Return on Equity (“ROE”)</td>
<td>a) Absolute Economic Value Added (“EVA”)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) Absolute Total Shareholder’s Return (“TSR”)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c) Relative Total Shareholder’s Return to FTSE Straits Times Mid Cap Index (“FSTM”)</td>
</tr>
<tr>
<td>Final Award</td>
<td>0% or 100% of the contingent award granted, depending on achievement of pre-determined targets</td>
<td>0% - 150% of the contingent award granted, depending on achievement of pre-determined targets</td>
</tr>
<tr>
<td>Vesting Condition and Schedule</td>
<td>If pre-determined targets are achieved, awards will vest equally over three years subject to fulfillment of service requirements</td>
<td>If pre-determined targets are achieved, awards will vest at the end of the three year performance subject to fulfillment of service requirements</td>
</tr>
</tbody>
</table>
Movements in the number of shares under KT&T RSP and KT&T PSP are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KT&amp;T RSP</td>
<td>KT&amp;T PSP</td>
</tr>
<tr>
<td>At 1 January</td>
<td>1,042,000</td>
<td>680,000</td>
</tr>
<tr>
<td>Granted</td>
<td>1,176,000</td>
<td>275,000</td>
</tr>
<tr>
<td>Released</td>
<td>(1,042,000)</td>
<td>(95,400)</td>
</tr>
<tr>
<td>Cancelled</td>
<td>(161,000)</td>
<td>(534,600)</td>
</tr>
<tr>
<td>At 31 December</td>
<td>1,015,000</td>
<td>325,000</td>
</tr>
</tbody>
</table>

Number of shares released but not vested under KT&T RSP and KT&T PSP are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KT&amp;T RSP</td>
<td>KT&amp;T PSP</td>
</tr>
<tr>
<td>At 1 January</td>
<td>546,700</td>
<td>-</td>
</tr>
<tr>
<td>Released</td>
<td>1,042,000</td>
<td>95,400</td>
</tr>
<tr>
<td>Vested</td>
<td>(704,500)</td>
<td>(95,400)</td>
</tr>
<tr>
<td>Cancelled</td>
<td>(136,600)</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December</td>
<td>747,600</td>
<td>-</td>
</tr>
</tbody>
</table>

Senior management who are eligible for KT&T PSP are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

At the end of the financial year, the number of contingent shares granted but not released were 1,015,000 (2013: 1,042,000) under KT&T RSP and 325,000 (2013: 680,000) under the KT&T PSP. 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 1,015,000 under KT&T RSP and range from zero to a maximum of 487,500 under KT&T PSP.

During the year, the number of KT&T RSP shares released was 1,042,000 (2013: 591,000) of which 704,500 (2013: 511,200) and 136,600 (2013: 19,300) shares were vested and cancelled respectively. At the end of the financial year, the number of KT&T RSP shares released but not vested was 747,600 (2013: 546,700).

During the year, the number of KT&T PSP shares released was 95,400 (2013: 135,000), all of which were vested accordingly.

The fair values of the contingent award of shares under the KT&T RSP and KT&T 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 7 April 2014, the Company granted contingent awards of 1,176,000 (2013: 1,084,000) shares under the KT&T RSP and 275,000 (2013: 275,000) shares under the KT&T PSP. The significant inputs into the model are as follows:

<table>
<thead>
<tr>
<th></th>
<th>KT&amp;T RSP 2014</th>
<th>KT&amp;T RSP 2013</th>
<th>KT&amp;T PSP 2014</th>
<th>KT&amp;T PSP 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of grant</td>
<td>7.4.14</td>
<td>7.4.14</td>
<td>3.4.13</td>
<td>3.4.13</td>
</tr>
<tr>
<td>Prevailing share price at date of grant</td>
<td>$1.785</td>
<td>$1.785</td>
<td>$1.410</td>
<td>$1.410</td>
</tr>
<tr>
<td>Expected volatility:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company</td>
<td>21.92%</td>
<td>21.92%</td>
<td>16.44%</td>
<td>16.44%</td>
</tr>
<tr>
<td>FTSE Straits Times Mid Cap Index (&quot;FSTM&quot;)</td>
<td>-</td>
<td>16.13%</td>
<td>-</td>
<td>15.93%</td>
</tr>
<tr>
<td>Correlation with FSTM</td>
<td>28.80%</td>
<td>28.80%</td>
<td></td>
<td>59.60%</td>
</tr>
<tr>
<td>Expected term</td>
<td>0.75 years to 2.75 years</td>
<td>0.75 years to 2.75 years</td>
<td>2.75 years to 2.75 years</td>
<td>2.75 years</td>
</tr>
<tr>
<td>Risk free rate</td>
<td>0.30% to 0.65%</td>
<td>0.65%</td>
<td>0.15% to 0.35%</td>
<td>0.35%</td>
</tr>
<tr>
<td>Expected dividend yield</td>
<td>1.96%</td>
<td>1.96%</td>
<td>2.48%</td>
<td>2.48%</td>
</tr>
<tr>
<td>Fair value of shares granted</td>
<td>$1.72</td>
<td>$1.29</td>
<td>$1.35</td>
<td>$0.89</td>
</tr>
</tbody>
</table>

The expected volatilities are based on the historical volatilities of the Company’s share price and the FSTM 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.

12. Reserves

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Capital reserves</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share option and share plan reserve</td>
<td>6,594</td>
<td>6,498</td>
<td>5,884</td>
<td>5,781</td>
</tr>
<tr>
<td>Hedging reserve</td>
<td>32</td>
<td>32</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>6,030</td>
<td>6,013</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Merger reserve</td>
<td>17,990</td>
<td>17,990</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>30,646</td>
<td>30,533</td>
<td>5,884</td>
<td>5,781</td>
</tr>
<tr>
<td>Revenue reserve</td>
<td>607,083</td>
<td>379,943</td>
<td>91,661</td>
<td>61,961</td>
</tr>
<tr>
<td>Foreign currency translation reserve</td>
<td>(7,912)</td>
<td>(15,486)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>629,817</td>
<td>394,990</td>
<td>97,545</td>
<td>67,742</td>
</tr>
</tbody>
</table>

Share option and share plan reserve represents the equity-settled share options granted to employees under the Keppel T&T Share Option Scheme and contingent award of shares granted to employees under the KT&T RSP and the KT&T PSP, and share of associated company’s share option reserve.

Hedging reserve represents the share of associated company’s reserve which records the portion of the fair value changes on its derivative financial instruments designated as hedge instruments in the cash flow hedges that is determined to be an effective hedge.

Statutory reserve represents the fund set aside on the appropriation of net profit by subsidiaries and associated companies in People’s Republic of China and Thailand, in accordance with regulations governed in the respective countries.

Merger reserve represents pre-acquisition retained earnings of a subsidiary acquired under common control during the year following the application of the pooling of interest method. This reserve will remain until the subsidiary is disposed.

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group’s presentation currency.
### Notes to the Financial Statements

#### 13. Non-controlling Interests

The Group’s subsidiaries that have material non-controlling interests (“NCI”) are as follows:

<table>
<thead>
<tr>
<th>NCI’s percentage of ownership interest and voting interest</th>
<th>Carrying amount of NCI allocated to NCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>NCI’s percentage of ownership interest and voting interest</td>
<td>2014</td>
</tr>
<tr>
<td>Keppel Logistics (Foshan Sanshui Port) Company Limited</td>
<td>40%</td>
</tr>
<tr>
<td>Keppel Logistics (Foshan) Limited</td>
<td>30%</td>
</tr>
<tr>
<td>Keppel Data Centres Holding Pte Ltd</td>
<td>30%</td>
</tr>
<tr>
<td>Other individually immaterial subsidiaries</td>
<td>27,967</td>
</tr>
<tr>
<td>Keppel Data Centres Holding Pte Ltd</td>
<td>30%</td>
</tr>
</tbody>
</table>

The summarised financial information before inter-group elimination of the Group’s subsidiaries that have material non-controlling interests are as follows:

- **Keppel Logistics (Foshan Sanshui Port) Company Limited**
  - Revenue: 12,356, 36,967
  - Profit for the year: 1,942, 3,545
  - Total comprehensive income: 2,327, 4,442

- **Keppel Logistics (Foshan) Limited**
  - Revenue: -
  - Profit for the year: 3,545, 3,190
  - Total comprehensive income: 4,442, 6,134

- **Keppel Data Centres Holding Pte Ltd**
  - Revenue: -
  - Profit for the year: -
  - Total comprehensive income: -

Notes:

1. The financial information for Keppel Data Centre Holding Pte Ltd has been aggregated based on the consolidated financial statements of Keppel Data Centres Holding Pte Ltd and its subsidiaries. Subsidiaries consolidated in Keppel Data Centres Holding Pte Ltd are as follows:
   - Keppel Datahub Pte Ltd;
   - Keppel Datahub 2 Pte Ltd;
   - Keppel Digihub Ltd;
   - Keppel Almere Pte Ltd;
   - Keppel Data Centre Netherlands BV; and
   - Keppel Data Centre Almere BV.
## 14. Fixed Assets

<table>
<thead>
<tr>
<th></th>
<th>Leasehold Land and Buildings $’000</th>
<th>Plant, Equipment and Vehicles $’000</th>
<th>Capital Work-in-progress $’000</th>
<th>Total $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2014</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January</td>
<td>443,693</td>
<td>197,968</td>
<td>47,276</td>
<td>688,937</td>
</tr>
<tr>
<td>Additions</td>
<td>8,991</td>
<td>7,355</td>
<td>163,331</td>
<td>179,677</td>
</tr>
<tr>
<td>Subsidiaries acquired</td>
<td>4,566</td>
<td>1,424</td>
<td>-</td>
<td>5,990</td>
</tr>
<tr>
<td>Disposals</td>
<td>(121,402)</td>
<td>(147,616)</td>
<td>(8,923)</td>
<td>(277,941)</td>
</tr>
<tr>
<td>Reclassification of assets</td>
<td>34,220</td>
<td>65,925</td>
<td>(100,145)</td>
<td>-</td>
</tr>
<tr>
<td>Transfer to investment properties</td>
<td>(64,008)</td>
<td>(66,250)</td>
<td>(90)</td>
<td>(130,348)</td>
</tr>
<tr>
<td>Exchange differences arising on consolidation</td>
<td>1,781</td>
<td>741</td>
<td>378</td>
<td>2,900</td>
</tr>
<tr>
<td><strong>At 31 December</strong></td>
<td>307,841</td>
<td>59,547</td>
<td>101,827</td>
<td>469,215</td>
</tr>
<tr>
<td><strong>Accumulated depreciation and impairment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January</td>
<td>123,741</td>
<td>57,750</td>
<td>-</td>
<td>181,491</td>
</tr>
<tr>
<td>Depreciation for the year</td>
<td>9,871</td>
<td>16,670</td>
<td>-</td>
<td>26,541</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>5,711</td>
<td>-</td>
<td>-</td>
<td>5,711</td>
</tr>
<tr>
<td>Disposals</td>
<td>(12,807)</td>
<td>(34,123)</td>
<td>-</td>
<td>(46,930)</td>
</tr>
<tr>
<td>Transfer to investment properties</td>
<td>(1,131)</td>
<td>(2,150)</td>
<td>-</td>
<td>(3,281)</td>
</tr>
<tr>
<td>Exchange differences arising on consolidation</td>
<td>331</td>
<td>472</td>
<td>-</td>
<td>803</td>
</tr>
<tr>
<td><strong>At 31 December</strong></td>
<td>125,716</td>
<td>38,619</td>
<td>-</td>
<td>164,335</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td>182,125</td>
<td>20,928</td>
<td>101,827</td>
<td>304,880</td>
</tr>
<tr>
<td><strong>2013</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January</td>
<td>272,656</td>
<td>225,225</td>
<td>6,084</td>
<td>503,965</td>
</tr>
<tr>
<td>Additions</td>
<td>42,108</td>
<td>8,892</td>
<td>66,949</td>
<td>117,949</td>
</tr>
<tr>
<td>Subsidiary acquired</td>
<td>63,516</td>
<td>3,919</td>
<td>180</td>
<td>67,615</td>
</tr>
<tr>
<td>Disposals</td>
<td>(33)</td>
<td>(3,799)</td>
<td>-</td>
<td>(3,832)</td>
</tr>
<tr>
<td>Reclassification of assets</td>
<td>63,369</td>
<td>(37,352)</td>
<td>(26,017)</td>
<td>-</td>
</tr>
<tr>
<td>Exchange differences arising on consolidation</td>
<td>2,077</td>
<td>1,083</td>
<td>80</td>
<td>3,240</td>
</tr>
<tr>
<td><strong>At 31 December</strong></td>
<td>443,693</td>
<td>197,968</td>
<td>47,276</td>
<td>688,937</td>
</tr>
<tr>
<td><strong>Accumulated depreciation and impairment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January</td>
<td>111,513</td>
<td>53,299</td>
<td>-</td>
<td>164,812</td>
</tr>
<tr>
<td>Depreciation for the year</td>
<td>7,047</td>
<td>12,278</td>
<td>-</td>
<td>19,325</td>
</tr>
<tr>
<td>Disposals</td>
<td>(33)</td>
<td>(3,722)</td>
<td>-</td>
<td>(3,755)</td>
</tr>
<tr>
<td>Reclassification of assets</td>
<td>4,783</td>
<td>(4,783)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exchange differences arising on consolidation</td>
<td>431</td>
<td>678</td>
<td>-</td>
<td>1,109</td>
</tr>
<tr>
<td><strong>At 31 December</strong></td>
<td>123,741</td>
<td>57,750</td>
<td>-</td>
<td>181,491</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td>319,952</td>
<td>140,218</td>
<td>47,276</td>
<td>507,446</td>
</tr>
</tbody>
</table>
As at 31 December 2014, the Group’s capital work-in-progress of $101,827,000 (2013: $47,276,000) relates mainly to expenditure for logistics facilities under construction.

Certain leasehold land and buildings with carrying amount of $116,990,000 (2013: $63,516,000) are mortgaged to banks for loan facilities (Notes 27 and 28).

Interest expense capitalised as cost of fixed assets during the financial year amounted to $1,240,000 (2013: $983,000). Impairment loss of $5,711,000 was provided on a logistics warehouse building in Singapore due to lower recoverable amount as a result of shorter operating lease term on the land.

15. Investment Properties

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td></td>
<td>$’000</td>
</tr>
<tr>
<td>At 1 January</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from fixed assets</td>
<td>127,067</td>
</tr>
<tr>
<td>At 31 December</td>
<td>127,067</td>
</tr>
</tbody>
</table>

As at 31 December 2014, the investment properties are attributable to a data centre under development in Singapore which is stated at cost as the fair value cannot be reliably measured until development is substantially completed.

16. Subsidiaries

<table>
<thead>
<tr>
<th></th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td></td>
<td>$’000</td>
</tr>
<tr>
<td>Unquoted shares, at cost</td>
<td>204,079</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>(111,897)</td>
</tr>
<tr>
<td>Loans owing to subsidiaries</td>
<td>92,182</td>
</tr>
<tr>
<td></td>
<td>(3,223)</td>
</tr>
<tr>
<td></td>
<td>88,959</td>
</tr>
</tbody>
</table>

The loans owing to subsidiaries are interest-free, unsecured, not expected to be repayable and to be settled in cash.

Information relating to significant subsidiaries consolidated in the financial statements is given in Note 37.
17. **Associated Companies and Joint Ventures**

<table>
<thead>
<tr>
<th></th>
<th>2014 $’000</th>
<th>2013 $’000</th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unquoted shares, at cost</strong></td>
<td>114,581</td>
<td>219,378</td>
<td>34,572</td>
<td>34,572</td>
</tr>
<tr>
<td><strong>Quoted shares, at cost</strong></td>
<td>373,211</td>
<td>126,052</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Market value</strong>: $924,928,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>(2013: $601,422,000)</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Impairment losses</strong></td>
<td>(4,093)</td>
<td>(4,093)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Share of post-acquisition reserves</strong></td>
<td>483,699</td>
<td>341,337</td>
<td>34,572</td>
<td>34,572</td>
</tr>
<tr>
<td><strong>Advances to associated companies</strong></td>
<td>58,751</td>
<td>88,458</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>542,450</td>
<td>429,795</td>
<td>34,572</td>
<td>34,572</td>
</tr>
</tbody>
</table>

Movements in the impairment losses of the associated companies and joint ventures are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 1 January</strong></td>
<td>4,093</td>
<td>3,239</td>
</tr>
<tr>
<td><strong>Allowance made</strong></td>
<td>-</td>
<td>854</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,093</td>
<td>4,093</td>
</tr>
</tbody>
</table>

Advances to associated companies are unsecured and are not repayable within the next twelve months. The advances to associated companies in 2013 include an interest-free loan capital of $20,998,000 and an interest bearing advance of $11,983,000 entitled to receive “hibah” (capped at maximum of 10% per annum) under the principles of Islamic banking.

The share of profit after taxation of associated companies and joint ventures is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Share of profit before tax</strong></td>
<td>61,148</td>
<td>56,650</td>
</tr>
<tr>
<td><strong>Share of taxation (Note 9)</strong></td>
<td>(10,828)</td>
<td>(8,849)</td>
</tr>
<tr>
<td><strong>Share of profit after taxation</strong></td>
<td>50,320</td>
<td>47,801</td>
</tr>
</tbody>
</table>

Included in unquoted shares are the costs of investment attributable to the joint ventures of $32,951,000 (2013: $33,101,000). The current year profit and cumulative share of post-acquisition reserves attributable to the joint ventures are $1,468,000 (2013: $1,178,000) and $7,157,000 (2013: $5,038,000) respectively.

Information relating to significant associated companies and joint ventures equity accounted in the financial statements is given in Note 37.
Associated companies which are material to the Group

Associated companies which are material to the Group are as follows:

<table>
<thead>
<tr>
<th>Group</th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keppel DC REIT (“KDC REIT”)</td>
<td>247,175</td>
<td>-</td>
</tr>
<tr>
<td>Securus Data Property Fund Pte Ltd</td>
<td>-</td>
<td>81,472</td>
</tr>
<tr>
<td>Citadel100 Datacenters Limited</td>
<td>-</td>
<td>59,514</td>
</tr>
<tr>
<td>Securus Guernsey 2 Limited</td>
<td>-</td>
<td>22,241</td>
</tr>
<tr>
<td>M1 Limited</td>
<td>177,886</td>
<td>178,595</td>
</tr>
<tr>
<td>SVOA Public Company Limited</td>
<td>25,184</td>
<td>23,880</td>
</tr>
</tbody>
</table>

450,245 365,702

Other individually immaterial associated companies and joint ventures

<table>
<thead>
<tr>
<th></th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>92,205</td>
<td>97,074</td>
</tr>
</tbody>
</table>

542,450 462,776

The summarised financial information of associated companies which are material to the Group and a reconciliation with the carrying amount of these investments in the Group’s balance sheet are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Keppel DC REIT</th>
<th>Securus Data Property Fund Pte Ltd</th>
<th>Citadel100 Datacenters Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td>1,041,313</td>
<td>-</td>
<td>419,433</td>
</tr>
<tr>
<td>Current assets</td>
<td>80,192</td>
<td>-</td>
<td>62,276</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>(22,473)</td>
<td>-</td>
<td>(89,675)</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>(326,003)</td>
<td>-</td>
<td>(146,424)</td>
</tr>
<tr>
<td>Net assets</td>
<td>773,029</td>
<td>-</td>
<td>245,610</td>
</tr>
<tr>
<td>Less: Non-controlling interests</td>
<td>(441)</td>
<td>-</td>
<td>(18,554)</td>
</tr>
<tr>
<td>Net assets</td>
<td>772,588</td>
<td>-</td>
<td>227,056</td>
</tr>
<tr>
<td>Proportion of the Group’s ownership</td>
<td>30.10%</td>
<td>-%</td>
<td>35.02%</td>
</tr>
<tr>
<td>Group’s share of net assets</td>
<td>232,549</td>
<td>-</td>
<td>79,515</td>
</tr>
<tr>
<td>Shareholders’ loan</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Goodwill on acquisition</td>
<td>14,626</td>
<td>-</td>
<td>1,957</td>
</tr>
<tr>
<td>Carrying amount of the investment</td>
<td>247,175</td>
<td>-</td>
<td>81,472</td>
</tr>
<tr>
<td>Summarised statement of comprehensive income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>4,189</td>
<td>-</td>
<td>55,089</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>(723)</td>
<td>-</td>
<td>10,450</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>7,257</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>(723)</td>
<td>-</td>
<td>17,707</td>
</tr>
<tr>
<td>Other summarised information</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value of ownership interest at 31 December (if listed)</td>
<td>257,789</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends received</td>
<td>-</td>
<td>-</td>
<td>45,285</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

### Summarised balance sheet

<table>
<thead>
<tr>
<th></th>
<th>Securus Guernsey 2 Limited</th>
<th>2014 $’000</th>
<th>2013 $’000</th>
<th>M1 Limited</th>
<th>2014 $’000</th>
<th>2013 $’000</th>
<th>SVOA Public Company Limited</th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td></td>
<td>-</td>
<td>124,882</td>
<td>801,900</td>
<td>737,300</td>
<td>30,570</td>
<td>31,965</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td>-</td>
<td>11,059</td>
<td>225,900</td>
<td>249,100</td>
<td>119,642</td>
<td>160,665</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td>-</td>
<td>(90,130)</td>
<td>(274,500)</td>
<td>(234,800)</td>
<td>(79,250)</td>
<td>(124,528)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td>-</td>
<td>(10,478)</td>
<td>(358,700)</td>
<td>(356,600)</td>
<td>-</td>
<td>(1,224)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets</td>
<td></td>
<td>-</td>
<td>35,333</td>
<td>394,600</td>
<td>395,000</td>
<td>70,962</td>
<td>66,878</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proportion of the Group’s ownership</td>
<td></td>
<td>-</td>
<td>30.00%</td>
<td>19.21%</td>
<td>19.37%</td>
<td>31.94%</td>
<td>31.94%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group’s share of net assets</td>
<td></td>
<td>-</td>
<td>10,600</td>
<td>75,803</td>
<td>76,512</td>
<td>22,665</td>
<td>21,361</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ loan</td>
<td></td>
<td>-</td>
<td>11,641</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill on acquisition</td>
<td></td>
<td>-</td>
<td>-</td>
<td>102,083</td>
<td>102,083</td>
<td>2,519</td>
<td>2,519</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying amount of the investment</td>
<td></td>
<td>-</td>
<td>22,241</td>
<td>177,886</td>
<td>178,595</td>
<td>25,184</td>
<td>23,880</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Summarised statement of comprehensive income

<table>
<thead>
<tr>
<th></th>
<th>2014 $’000</th>
<th>2013 $’000</th>
<th>2014 $’000</th>
<th>2013 $’000</th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>29,402</td>
<td>17,089</td>
<td>1,076,300</td>
<td>1,007,900</td>
<td>243,117</td>
<td>274,293</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>16,212</td>
<td>5,380</td>
<td>175,800</td>
<td>160,200</td>
<td>3,745</td>
<td>3,429</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>11,366</td>
<td>(9,376)</td>
<td>-</td>
<td>200</td>
<td>961</td>
<td>(1,051)</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>27,578</td>
<td>(3,996)</td>
<td>175,800</td>
<td>160,400</td>
<td>4,706</td>
<td>2,378</td>
</tr>
</tbody>
</table>

### Other summarised information

<table>
<thead>
<tr>
<th></th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of ownership interest at 31 December (if listed)</td>
<td>-</td>
<td>645,699</td>
</tr>
<tr>
<td>Dividends received</td>
<td>4,668</td>
<td>649</td>
</tr>
<tr>
<td></td>
<td>37,919</td>
<td>26,472</td>
</tr>
<tr>
<td></td>
<td>139</td>
<td>245</td>
</tr>
<tr>
<td></td>
<td>2,324</td>
<td>2,548</td>
</tr>
</tbody>
</table>

The fair values of ownership interests are determined based on level 1 of the fair value hierarchy.

**Other individually immaterial associated companies and joint ventures**

Aggregate information about the Group’s investments in associated companies and joint ventures that are not individually material are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associated companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of profit before taxation</td>
<td>8,517</td>
<td>10,280</td>
</tr>
<tr>
<td>Share of taxation</td>
<td>(1,804)</td>
<td>(1,770)</td>
</tr>
<tr>
<td>Share of other comprehensive income</td>
<td>1,584</td>
<td>810</td>
</tr>
<tr>
<td>Share of total comprehensive income</td>
<td>8,297</td>
<td>9,320</td>
</tr>
<tr>
<td>Joint ventures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of profit before taxation</td>
<td>1,715</td>
<td>1,328</td>
</tr>
<tr>
<td>Share of taxation</td>
<td>(247)</td>
<td>(150)</td>
</tr>
<tr>
<td>Share of other comprehensive income</td>
<td>856</td>
<td>1,370</td>
</tr>
<tr>
<td>Share of total comprehensive income</td>
<td>2,324</td>
<td>2,548</td>
</tr>
</tbody>
</table>
18. Other Investments

<table>
<thead>
<tr>
<th>Available-for-sale financial assets:</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares in corporations (unquoted)</td>
<td>79</td>
<td>236</td>
</tr>
</tbody>
</table>

19. Intangibles

<table>
<thead>
<tr>
<th>Goodwill</th>
<th>Management Rights</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>----------</td>
<td>------------------</td>
<td>-------</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group</th>
<th>Goodwill</th>
<th>Management Rights</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Addition</td>
<td>-</td>
<td>16,757</td>
<td>16,757</td>
</tr>
<tr>
<td>Subsidiary acquired</td>
<td>1,472</td>
<td>-</td>
<td>1,472</td>
</tr>
<tr>
<td>At 31 December</td>
<td>1,472</td>
<td>16,757</td>
<td>18,229</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January and at 31 December</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Impairment test for goodwill

For the purpose of impairment testing, goodwill is allocated to Logistics segment’s operations in Vietnam.

The recoverable amount is determined based on value-in-use calculation using cash flow projections derived from the most recent financial budgets approved by management for the next five years using a pre-tax discount rate of 15% (2013: Nil). The key assumptions are those regarding the discount rate and expected changes to occupancy rates and operating margins.

Management estimates pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the cash generating unit. The discount rate calculation is based on weighted average cost of capital and takes into account the cost of debt and equity.

Assumptions to growth rates, occupancy rates and operating margins are based on past practices and expectations of future changes in the market. The forecasted growth rates used to extrapolate cash flow projections beyond the five-year period is 1% (2013: Nil).

Management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

Impairment test for management rights

The recoverable amount of management rights is determined based on cash flow projections from the provision of asset management services using a pre-tax discount rate of 9% (2013: Nil). The key assumptions are those regarding the discount rate and expected changes to assets under management and net property income of these assets.

Management estimates pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the assets under management. Assumptions to assets under management and net property income of these assets are based on past practices and expectations of future changes in the market. The forecasted growth rates used to extrapolate cash flow projections beyond the five-year period is 1% (2013: Nil).

Management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the management rights to materially exceed its recoverable amount.
## 20. Long-term Receivables

<table>
<thead>
<tr>
<th></th>
<th>Company</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
<td></td>
</tr>
<tr>
<td>Loans to subsidiaries</td>
<td>94,850</td>
<td>94,850</td>
<td></td>
</tr>
<tr>
<td>Advances to subsidiaries</td>
<td>47,972</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>142,822</td>
<td>94,850</td>
<td></td>
</tr>
</tbody>
</table>

Loans to subsidiaries are repayable on 10 August 2017 and bear interest at 2.625% per annum. Advances to subsidiaries are interest-free, have no fixed repayment dates and are not expected to be settled within the next 12 months. These amounts are to be settled in cash.

The fair value of long-term receivables for the Company is $140,813,000 (2013: $93,878,000). The fair value, under level 3 of the fair value hierarchy, is computed on the discounted cash flow method using discount rates based upon the lending rates which the Company expects would be available as at the balance sheet date.

## 21. Stocks

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stocks, at cost:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spare parts and consumable stocks, at cost</td>
<td>737</td>
<td>1,041</td>
</tr>
<tr>
<td>Provision for stock obsolescence</td>
<td>-</td>
<td>(287)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>737</td>
<td>754</td>
</tr>
</tbody>
</table>

## 22. Debtors

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Trade debtors</td>
<td>46,313</td>
<td>36,719</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>(395)</td>
<td>(372)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>45,918</td>
<td>36,347</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sundry debtors</td>
<td>5,174</td>
<td>5,819</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Prepayments</td>
<td>2,073</td>
<td>1,475</td>
<td>253</td>
<td>187</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>-</td>
<td>39</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sundry deposits</td>
<td>1,149</td>
<td>782</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Advance land payments</td>
<td>19,681</td>
<td>37,132</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deposit for investment properties</td>
<td>48,045</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tax receivable</td>
<td>2,885</td>
<td>3,658</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total debtors</strong></td>
<td>79,007</td>
<td>48,908</td>
<td>255</td>
<td>191</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Total debtors</td>
<td>124,925</td>
<td>85,255</td>
</tr>
<tr>
<td></td>
<td></td>
<td>255</td>
</tr>
<tr>
<td></td>
<td></td>
<td>191</td>
</tr>
</tbody>
</table>
Trade debtors
Trade debtors are non-interest bearing and are generally on 30 to 90 days’ terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Debtors that are neither past due nor impaired are creditworthy debtors with good payment records.

Debtors that are past due but not impaired
The age analysis of debtors that are past due as at the balance sheet date but not impaired is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Past due by:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lesser than 3 months</td>
<td>8,784</td>
<td>9,927</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3 to 6 months</td>
<td>2,455</td>
<td>1,553</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Over 6 months</td>
<td>219</td>
<td>303</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>11,458</strong></td>
<td><strong>11,783</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

These debtors are not secured by any collateral or credit enhancements.

Debtors that are impaired
Debtors that are impaired as at the balance sheet date and the movement in allowance for impairment are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross amount</td>
<td>395</td>
<td>372</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less: Allowance for impairment</td>
<td>(395)</td>
<td>(372)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Movement in allowance for impairment**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January</td>
<td>372</td>
<td>1,872</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exchange differences</td>
<td>3</td>
<td>2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Allowance made</td>
<td>127</td>
<td>11</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Allowance written-back</td>
<td>(16)</td>
<td>(1,411)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Allowance written-off</td>
<td>(91)</td>
<td>(102)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>395</strong></td>
<td><strong>372</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Debtors that are individually determined to be impaired as at the balance sheet date relate to debtors that are in significant difficulties and have defaulted on payments. These debtors are not secured by any collateral or credit enhancements.
23. **Amounts Owing by/(to) Holding and Related Companies**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Amounts owing by:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Related companies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade accounts</td>
<td>1,457</td>
<td>1,727</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>1,457</td>
<td>1,727</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Related companies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-trade accounts</td>
<td>168</td>
<td>97</td>
<td>2,489</td>
<td>2,421</td>
</tr>
<tr>
<td>Loan accounts</td>
<td>-</td>
<td>-</td>
<td>27,349</td>
<td>80,689</td>
</tr>
<tr>
<td>Less: Allowance for impairment</td>
<td>-</td>
<td>-</td>
<td>(9,346)</td>
<td>(9,755)</td>
</tr>
<tr>
<td></td>
<td>1,625</td>
<td>1,824</td>
<td>20,492</td>
<td>73,355</td>
</tr>
<tr>
<td><strong>Amounts owing to:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Related companies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade accounts</td>
<td>(232)</td>
<td>(24)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(232)</td>
<td>(24)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Holding company</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-trade accounts</td>
<td>(214)</td>
<td>(293)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Related companies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-trade accounts</td>
<td>(602)</td>
<td>(473)</td>
<td>(1,745)</td>
<td>(1,749)</td>
</tr>
<tr>
<td></td>
<td>(1,048)</td>
<td>(790)</td>
<td>(1,745)</td>
<td>(1,749)</td>
</tr>
</tbody>
</table>

Trade accounts are non-interest bearing and are generally on 30 to 60 days’ terms. Non-trade and loan accounts are unsecured, interest-free, repayable on demand and are to be settled in cash. Related companies of the Group refer to subsidiaries of Keppel Corporation Limited.

**Amounts owing by related companies that are past due but not impaired**

The age analysis of amounts owing by related companies that are past due as at the balance sheet date but not impaired is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Past due by:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lesser than 3 months</td>
<td>151</td>
<td>590</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3 to 6 months</td>
<td>122</td>
<td>99</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>273</td>
<td>689</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
123

Amounts owing by related companies that are impaired

Amounts owing by related companies that are impaired as at the balance sheet date and the movement in allowance for impairment are as follows:

<table>
<thead>
<tr>
<th>Group Company</th>
<th>2014 $'000</th>
<th>2013 $'000</th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross amount</td>
<td></td>
<td></td>
<td>9,346</td>
<td>9,755</td>
</tr>
<tr>
<td>Less: Allowance for impairment</td>
<td></td>
<td></td>
<td>(9,346)</td>
<td>(9,755)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Movement in allowance for impairment

At 1 January

<table>
<thead>
<tr>
<th>Group Company</th>
<th>2014 $'000</th>
<th>2013 $'000</th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross amount</td>
<td></td>
<td></td>
<td>9,755</td>
<td>10,141</td>
</tr>
<tr>
<td>Less: Allowance for impairment</td>
<td></td>
<td></td>
<td>(409)</td>
<td>(386)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December</td>
<td></td>
<td></td>
<td>9,346</td>
<td>9,755</td>
</tr>
</tbody>
</table>

24. Amounts Owning by/(to) Associated Companies

<table>
<thead>
<tr>
<th>Group Company</th>
<th>2014 $'000</th>
<th>2013 $'000</th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts owing by associated companies:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade accounts</td>
<td>104</td>
<td>760</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-trade accounts</td>
<td>1,837</td>
<td>7,959</td>
<td></td>
<td>4,781</td>
</tr>
<tr>
<td>Advances</td>
<td>413</td>
<td>1,426</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Allowance for impairment</td>
<td>(46)</td>
<td>(109)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2,308</td>
<td>10,036</td>
</tr>
<tr>
<td>Amounts owing to associated companies:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-trade accounts</td>
<td>(21,036)</td>
<td>(13)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Trade accounts are non-interest bearing and are generally on 30 to 60 days’ terms. Non-trade accounts and advances owing by associated companies are interest-free, unsecured and repayable on demand except for an advance of $1,193,000 as at 31 December 2013 that is denominated in United States Dollars and bears interest at 12.50% per annum.

Amounts owing by associated companies that are past due but not impaired

The age analysis of amounts owing by associated companies that are past due as at the balance sheet date but not impaired is as follows:

<table>
<thead>
<tr>
<th>Group Company</th>
<th>2014 $'000</th>
<th>2013 $'000</th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Past due by:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lesser than 3 months</td>
<td>2</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 to 6 months</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Amounts owing by associated companies that are impaired

Amounts owing by associated companies that are impaired as at the balance sheet date and the movement in allowance for impairment are as follows:

<table>
<thead>
<tr>
<th>Group Company</th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross amount</td>
<td>$46'000</td>
<td>$109'000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less: Allowance for impairment</td>
<td>$(46'000)</td>
<td>$(109'000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Movement in allowance for impairment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January</td>
<td>$109'000</td>
<td>$146'000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Allowance written-off</td>
<td>$(63'000)</td>
<td>$(37'000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December</td>
<td>$46'000</td>
<td>$109'000</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

25. Fixed Deposits, Bank Balances and Cash

<table>
<thead>
<tr>
<th>Group Company</th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed deposits with banks</td>
<td>$6,507'000</td>
<td>$1,977'000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Short-term placements with a related company</td>
<td>$214,519'000</td>
<td>$43,268'000</td>
<td>$12,562'000</td>
<td>$11,483'000</td>
</tr>
<tr>
<td>Bank balances and cash</td>
<td>$59,638'000</td>
<td>$34,933'000</td>
<td>$184'000</td>
<td>$231'000</td>
</tr>
<tr>
<td>Total</td>
<td>$280,664'000</td>
<td>$80,178'000</td>
<td>$12,746'000</td>
<td>$11,714'000</td>
</tr>
</tbody>
</table>

Short-term placements with a related company are made for varying periods of between 11 and 53 days (2013: 1 and 94 days). These deposits earn interest at rates ranging from 0.15% to 0.36% (2013: 0.00% to 3.90%) per annum.

Deposits placed with banks are made for varying periods of between 3 months and 12 months (2013: 1 month and 12 months) depending on the immediate cash requirements of the Group. These deposits earn interest at rates ranging from 0.90% to 4.40% (2013: 0.89% to 4.75%) per annum.

26. Creditors

<table>
<thead>
<tr>
<th>Group Company</th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>$19,886'000</td>
<td>$12,475'000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deposits from customers</td>
<td>$4,113'000</td>
<td>$4,121'000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Retention monies</td>
<td>$8,587'000</td>
<td>$5,053'000</td>
<td>$159'000</td>
<td>$144'000</td>
</tr>
<tr>
<td>Interest payables</td>
<td>$2,139'000</td>
<td>$1,518'000</td>
<td>$1,217'000</td>
<td>$1,244'000</td>
</tr>
<tr>
<td>Sundry creditors</td>
<td>$9,069'000</td>
<td>$38,350'000</td>
<td>$1,361'000</td>
<td>$1,200'000</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>$35,430'000</td>
<td>$20,783'000</td>
<td>$1,078'000</td>
<td>$743'000</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>$4,410'000</td>
<td>$3,852'000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total creditors</td>
<td>$83,634'000</td>
<td>$85,652'000</td>
<td>$3,815'000</td>
<td>$3,331'000</td>
</tr>
</tbody>
</table>

Amounts due to trade creditors are non-interest bearing and are generally on 30 to 90 days’ terms.
### 27. Short-term Borrowings

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Bank borrowings, unsecured</td>
<td>7,358</td>
<td>38,480</td>
<td>-</td>
<td>38,480</td>
</tr>
<tr>
<td>Bank borrowings, secured</td>
<td>2,076</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loan from a related company, unsecured</td>
<td>43,971</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>53,405</strong></td>
<td><strong>38,480</strong></td>
<td><strong>-</strong></td>
<td><strong>38,480</strong></td>
</tr>
</tbody>
</table>

Unsecured bank borrowings are repayable within 1 year and bear interest at rates ranging from 1.35% to 6.46% (2013: 1.09% to 1.20%) per annum.

Secured bank borrowings are repayable within 1 year and bear interest at rates ranging from 6.55% to 11.30% (2013: Nil) per annum.

Unsecured loan from a related company of $43,971,000 (2013: Nil) is repayable in full in June 2015 and bears interest at 0.95% (2013: Nil) per annum.

### 28. Long-term Borrowings

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Loans from related companies, unsecured</td>
<td>104,900</td>
<td>195,696</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank borrowings, secured</td>
<td>59,726</td>
<td>12,607</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank borrowings, unsecured</td>
<td>140,949</td>
<td>132,900</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Medium Term Note</td>
<td>120,000</td>
<td>120,000</td>
<td>120,000</td>
<td>120,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>425,575</strong></td>
<td><strong>461,203</strong></td>
<td><strong>120,000</strong></td>
<td><strong>120,000</strong></td>
</tr>
</tbody>
</table>

Unsecured loans from related companies include:

(a) $35,900,000 (2013: $42,000,000) that is repayable in full in June 2016 (2013: June 2015) and bears interest at Cost of Funds (“COF”) plus 0.80% (2013: COF plus 0.80%). Interest paid during the year ranged from 1.82% to 2.30% (2013: 1.81% to 1.98%) per annum;

(b) $39,000,000 (2013: $39,000,000) that is repayable in full in June 2016 (2013: June 2015) and bears interest at COF plus 0.80% (2013: COF plus 0.80%) ranging from 1.81% to 2.04% (2013: 1.80% to 1.89%) per annum;

(c) $21,000,000 (2013: $21,000,000) that is repayable in June 2018 and bears interest at the fixed rate of 2.70% (2013: 2.70%) per annum, and

(d) $9,000,000 (2013: Nil) that is repayable in June 2018 and bears interest at the fixed rate of 2.84% (2013: Nil) per annum.

The interest rates of the floating rate loans are repriced at intervals of 3 months.
Secured bank borrowings include:

(a) $46,621,000 (2013: Nil) that is repayable by December 2018 and bears interest at rates ranging from 1.18% to 1.71% (2013: Nil) per annum;

(b) $8,734,000 (2013: $12,607,000) that is repayable by May 2019 and bears interest at rates ranging from 6.55% to 7.53% (2013: 6.55% to 7.53%) per annum; and

(c) $4,347,000 (2013: Nil) that is repayable by October 2019 and bears interest at rates ranging from 3.03% to 7.50% (2013: Nil) per annum.

The bank borrowings are secured by mortgage over certain fixed assets of the Group (Note 14).

The interest rates of the floating rate loans are repriced at intervals of 1 month to 12 months.

Unsecured bank borrowings include:

(a) $11,236,000 (2013: Nil) that is repayable by May 2017 and bears interest at the rate of 6.46% (2013: Nil) per annum;

(b) $49,000,000 (2013: $49,000,000) that is repayable in June 2018 and bears interest at the fixed rate of 2.70% per annum;

(c) $62,900,000 (2013: $62,900,000) that is repayable in November 2018 and bears interest at the fixed rate of 2.90% per annum;

(d) $6,100,000 (2013: Nil) that is repayable in November 2018 and bears interest at rates ranging from 1.57% to 1.64% (2013: Nil) per annum; and

(e) $11,713,000 (2013: Nil) that is repayable by December 2018 and bears interest at rates ranging from 6.55% to 7.20% (2013: Nil) per annum.

The interest rates of the floating rate loans are repriced at intervals of 3 months to 12 months.

The $500,000,000 Medium Term Note (“MTN”) Programme was established on 29 June 2012 and $120,000,000 was drawn down on 13 August 2012, which is repayable on 13 August 2017 with option to extend for 2 years. The notes were unsecured and bear interest at the fixed rates of 2.625% per annum from August 2012 to August 2017 and 3.825% per annum from August 2017 to August 2019 per annum if extended. The MTN includes a financial covenant which requires the Group to maintain the ratio of net borrowings to capital employed not exceeding 2.75 times.

The fair values of long-term borrowings for the Group and Company are $425,737,000 (2013: $459,811,000) and $120,103,000 (2013: $120,668,000) respectively. These fair values, under level 3 of the fair value hierarchy, are computed on the discounted cash flow method using discount rates based upon the borrowing rates which the Group expects would be available as at the balance sheet date.
29. Related Party Disclosures

29.1 Sale and purchase of goods and services
During the year, the Group entered into transactions with related parties on commercial terms, as shown below:

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sale of goods and rendering of services</td>
<td>Purchase of goods and receiving of services</td>
<td>Management fees paid</td>
<td>Rental of premises</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2014 $’000</td>
<td>2013 $’000</td>
<td>2014 $’000</td>
<td>2013 $’000</td>
<td>2014 $’000</td>
<td>2013 $’000</td>
<td>2014 $’000</td>
</tr>
<tr>
<td>Holding company</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(844)</td>
<td>(830)</td>
<td>3</td>
</tr>
<tr>
<td>Related companies</td>
<td>3,576</td>
<td>2,729</td>
<td>(1,123)</td>
<td>(5,080)</td>
<td>-</td>
<td>-</td>
<td>4,249</td>
</tr>
<tr>
<td>Associated companies and joint ventures</td>
<td>18,193</td>
<td>5,534</td>
<td>(27)</td>
<td>(35)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Other transactions entered by the Group with related parties are disclosed in Notes 7 and 8.

29.2 Compensation of key management personnel

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014 $’000</td>
<td>2013 $’000</td>
<td></td>
</tr>
<tr>
<td>Short-term employee benefits</td>
<td>2,287</td>
<td>1,602</td>
<td></td>
</tr>
<tr>
<td>Central Provident Fund contributions</td>
<td>53</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>Share options and share plans granted</td>
<td>261</td>
<td>444</td>
<td></td>
</tr>
</tbody>
</table>

No share options and share plans of the Company have been granted to the Company’s Directors.

30. Capital Commitments
Capital expenditure not provided for in the financial statements in respect of contracts placed for:

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014 $’000</td>
<td>2013 $’000</td>
<td></td>
</tr>
<tr>
<td>Purchases of shares in other companies</td>
<td>-</td>
<td>14,653</td>
<td></td>
</tr>
<tr>
<td>Purchases of plant and machinery</td>
<td>20,752</td>
<td>42,701</td>
<td></td>
</tr>
<tr>
<td>Purchases of software and hardware</td>
<td>1,007</td>
<td>372</td>
<td></td>
</tr>
<tr>
<td>Construction of leasehold building</td>
<td>-</td>
<td>2,160</td>
<td></td>
</tr>
</tbody>
</table>

21,759 | 59,886
31. Lease Commitments

31.1 Operating lease commitments as lessor

The Group has entered into property leases on its leasehold and rented properties. These non-cancellable leases have remaining non-cancellable lease terms of between 1 month and 14 years.

Future minimum lease receipts under non-cancellable leases are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>71,923</td>
<td>73,302</td>
</tr>
<tr>
<td>Later than one year not later than five years</td>
<td>159,514</td>
<td>165,266</td>
</tr>
<tr>
<td>Later than five years</td>
<td>111,400</td>
<td>111,292</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>342,837</strong></td>
<td><strong>349,860</strong></td>
</tr>
</tbody>
</table>

31.2 Operating lease commitments as lessee

The Group has entered into operating lease agreements largely for leasehold properties. These non-cancellable leases have remaining lease terms of between 7 months and 37 years.

Future minimum lease payments under non-cancellable leases are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>19,050</td>
<td>10,292</td>
</tr>
<tr>
<td>Later than one year not later than five years</td>
<td>57,956</td>
<td>23,316</td>
</tr>
<tr>
<td>Later than five years</td>
<td>113,870</td>
<td>83,186</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>190,876</strong></td>
<td><strong>116,794</strong></td>
</tr>
</tbody>
</table>

32. Contingent Liabilities

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries. These bank borrowings amount to $188,430,000 (2013: $132,900,000).

33. Segment Analysis

The Group is organised into three main business segments namely Logistics, Data Centre and Investments.

The Logistics segment provides integrated logistics port operations, third-party logistics services, supply chain solutions, warehousing, distribution, container storage and repairs, and freight forwarding services operating mainly in Singapore, China, Malaysia, and Vietnam.

The Data Centre segment provides data centre co-location services, business continuity, disaster recovery, facility management and REIT management services operating in Singapore, Ireland, the Netherlands, Australia, the United Kingdom and Malaysia.

The Investments segment is the investment holding arm for various entities not within the Logistics and Data Centre segments.

The Group’s analysis of geographical segments is based on the location in which the Group’s activities are carried out.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Transfer prices between business segments are set on an arm’s length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.
Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which is measured in the same manner as the operating profit in the consolidated financial statements.

### 2014

#### By business segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>Logistics $’000</th>
<th>Data Centre $’000</th>
<th>Investments $’000</th>
<th>Eliminations $’000</th>
<th>Consolidated Total $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External sales</td>
<td>148,706</td>
<td>75,857</td>
<td>-</td>
<td>-</td>
<td>224,563</td>
</tr>
<tr>
<td>Inter-segment sales</td>
<td>99</td>
<td>-</td>
<td>-</td>
<td>(99)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>148,805</td>
<td>75,857</td>
<td>-</td>
<td>(99)</td>
<td>224,563</td>
</tr>
</tbody>
</table>

#### Segment results

<table>
<thead>
<tr>
<th>Segment</th>
<th>Logistics $’000</th>
<th>Data Centre $’000</th>
<th>Investments $’000</th>
<th>Eliminations $’000</th>
<th>Consolidated Total $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit/(loss)</td>
<td>12,911</td>
<td>279,687</td>
<td>(13,695)</td>
<td>-</td>
<td>278,903</td>
</tr>
<tr>
<td>Interest income</td>
<td>237</td>
<td>206</td>
<td>2,626</td>
<td>(2,645)</td>
<td>424</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(1,949)</td>
<td>(7,661)</td>
<td>(4,903)</td>
<td>2,645</td>
<td>(11,868)</td>
</tr>
<tr>
<td>Share of results of associated companies and joint ventures</td>
<td>3,412</td>
<td>8,422</td>
<td>49,314</td>
<td>-</td>
<td>61,148</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td>14,611</td>
<td>280,654</td>
<td>33,342</td>
<td>-</td>
<td>328,607</td>
</tr>
<tr>
<td>Taxation</td>
<td>(2,129)</td>
<td>(9,084)</td>
<td>(9,205)</td>
<td>-</td>
<td>(20,418)</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>12,482</td>
<td>271,570</td>
<td>24,137</td>
<td>-</td>
<td>308,189</td>
</tr>
</tbody>
</table>

**Attributable to:**

- **Shareholders of the Company**
  - 9,854
- **Non-controlling interests**
  - 2,628

**Total**

- 12,482

#### Other information

<table>
<thead>
<tr>
<th>Segment</th>
<th>Logistics $’000</th>
<th>Data Centre $’000</th>
<th>Investments $’000</th>
<th>Eliminations $’000</th>
<th>Consolidated Total $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment assets</td>
<td>467,955</td>
<td>688,793</td>
<td>423,522</td>
<td>(177,306)</td>
<td>1,402,964</td>
</tr>
<tr>
<td>Segment liabilities</td>
<td>(195,532)</td>
<td>(374,339)</td>
<td>(217,838)</td>
<td>177,306</td>
<td>(610,403)</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>272,423</td>
<td>314,454</td>
<td>205,684</td>
<td>-</td>
<td>792,561</td>
</tr>
</tbody>
</table>

**Investment in associated companies and joint ventures**

- 52,512

**Additions to non-current assets**

- 107,648

**Depreciation**

- 10,863

**Impairment loss on fixed assets**

- 5,711

#### By geographical information

<table>
<thead>
<tr>
<th>Geographical Information</th>
<th>Singapore $’000</th>
<th>China other than Singapore $’000</th>
<th>ASEAN $’000</th>
<th>Others $’000</th>
<th>Consolidated Total $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>External sales</td>
<td>144,155</td>
<td>54,289</td>
<td>20,339</td>
<td>5,780</td>
<td>224,563</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>717,292</td>
<td>207,789</td>
<td>46,263</td>
<td>21,361</td>
<td>992,705</td>
</tr>
</tbody>
</table>

**Information about major customers**

No single external customer accounted for 10% or more of the Group’s revenue for the financial year ended 31 December 2014.
### 2013

**By business segments**

<table>
<thead>
<tr>
<th></th>
<th>Logistics $'000</th>
<th>Data Centre $'000</th>
<th>Investments $'000</th>
<th>Eliminations $'000</th>
<th>Consolidated Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External sales</td>
<td>108,566</td>
<td>53,128</td>
<td>-</td>
<td>-</td>
<td>161,694</td>
</tr>
<tr>
<td>Inter-segment sales</td>
<td>2,207</td>
<td>287</td>
<td>-</td>
<td>(2,494)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>110,773</td>
<td>53,415</td>
<td>-</td>
<td>(2,494)</td>
<td>161,694</td>
</tr>
<tr>
<td><strong>Segment results</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit/(loss)</td>
<td>12,623</td>
<td>24,537</td>
<td>(3,872)</td>
<td>-</td>
<td>33,288</td>
</tr>
<tr>
<td>Interest income</td>
<td>565</td>
<td>957</td>
<td>2,700</td>
<td>(3,608)</td>
<td>614</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(543)</td>
<td>(5,571)</td>
<td>(4,999)</td>
<td>3,608</td>
<td>(7,505)</td>
</tr>
<tr>
<td>Share of results of associated companies and joint ventures</td>
<td>5,555</td>
<td>6,215</td>
<td>44,880</td>
<td>-</td>
<td>56,650</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td>18,200</td>
<td>26,138</td>
<td>38,709</td>
<td>-</td>
<td>83,047</td>
</tr>
<tr>
<td><strong>Taxation</strong></td>
<td>(1,221)</td>
<td>(4,190)</td>
<td>(7,956)</td>
<td>-</td>
<td>(13,367)</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>16,979</td>
<td>21,948</td>
<td>30,753</td>
<td>-</td>
<td>69,680</td>
</tr>
<tr>
<td><strong>Attributable to:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders of the Company</td>
<td>16,074</td>
<td>16,588</td>
<td>30,524</td>
<td>-</td>
<td>63,186</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>905</td>
<td>5,360</td>
<td>229</td>
<td>-</td>
<td>6,494</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>16,979</td>
<td>21,948</td>
<td>30,753</td>
<td>-</td>
<td>69,680</td>
</tr>
<tr>
<td><strong>Other information</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment assets</td>
<td>381,661</td>
<td>508,901</td>
<td>432,000</td>
<td>(174,057)</td>
<td>1,148,505</td>
</tr>
<tr>
<td>Segment liabilities</td>
<td>(127,565)</td>
<td>(400,258)</td>
<td>(249,851)</td>
<td>174,057</td>
<td>(603,617)</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>254,096</td>
<td>108,643</td>
<td>182,149</td>
<td>-</td>
<td>544,888</td>
</tr>
<tr>
<td>Investment in associated companies and joint ventures</td>
<td>59,981</td>
<td>163,412</td>
<td>239,383</td>
<td>-</td>
<td>462,776</td>
</tr>
<tr>
<td>Additions to non-current assets</td>
<td>85,779</td>
<td>150,440</td>
<td>196</td>
<td>-</td>
<td>236,415</td>
</tr>
<tr>
<td>Depreciation</td>
<td>7,550</td>
<td>11,692</td>
<td>83</td>
<td>-</td>
<td>19,325</td>
</tr>
<tr>
<td><strong>By geographical information</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singapore $'000</td>
<td>116,387</td>
<td>37,307</td>
<td>4,456</td>
<td>3,544</td>
<td>161,694</td>
</tr>
<tr>
<td>China $'000</td>
<td>651,055</td>
<td>181,990</td>
<td>38,396</td>
<td>99,017</td>
<td>970,458</td>
</tr>
</tbody>
</table>

**Information about major customers**

No single external customer accounted for 10% or more of the Group’s revenue for the financial year ended 31 December 2013.
34. Fair Values

Fair value hierarchy
The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Assets and liabilities measured at fair value
The following table shows an analysis of the Group’s assets and liabilities measured at fair value as at the balance sheet date:

<table>
<thead>
<tr>
<th></th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Group</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recurring fair value measurements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available-for-sale financial assets (Note 18)</td>
<td>-</td>
<td>79</td>
<td>79</td>
</tr>
<tr>
<td>Equity instruments (unquoted)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2013

<table>
<thead>
<tr>
<th></th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Group</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recurring fair value measurements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available-for-sale financial assets (Note 18)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity instruments (unquoted)</td>
<td>-</td>
<td>236</td>
<td>236</td>
</tr>
<tr>
<td>Derivative financial instruments (Note 22)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward foreign currency contracts</td>
<td>39</td>
<td>-</td>
<td>39</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td></td>
<td>39</td>
<td>236</td>
<td>275</td>
</tr>
</tbody>
</table>

There is no transfer between Level 1, Level 2 and Level 3 of the fair value hierarchy during the financial year for assets and liabilities held at the end of the reporting period.

Level 2 fair value measurements
Forward foreign currency contracts are valued using forward pricing models with market observable inputs including interest rates and foreign exchange spot and forward rates.
Level 3 fair value measurements
Unquoted equity instruments are valued based on the net asset value per share as reported by the managers of these funds, less impairment.

The following table presents the reconciliation for all financial instruments measured at fair value under level 3 of the fair value hierarchy:

<table>
<thead>
<tr>
<th></th>
<th>2014 $’000</th>
<th>2013 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January</td>
<td>236</td>
<td>504</td>
</tr>
<tr>
<td>Total losses in other comprehensive income</td>
<td>(157)</td>
<td>(425)</td>
</tr>
<tr>
<td>Capital paid</td>
<td>-</td>
<td>157</td>
</tr>
<tr>
<td>At 31 December</td>
<td>79</td>
<td>236</td>
</tr>
</tbody>
</table>

Assets and liabilities not measured at fair value but for which fair value is disclosed
The following table shows an analysis of the assets and liabilities not measured at fair value at the end of the reporting period but for which fair values are disclosed:

Group 2014

<table>
<thead>
<tr>
<th></th>
<th>Level 1 $’000</th>
<th>Level 3 $’000</th>
<th>Total $’000</th>
<th>Carrying Amount $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Associated companies and joint ventures</td>
<td>924,928</td>
<td>-</td>
<td>924,928</td>
<td>455,060</td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>-</td>
<td>(425,737)</td>
<td>(425,737)</td>
<td>(425,575)</td>
</tr>
</tbody>
</table>

Group 2013

<table>
<thead>
<tr>
<th></th>
<th>Level 1 $’000</th>
<th>Level 3 $’000</th>
<th>Total $’000</th>
<th>Carrying Amount $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Associated companies and joint ventures</td>
<td>601,422</td>
<td>-</td>
<td>601,422</td>
<td>207,263</td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>-</td>
<td>(459,811)</td>
<td>(459,811)</td>
<td>(461,203)</td>
</tr>
</tbody>
</table>

Company 2014

<table>
<thead>
<tr>
<th></th>
<th>Level 1 $’000</th>
<th>Level 3 $’000</th>
<th>Total $’000</th>
<th>Carrying Amount $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term receivables</td>
<td>-</td>
<td>140,813</td>
<td>140,813</td>
<td>142,822</td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>-</td>
<td>(120,103)</td>
<td>(120,103)</td>
<td>(120,000)</td>
</tr>
</tbody>
</table>

Company 2013

<table>
<thead>
<tr>
<th></th>
<th>Level 1 $’000</th>
<th>Level 3 $’000</th>
<th>Total $’000</th>
<th>Carrying Amount $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term receivables</td>
<td>-</td>
<td>93,878</td>
<td>93,878</td>
<td>94,850</td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>-</td>
<td>(120,668)</td>
<td>(120,668)</td>
<td>(120,000)</td>
</tr>
</tbody>
</table>

Fair value of financial instruments not measured at fair value
Other than long-term borrowings and long-term receivables, management has determined that the carrying amount of the Group’s and the Company’s financial assets and liabilities that are not measured at fair value reasonably approximate their fair values.
35. Financial Risk Management

The Group’s principal financial instruments comprise loans, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade debtors and trade creditors, which arise directly from its operations. It is, and has been throughout the current and previous financial year, the Group’s policy that no trading in derivatives for speculative purposes shall be undertaken.

The main risks arising from the Group’s financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk. There has been no change to the Group’s exposure to these financial risks or the manner in which it manages and measures the risks. The details regarding the Group’s exposure to these risks and the objectives, policies and processes for the management of these risks are summarised below.

35.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group’s and the Company’s financial instruments will fluctuate because of changes in market interest rates. The Group’s exposure to interest rate risk arises primarily from fixed deposits, short-term placements and debt obligations. The Group does not use derivative financial instruments to hedge its interest rate risks. All of the Group’s and the Company’s financial assets and liabilities at floating rates are contractually re-priced at intervals not exceeding 12 months (2013: not exceeding 6 months) from the balance sheet date.

The Group’s policy is to manage interest cost using a mix of fixed and floating rate debts. The Group manages interest cost by borrowing from related companies which charges interest at prevailing market rates (Notes 27 and 28).

Sensitivity analysis for interest rate risk

As at the balance sheet date, if interest rates had been 75 (2013: 75) basis points lower/higher with all other variables held constant, the Group’s profit after taxation would have been $206,000 lower/higher (2013: $1,086,000 higher/lower), arising mainly from lower/higher interest expense on floating rate loans from bank and related companies and lower/higher interest income on fixed deposits with banks and short-term placements with a related company. The Company’s profit after taxation would have been $78,000 lower/higher (2013: $168,000 higher/lower) arising mainly from lower/higher interest expense on floating rate loans from a related company and lower/higher interest income on short-term placements with a related company.

35.2 Foreign Currency Risk

The Group has transactional currency exposures arising from transactions denominated in currencies other than the respective functional currencies of the Group’s entities, primarily Chinese Yuan Renminbi (“CNY”), Hong Kong Dollar (“HKD”), United States Dollar (“USD”), Australian Dollar (“AUD”) and Euro (“EUR”).

When a natural hedge is not available, it is the Group’s policy to hedge these risks using appropriate financial instruments with the objective of limiting the effect of changes in foreign currency fluctuations.

The Group is also exposed to currency translation risk arising from its investments in foreign operations, including the People’s Republic of China, Australia and Malaysia. The Group’s net investments in these foreign entities are not hedged as currency positions are considered to be long-term in nature.

As at 31 December 2013, the Group had an outstanding AUD to SGD forward foreign currency contract with a notional amount of $22,802,000. The net positive fair value of the forward foreign currency contract was $39,000. This amount was recognised as derivative financial instruments in debtors (Note 22).
Other than the forward foreign currency contract, the carrying amounts of significant financial assets and liabilities denominated in currencies other than the functional currencies of the respective entities are as follows:

<table>
<thead>
<tr>
<th></th>
<th>CNY $’000</th>
<th>HKD $’000</th>
<th>USD $’000</th>
<th>AUD $’000</th>
<th>EUR $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2014</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Assets:       </td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>263</td>
<td>670</td>
<td>1,946</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amounts owing by associated companies       </td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,827</td>
</tr>
<tr>
<td>Fixed deposits, bank balances and cash       </td>
<td>-</td>
<td>21</td>
<td>3,346</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financial Liabilities:       </td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors       </td>
<td>-</td>
<td>(538)</td>
<td>(173)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Borrowings       </td>
<td>-</td>
<td>-</td>
<td>(4,064)</td>
<td>-</td>
<td>(43,971)</td>
</tr>
<tr>
<td><strong>2013</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Assets:       </td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>26</td>
<td>1,638</td>
<td>514</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other investments       </td>
<td>-</td>
<td>-</td>
<td>157</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amounts owing by associated companies       </td>
<td>6</td>
<td>4,781</td>
<td>3,046</td>
<td>653</td>
<td>640</td>
</tr>
<tr>
<td>Fixed deposits, bank balances and cash       </td>
<td>-</td>
<td>67</td>
<td>1,023</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financial Liabilities:       </td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors       </td>
<td>-</td>
<td>(563)</td>
<td>(297)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
| The Company has no significant foreign currency exposure as at 31 December 2014 and 2013.

**Sensitivity analysis for foreign currency risk**

The following table demonstrates the sensitivity to a reasonably possible change by 5% (2013: 5%) in the CNY, HKD, USD, AUD and EUR exchange rates (against SGD), with all other variables held constant, the effects on the Group’s profit after tax and equity will be as follows:

<table>
<thead>
<tr>
<th></th>
<th>CNY $’000</th>
<th>HKD $’000</th>
<th>USD $’000</th>
<th>AUD $’000</th>
<th>EUR $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014 Profit after tax       </td>
<td>11</td>
<td>(893)</td>
<td>1</td>
<td>(154)</td>
<td></td>
</tr>
<tr>
<td>2013 Profit after tax       </td>
<td>(11)</td>
<td>893</td>
<td>(1)</td>
<td>154</td>
<td></td>
</tr>
<tr>
<td>CNY strengthened       </td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CNY weakened       </td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HKD strengthened       </td>
<td>60</td>
<td>340</td>
<td>245</td>
<td>477</td>
<td></td>
</tr>
<tr>
<td>HKD weakened       </td>
<td>(60)</td>
<td>(340)</td>
<td>(245)</td>
<td>(477)</td>
<td></td>
</tr>
<tr>
<td>USD strengthened       </td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD weakened       </td>
<td></td>
<td></td>
<td>184</td>
<td>230</td>
<td></td>
</tr>
<tr>
<td>AUD strengthened       </td>
<td></td>
<td></td>
<td>(9)</td>
<td>(9)</td>
<td></td>
</tr>
<tr>
<td>AUD weakened       </td>
<td></td>
<td></td>
<td>(9)</td>
<td>(9)</td>
<td></td>
</tr>
<tr>
<td>EUR strengthened       </td>
<td>(1,749)</td>
<td>(1,749)</td>
<td>27</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>EUR weakened       </td>
<td>1,749</td>
<td>1,749</td>
<td>(27)</td>
<td>(27)</td>
<td></td>
</tr>
</tbody>
</table>
35.3 Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group’s and the Company’s exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group’s and the Company’s objective is to maintain sufficient cash and continuity of funding through the use of an adequate amount of committed credit facilities. The Group’s funding is obtained from bank loans and borrowings from a related company.

As at the balance sheet date, approximately 11% and Nil (2013: 8% and 24%) of the Group’s and the Company’s borrowings (Notes 27 and 28) will mature in less than one year based on the carrying amount reflected in the financial statements.

The maturity profile of the Group’s and the Company’s financial assets and liabilities as at the balance sheet date based on contractual undiscounted repayment obligations is as follows:

<table>
<thead>
<tr>
<th></th>
<th>1 year or less $’000</th>
<th>1 to 5 years $’000</th>
<th>More than 5 years $’000</th>
<th>1 year or less $’000</th>
<th>1 to 5 years $’000</th>
<th>More than 5 years $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>52,241</td>
<td>-</td>
<td>-</td>
<td>42,990</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other receivables</td>
<td>3,933</td>
<td>-</td>
<td>-</td>
<td>11,860</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fixed deposits, bank balances and cash</td>
<td>280,664</td>
<td>-</td>
<td>-</td>
<td>80,178</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total undiscounted financial assets</td>
<td>336,838</td>
<td>-</td>
<td>-</td>
<td>135,028</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financial liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors</td>
<td>(79,069)</td>
<td>-</td>
<td>-</td>
<td>(81,626)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(22,084)</td>
<td>-</td>
<td>-</td>
<td>(803)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Borrowings</td>
<td>(65,625)</td>
<td>(448,753)</td>
<td>-</td>
<td>(49,551)</td>
<td>(363,326)</td>
<td>(135,769)</td>
</tr>
<tr>
<td>Total undiscounted financial liabilities</td>
<td>(166,778)</td>
<td>(448,753)</td>
<td>-</td>
<td>(131,980)</td>
<td>(363,326)</td>
<td>(135,769)</td>
</tr>
<tr>
<td>Total net undiscounted financial assets/(liabilities)</td>
<td>170,060</td>
<td>(448,753)</td>
<td>-</td>
<td>3,048</td>
<td>(363,326)</td>
<td>(135,769)</td>
</tr>
<tr>
<td><strong>Company</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other receivables</td>
<td>22,982</td>
<td>146,853</td>
<td>-</td>
<td>80,626</td>
<td>11,541</td>
<td>97,086</td>
</tr>
<tr>
<td>Fixed deposits, bank balances and cash</td>
<td>12,746</td>
<td>-</td>
<td>-</td>
<td>11,714</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total undiscounted financial assets</td>
<td>35,730</td>
<td>146,853</td>
<td>-</td>
<td>92,344</td>
<td>11,541</td>
<td>97,086</td>
</tr>
<tr>
<td>Financial liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors</td>
<td>(2,456)</td>
<td>-</td>
<td>-</td>
<td>(2,133)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(1,749)</td>
<td>-</td>
<td>-</td>
<td>(1,749)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Borrowings</td>
<td>(3,150)</td>
<td>(125,100)</td>
<td>-</td>
<td>(41,673)</td>
<td>(14,601)</td>
<td>(122,829)</td>
</tr>
<tr>
<td>Total undiscounted financial liabilities</td>
<td>(7,355)</td>
<td>(125,100)</td>
<td>-</td>
<td>(45,555)</td>
<td>(14,601)</td>
<td>(122,829)</td>
</tr>
<tr>
<td>Total net undiscounted financial assets/(liabilities)</td>
<td>28,375</td>
<td>21,753</td>
<td>-</td>
<td>46,789</td>
<td>(3,060)</td>
<td>(25,743)</td>
</tr>
</tbody>
</table>
35.4 Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should counter-parties default on their obligations. The Group’s exposure to credit risk arises primarily from debtors and other receivables. For other financial assets, the Group minimises credit risk by dealing exclusively with high credit rating counterparties. As at the balance sheet date, the Group’s maximum exposure to credit risk in the event that the counterparties fail to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the balance sheet, and is generally limited to the amounts, if any, by which the counterparty’s obligations exceed the obligations of the Group.

The Group’s objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. It is the Group’s policy to enter into financial instruments with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses on its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry or geographical factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group’s total credit exposure. The Group’s portfolio of financial instruments is broadly diversified along industry, product and geographic lines, and transactions are entered into with diverse credit-worthy counterparties, thereby mitigating any significant concentration of credit risk.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its debtors and other receivables on an ongoing basis. The credit risk concentration profile of the Group’s debtors and other receivables as at the balance sheet date is as follows:

<table>
<thead>
<tr>
<th>Country</th>
<th>2014</th>
<th>% of total</th>
<th>2013</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>35,550</td>
<td>63%</td>
<td>41,811</td>
<td>76%</td>
</tr>
<tr>
<td>People’s Republic of China</td>
<td>11,296</td>
<td>20%</td>
<td>7,213</td>
<td>13%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>4,865</td>
<td>9%</td>
<td>-</td>
<td>-%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>2,675</td>
<td>5%</td>
<td>2,060</td>
<td>4%</td>
</tr>
<tr>
<td>Other countries</td>
<td>1,788</td>
<td>3%</td>
<td>3,766</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>56,174</strong></td>
<td><strong>100%</strong></td>
<td><strong>54,850</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

By industry sectors:

<table>
<thead>
<tr>
<th>Sector</th>
<th>2014</th>
<th>% of total</th>
<th>2013</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics</td>
<td>39,009</td>
<td>69%</td>
<td>28,699</td>
<td>52%</td>
</tr>
<tr>
<td>Data Centre</td>
<td>17,158</td>
<td>31%</td>
<td>18,261</td>
<td>33%</td>
</tr>
<tr>
<td>Investments</td>
<td>7</td>
<td>-%</td>
<td>7,890</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>56,174</strong></td>
<td><strong>100%</strong></td>
<td><strong>54,850</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

35.5 Financial Instruments by Category

The carrying amount of financial instruments and their categories is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Held for trading</td>
<td>-</td>
<td>39</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loans and receivables</td>
<td>336,838</td>
<td>134,989</td>
<td>176,062</td>
<td>184,704</td>
</tr>
<tr>
<td>Available-for-sale financial assets</td>
<td>79</td>
<td>236</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financial liabilities at amortised cost</td>
<td>(580,133)</td>
<td>(582,112)</td>
<td>(124,201)</td>
<td>(162,362)</td>
</tr>
</tbody>
</table>

Notes to the Financial Statements
36. Capital Management

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. To maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders, issue new shares, buy-back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Group’s and the Company’s strategies towards maintaining an optimal capital structure is through constant monitoring of its gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less fixed deposits, bank balances and cash. Total capital refers to the capital employed.

<table>
<thead>
<tr>
<th></th>
<th>2014 $'000</th>
<th>2013 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt</td>
<td>198,316</td>
<td>419,505</td>
</tr>
<tr>
<td>Total capital</td>
<td>792,561</td>
<td>544,888</td>
</tr>
<tr>
<td>Gearing ratio</td>
<td>25%</td>
<td>77%</td>
</tr>
</tbody>
</table>

Externally imposed capital requirements of the Group are mainly debt covenants included in certain borrowings which require the Group to maintain a gearing ratio not exceeding 275%.

The Group is in compliance with all imposed capital requirements for the financial years ended 31 December 2014 and 2013.

37. Subsidiaries, Associated Companies and Joint Ventures

Information relating to the major subsidiaries, associated companies and joint ventures whose results are included in the financial statements are shown below:

<table>
<thead>
<tr>
<th>SUBSIDIARIES</th>
<th>Effective Equity Interest</th>
<th>Cost of Investment</th>
<th>Country of Incorporation and Operation</th>
<th>Principal Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014 %</td>
<td>2013 %</td>
<td>2014 $'000 2013 $'000</td>
<td></td>
</tr>
<tr>
<td>Logistics</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Keppel Logistics Pte Ltd</td>
<td>100</td>
<td>100</td>
<td>42,534 42,534</td>
<td>Singapore Integrated logistics services and supply chain solutions</td>
</tr>
<tr>
<td>Keppel Logistics (Foshan) Limited</td>
<td>70</td>
<td>70</td>
<td>15,645 15,645</td>
<td>China Integrated logistics port operations, warehousing and distribution</td>
</tr>
<tr>
<td>Keppel Logistics (Foshan Sanshui</td>
<td>42</td>
<td>42</td>
<td># #</td>
<td>China Port operations</td>
</tr>
<tr>
<td>Company Limited</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Keppel Warehousing Service</td>
<td>42</td>
<td>-</td>
<td># -</td>
<td>China Warehousing and distribution</td>
</tr>
<tr>
<td>(Foshan Sanshui Port) Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limited</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Keppel Logistics (Hong Kong)</td>
<td>70</td>
<td>70</td>
<td># #</td>
<td>Hong Kong Freight forwarding and shipping agencies</td>
</tr>
<tr>
<td>Limited</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Steamers (HK) Limited</td>
<td>100</td>
<td>100</td>
<td>* *</td>
<td>Hong Kong Investment holding</td>
</tr>
<tr>
<td>Keppel Tianjin Logistics Pte Ltd</td>
<td>100</td>
<td>100</td>
<td>* *</td>
<td>Singapore Investment holding</td>
</tr>
<tr>
<td>Keppel Logistics (Tianjin Eco-city)</td>
<td>100</td>
<td>100</td>
<td># #</td>
<td>China Integrated logistics services, warehousing and distribution</td>
</tr>
<tr>
<td>Company Limited</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Keppel Jilin Food Logistics Park</td>
<td>100</td>
<td>100</td>
<td>* *</td>
<td>Singapore Investment holding</td>
</tr>
<tr>
<td>Pte Limited</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Effective Equity Interest

<table>
<thead>
<tr>
<th>Company Name</th>
<th>2014 %</th>
<th>2013 %</th>
<th>Cost of Investment 2014 $'000</th>
<th>Cost of Investment 2013 $'000</th>
<th>Country of Incorporation and Operation</th>
<th>Principal Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jilin Sino-Singapore Food Zone International Logistics Co Ltd</td>
<td>70</td>
<td>70</td>
<td>#</td>
<td>#</td>
<td>China</td>
<td>Integrated logistics, warehousing and distribution</td>
</tr>
<tr>
<td>Keppel Anhui Food Logistics Park Pte Ltd</td>
<td>100</td>
<td>100</td>
<td>*</td>
<td>*</td>
<td>Singapore</td>
<td>Investment holding</td>
</tr>
<tr>
<td>Keppel Wanjiang International Coldchain Logistics Park (Anhui) Co Ltd</td>
<td>60</td>
<td>60</td>
<td>#</td>
<td>#</td>
<td>China</td>
<td>Integrated logistics, warehousing and distribution</td>
</tr>
<tr>
<td>Indo-Trans Keppel Logistics Vietnam Co Ltd</td>
<td>51</td>
<td>40</td>
<td>#</td>
<td>#</td>
<td>Vietnam</td>
<td>Warehousing and distribution</td>
</tr>
<tr>
<td>IIT Keppel Tanimex Logistics Co Ltd</td>
<td>41</td>
<td>-</td>
<td>#</td>
<td>-</td>
<td>Vietnam</td>
<td>Warehousing and distribution</td>
</tr>
<tr>
<td>Keppel Logistics (Australia) Pty Ltd</td>
<td>100</td>
<td>-</td>
<td>#</td>
<td>-</td>
<td>Australia</td>
<td>Warehousing and distribution</td>
</tr>
</tbody>
</table>

### Data Centre

<table>
<thead>
<tr>
<th>Company Name</th>
<th>2014 %</th>
<th>2013 %</th>
<th>Cost of Investment 2014 $'000</th>
<th>Cost of Investment 2013 $'000</th>
<th>Country of Incorporation and Operation</th>
<th>Principal Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keppel Data Centres Pte Ltd</td>
<td>100</td>
<td>100</td>
<td>26,500</td>
<td>26,500</td>
<td>Singapore</td>
<td>Investment holding</td>
</tr>
<tr>
<td>Keppel Data Centres Holding Pte Ltd</td>
<td>70</td>
<td>70</td>
<td>#</td>
<td>#</td>
<td>Singapore</td>
<td>Data centre facilities and co-location services</td>
</tr>
<tr>
<td>Keppel Datahub Pte Ltd</td>
<td>70</td>
<td>70</td>
<td>#</td>
<td>#</td>
<td>Singapore</td>
<td>Data centre facilities and co-location services</td>
</tr>
<tr>
<td>Keppel Datahub 2 Pte Ltd</td>
<td>70</td>
<td>70</td>
<td>#</td>
<td>#</td>
<td>Singapore</td>
<td>Data centre facilities and co-location services</td>
</tr>
<tr>
<td>Keppel Digihub Ltd</td>
<td>70</td>
<td>70</td>
<td>#</td>
<td>#</td>
<td>Singapore</td>
<td>Data centre facilities and co-location services</td>
</tr>
<tr>
<td>Keppel Almere Pte Ltd</td>
<td>70</td>
<td>-</td>
<td>#</td>
<td>-</td>
<td>Singapore</td>
<td>Investment holding</td>
</tr>
<tr>
<td>Keppel Data Centre Netherlands BV</td>
<td>70</td>
<td>-</td>
<td>#</td>
<td>-</td>
<td>Netherlands</td>
<td>Develop and trade in industrial property rights; render services to third parties</td>
</tr>
<tr>
<td>Keppel Data Centre Almere BV</td>
<td>70</td>
<td>-</td>
<td>#</td>
<td>-</td>
<td>Netherlands</td>
<td>Investment holding</td>
</tr>
<tr>
<td>Keppel DC REIT Management Pte Ltd (formerly known as Keppel Data Centre Investment Management Pte Ltd)</td>
<td>100</td>
<td>100</td>
<td>#</td>
<td>#</td>
<td>Singapore</td>
<td>Investment holding and fund management</td>
</tr>
<tr>
<td>Keppel Data Centre Facility Management Pte Ltd</td>
<td>100</td>
<td>100</td>
<td>#</td>
<td>#</td>
<td>Singapore</td>
<td>Data centre facilities management</td>
</tr>
<tr>
<td>Boxtel Investments Limited</td>
<td>-</td>
<td>100</td>
<td>-</td>
<td>#</td>
<td>British Virgin Islands</td>
<td>Investment holding</td>
</tr>
<tr>
<td>iseek-KDC Services Pty Ltd</td>
<td>60</td>
<td>60</td>
<td>#</td>
<td>#</td>
<td>Australia</td>
<td>Data centre facilities management</td>
</tr>
<tr>
<td>Keppel DC Investment Holdings Pte Ltd (formerly known as TradeOneAsia Pte Ltd)</td>
<td>100</td>
<td>100</td>
<td>#</td>
<td>#</td>
<td>Singapore</td>
<td>Investment holding</td>
</tr>
<tr>
<td>Securus Partners Pte Ltd</td>
<td>100</td>
<td>50</td>
<td>#</td>
<td>#</td>
<td>Singapore</td>
<td>Fund management</td>
</tr>
</tbody>
</table>
### Investments

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Effective Equity Interest</th>
<th>Cost of Investment 2014</th>
<th>Cost of Investment 2013</th>
<th>Country of Incorporation and Operation</th>
<th>Principal Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adfact Pte Ltd</td>
<td>100</td>
<td>17,435</td>
<td>17,435</td>
<td>Singapore</td>
<td>Investment holding</td>
</tr>
<tr>
<td>Apsilon Ventures Pte Ltd</td>
<td>100</td>
<td>75,101</td>
<td>75,101</td>
<td>Singapore</td>
<td>Investment holding</td>
</tr>
<tr>
<td>Keppel Telecoms Pte Ltd</td>
<td>100</td>
<td>#</td>
<td>#</td>
<td>Singapore</td>
<td>Investment holding</td>
</tr>
<tr>
<td>Keppel Communications Pte Ltd</td>
<td>100</td>
<td>#</td>
<td>#</td>
<td>Singapore</td>
<td>Trading and provision of communications system and accessories</td>
</tr>
</tbody>
</table>

### ASSOCIATED COMPANIES

#### Logistics

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Effective Equity Interest</th>
<th>Cost of Investment 2014</th>
<th>Cost of Investment 2013</th>
<th>Country of Incorporation and Operation</th>
<th>Principal Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia Airfreight Terminal Company Limited</td>
<td>10</td>
<td>6,621</td>
<td>6,621</td>
<td>Hong Kong</td>
<td>Operation of an air cargo handling terminal</td>
</tr>
<tr>
<td>PT Keppel Puninar Logistics</td>
<td>49</td>
<td>#</td>
<td>#</td>
<td>Indonesia</td>
<td>Distribution and transportation services</td>
</tr>
</tbody>
</table>

#### Data Centre

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Effective Equity Interest</th>
<th>Cost of Investment 2014</th>
<th>Cost of Investment 2013</th>
<th>Country of Incorporation and Operation</th>
<th>Principal Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citadel100 Datacenters Limited</td>
<td>-</td>
<td>68</td>
<td>#</td>
<td>Ireland</td>
<td>Data centre facilities and co-location services</td>
</tr>
<tr>
<td>Securus Data Property Fund Pte Ltd</td>
<td>35</td>
<td>-</td>
<td>#</td>
<td>Singapore</td>
<td>Investment holding</td>
</tr>
<tr>
<td>Securus Guernsey 2 Limited</td>
<td>-</td>
<td>55</td>
<td>#</td>
<td>Guernsey/Australia</td>
<td>Data centre facilities and co-location services</td>
</tr>
<tr>
<td>Keppel DC REIT</td>
<td>30</td>
<td>-</td>
<td>#</td>
<td>Singapore</td>
<td>Data centre facilities and co-location services</td>
</tr>
</tbody>
</table>

#### Investments

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Effective Equity Interest</th>
<th>Cost of Investment 2014</th>
<th>Cost of Investment 2013</th>
<th>Country of Incorporation and Operation</th>
<th>Principal Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced Research Group Co Ltd</td>
<td>45</td>
<td>#</td>
<td>#</td>
<td>Thailand</td>
<td>IT publication and business information</td>
</tr>
<tr>
<td>Business Online Public Company Limited</td>
<td>21</td>
<td>#</td>
<td>#</td>
<td>Thailand</td>
<td>Online information service provider</td>
</tr>
<tr>
<td>Computer Generated Solutions Inc</td>
<td>21</td>
<td>#</td>
<td>#</td>
<td>USA</td>
<td>IT consulting and outsourcing provider</td>
</tr>
<tr>
<td>M1 Limited</td>
<td>19</td>
<td>#</td>
<td>#</td>
<td>Singapore</td>
<td>Telecommunications services</td>
</tr>
<tr>
<td>ARIP Public Company Ltd</td>
<td>20</td>
<td>#</td>
<td>#</td>
<td>Thailand</td>
<td>Publication of IT and business information, exhibition organiser and online information service provider</td>
</tr>
<tr>
<td>ABIKS Development Co Ltd</td>
<td>20</td>
<td>#</td>
<td>#</td>
<td>Thailand</td>
<td>Provision and management of office buildings</td>
</tr>
</tbody>
</table>
Effective Country of Equity Cost of Incorporation and Operation
Interest 2014 2013 % % $'000 $'000

SVOA Public Company Limited1(a) 32 32 # # Thailand Distribution of IT products and telecommunications services

Trisilco Radiance Communications Sdn Bhd1(a) 52 52 # # Malaysia Sales, installation and maintenance of telecommunications systems, equipment and accessories

Joint Ventures

Logistics

Wuhu Sanshan Port Co Ltd1(e) 50 50 27,951 27,951 China Integrated logistics services and port operations

Investments

Radiance Communications Pte Ltd 50 50 # # Singapore Distribution and maintenance of communications equipment and systems

Notes:
# These companies are indirectly held by Keppel Telecommunications & Transportation Ltd
* Amount below $1,000

1. All companies are audited by Ernst & Young LLP, Singapore except for the following:
(a) Audited by member firms of Ernst & Young Global in the respective countries.
(b) Audited by Ruihua Certified Public Accountants, Foshan, China.
(c) Audited by member firms of KPMG International in the respective countries.
(d) Audited by Grant Thornton, Ireland.
(e) Audited by other firms of Certified Public Accountants
(f) Not required to be audited by law in country of incorporation.

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, significant associated companies and joint ventures would not compromise the standard and effectiveness of the audit of the Company.

2. Incorporated during the financial year ended 31 December 2014.

3. On 1 January 2014, Keppel Logistics Pte Ltd acquired a further 11% equity interest in Indo-Trans Keppel Logistics Vietnam Co Ltd (“ITL”) and a 30.6% equity interest in ITL Keppel Tanimex Logistics Co Ltd (“Tanimex”). At the date of acquisition, ITL has an existing 20% equity interest in Tanimex. Prior to the acquisition, ITL was an associated company of the Group. From 1 January 2014 to 31 December 2014, these subsidiaries contributed revenue of $15,099,000 and profit after taxation of $875,000 to the Group.

4. Disposed during the financial year ended 31 December 2014.

5. On 12 December 2014, Keppel DC REIT Management Pte Ltd acquired the remaining 50% equity interest in Securus Partners Pte Ltd (“Securus Partners”) to obtain 100% ownership interest over Securus Partners. Prior to the acquisition, Securus Partners was a joint venture of the Group. From 12 December 2014 to 31 December 2014, Securus Partners contributed revenue of $17,000 and profit after taxation of $1,000 to the Group. Had Securus Partners been consolidated from 1 January 2014, consolidated revenue and consolidated profit after tax for the financial year ended 31 December 2014 would have been $225,944,000 and $308,264,000 respectively.

6. Although the Group holds less than 20 per cent of the voting power in Asia Airfreight Terminal Company Limited (“AAT”) and M1 Limited (“M1”) respectively, these entities are equity accounted in view of the fact that the Group has representation in the board of directors of AAT and M1.

7. Acquired during the financial year ended 31 December 2014.
38. Dividends

<table>
<thead>
<tr>
<th></th>
<th>Group and Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td></td>
<td>$’000</td>
</tr>
<tr>
<td>Tax exempt (one-tier) dividends on ordinary shares declared and paid during the financial year:</td>
<td></td>
</tr>
<tr>
<td>- Final dividend of 3.5 cents per share for 2013 (2013: 3.5 cents per share for 2012)</td>
<td>19,421</td>
</tr>
<tr>
<td>Tax exempt (one-tier) dividends on ordinary shares in respect of the current financial year proposed for approval by shareholders at the next Annual General Meeting to be convened but not recognised as a liability as at 31 December:</td>
<td></td>
</tr>
<tr>
<td>- Final dividend of 3.5 cents (2013: 3.5 cents) per share</td>
<td>19,422</td>
</tr>
<tr>
<td>- Special dividend of 11.5 cents (2013: Nil) per share</td>
<td>63,815</td>
</tr>
<tr>
<td></td>
<td>83,237</td>
</tr>
</tbody>
</table>

39. Authorisation of Financial Statements

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 16 February 2015.
We, LOH CHIN HUA and NEO BOON SIONG, being two of the Directors of Keppel Telecommunications & Transportation Ltd, do hereby state that, in the opinion of the Directors:

(a) the accompanying balance sheets, consolidated profit and loss account, consolidated statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows together with the notes thereto set out on pages 84 to 141 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board

LOH CHIN HUA
Chairman

NEO BOON SIONG
Director

Singapore, 16 February 2015
Report on the Consolidated Financial Statements
We have audited the accompanying financial statements of Keppel Telecommunications & Transportation Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 84 to 141, which comprise the balance sheets of the Group and the Company as at 31 December 2014, the statements of changes in equity of the Group and the Company, the consolidated profit and loss account, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements
In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore
Audit Partner: Lim Siew Koon
Year Appointed: 2010

16 February 2015
The Company believes in having high standards of corporate governance, and is committed to making sure that effective self-regulatory corporate practices exist to protect the interests of its shareholders and maximise long-term shareholder value.

As required by the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX”), the following report describes the Company’s corporate governance practices with specific reference to the principles and guidelines set out in the Code of Corporate Governance 2012 (the “Code”).

**Board’s Conduct of Affairs**

**Principle 1: Effective Board to lead and control the Company**

The Board’s responsibility is to oversee the business, assets, affairs and performance of the Company in the best interest of its shareholders. The principal functions of the Board are to:

- decide on matters in relation to the Group’s activities which are of a significant nature, including decisions on strategic directions and guidelines and the approval of periodic plans and major investments and divestments;
- oversee the business and affairs of the Company, establish, with management, the strategies (including corporate social responsibility) and financial objectives to be implemented by management, and monitor the performance of management;
- oversee processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and safety; satisfy itself as to the adequacy of such processes to safeguard shareholders’ interest and the Company’s assets; and
- assume responsibility for corporate governance.

All Directors are expected to exercise independent judgment and discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Company. This is one of the performance criteria for the peer and self assessment of the effectiveness of the individual Directors. Based on the results of the peer and self assessment carried out by the Directors, all Directors have discharged this duty consistently well.

To assist the Board in the discharge of its oversight function, various Board committees, namely the Audit Committee, the Nominating Committee, the Remuneration Committee, the Board Risk Committee and the Board Safety Committee, 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 key terms of reference of the respective Board committees are disclosed in the Appendix to this report.

The Board is scheduled to meet seven times in 2015. However, adhoc non-scheduled board meetings are convened as warranted by particular circumstances. Telephonic attendance and conference via audio-visual communication at board meetings are allowed under the Company’s Articles of Association. The number of board and board committee meetings held in 2014 and the Directors’ attendance at these board and board committee meetings are disclosed below:

<table>
<thead>
<tr>
<th>Director</th>
<th>Board Meetings</th>
<th>Audit</th>
<th>Nominating</th>
<th>Remuneration</th>
<th>Board Risk</th>
<th>Divestment and New Investment</th>
<th>Board Safety</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teo Soon Hoe ¹</td>
<td>3 out of 3</td>
<td>-</td>
<td>2</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loh Chin Hua ²</td>
<td>5 out of 6</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Thomas Pang Thieng Hwi ³</td>
<td>3 out of 3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2 out of 2</td>
</tr>
<tr>
<td>Tan Tin Wee ⁴</td>
<td>3 out of 3</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>1 out of 1</td>
</tr>
<tr>
<td>Bernard Tan Tiong Ge</td>
<td>6</td>
<td>-</td>
<td>3</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Wee Sin Tho ⁵</td>
<td>5</td>
<td>3</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tan Boon Huat ⁶</td>
<td>6</td>
<td>-</td>
<td>1</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>Neo Boon Siong</td>
<td>6</td>
<td>4</td>
<td>-</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Karmjit Singh</td>
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<td>3</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Lim Chin Leong ¹</td>
<td>1 out of 2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1 out of 2</td>
<td></td>
</tr>
<tr>
<td>Michael Chia Hock Chye ²</td>
<td>3 out of 3</td>
<td>-</td>
<td>-</td>
<td>0 out of 2</td>
<td>-</td>
<td>0 out of 1</td>
<td></td>
</tr>
<tr>
<td>Chan Hon Chew ³</td>
<td>2 out of 3</td>
<td>1 out of 1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Khor Poh Hwa ⁴</td>
<td>3 out of 3</td>
<td>1 out of 1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**No. of meeting held in 2014**

| 6 | 4 | 3 | 2 | 4 | - ¹¹ | 4 |

¹¹ No. of meeting held ¹²
The Company has adopted internal guidelines setting forth matters that require Board approval. Under these guidelines, investments, acquisitions and disposals by any Group company, and all commitments to term loans and lines of credit from banks and financial institutions by the Company will be approved by the Board.

A formal letter is sent to newly-appointed Directors upon their appointment explaining their duties and obligations as director. All newly-appointed Directors also undergo an orientation programme which includes management presentations on the Group’s businesses and strategic plans and objectives. If the newly-appointed Director has no prior experience as a director of a listed company, training in relevant areas such as finance and legal, as well as industry-related areas will be provided.

The Directors are provided with continuing education in areas such as finance, economics, management and committees’ duties and responsibilities so as to update and refresh them on matters that affect their performance as Board or Board committee members. Updates on relevant legal or regulatory developments may be provided to the Board in writing or through seminars and presentations conducted or sponsored by the Company.

**Board Composition and Guidance**

**Principle 2: Strong and independent element on the Board**

The Board currently has 10 Directors. With the exception of Mr Thomas Pang, who is the Chief Executive Officer (“CEO”), the rest of the nine Directors are non-executive Directors, six of whom are considered independent ¹ by the Nominating Committee.

The Nominating Committee determines on an annual basis whether or not a Director is independent, bearing in mind the Code’s definition of an “independent director” and guidance as to relationships the existence of which would deem a Director not to be independent.

The Nominating Committee conducts an annual review of the size and composition of the Board and is of the view that taking into account the nature, scope and requirements of the Company’s operations, the current size of the Board is appropriate for the time being for the Board to discharge its duties and responsibilities effectively.

¹ The Code defines an “independent” director as one who has no relationship with the company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgment with a view to the best interests of the company. A related corporation in relation to a company, is the company’s holding company, subsidiary or fellow subsidiary. A 10% shareholder shall refer to a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is not less than 10% of the total voting shares of the company. “Voting share” exclude treasury shares.
The Nominating Committee is of the view that the Board and its Board committees comprise Directors who as a group provide appropriate balance and diversity of skills, experience and knowledge of the Company, as well as core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board and the Board committees to be effective.

The nature of the Directors’ appointments on the Board and details of their membership on Board committees are set out in the Appendix hereto. The profiles of each of the Directors are set out on pages 6 to 9 of this Annual Report.

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 businesses 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 informal meetings for management to brief the Directors on prospective deals, and providing the Board with regular updates on projects and initiatives at an early stage to keep the Board abreast of the business developments.

The non-executive Directors may meet without the presence of executive Director and management to discuss matters such as the performance of the Chief Executive Officer, succession planning and senior management appointments.

**Chairman and Chief Executive Officer**

*Principle 3: Chairman and Chief Executive Officer to be separate persons to ensure appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making*

Mr Loh Chin Hua is the non-executive Chairman, and Mr Thomas Pang is the Chief Executive Officer, of the Company. The Chairman and the Chief Executive Officer are not related to each other.

The Chairman, with the assistance of the Company Secretaries, schedules meetings and prepares meeting agenda in consultation with the Chief Executive Officer, to enable the Board to perform its duties responsibly having regard to the flow of the Company’s business and operations. The Chairman monitors the flow of information from management to the Board to ensure that all Directors receive accurate, timely and clear information. He also encourages constructive relations within the Board, between the Board and management, between the Chief Executive Officer and non-executive Directors and facilitates effective contributions of the non-executive Directors. The Chairman also assists in ensuring compliance with corporate governance guidelines set by the Company, and that sound corporate governance practices are put in place. Draft agendas for Board meetings will be circulated to Directors in advance in order for them to suggest items for the agenda. The Chairman ensures that all the agenda items, particularly strategic issues, are discussed at Board meetings. The Chairman encourages contribution of views from all the Directors at such meetings. The Chairman also ensures effective communication with shareholders.

The Chief Executive Officer leads the management team and directs the business of the Group in line with the Group’s strategic directions and policies. The Chief Executive Officer keeps in regular communication with the Chairman and the Board to update them of corporate issues and business developments.

The Chairman and Chief Executive Officer are already separate persons, the independent Directors currently comprise a majority of the Board, and the various Board committees are chaired by and comprise a majority of independent Directors. In view of the foregoing, the Board has considered that it is not necessary, for the time being, to appoint a lead independent Director.
**Board Membership**

*Principle 4: Formal and transparent process for appointment and re-appointment of Directors to the Board*

**Nominating Committee**

The Company has established a Nominating Committee to, among other things, make recommendations to the Board on all Board appointments and re-appointments. The Nominating Committee comprises four Directors, three of whom (including the Chairman) are independent, namely:

- Mr Karmjit Singh, Chairman
- Professor Bernard Tan Tiong Gie, Member
- Mr Lim Chin Leong, Member
- Mr Loh Chin Hua, Member

The key terms of reference of the Nominating Committee are disclosed in the Appendix hereto.

**Process for appointment of new Directors**

The Nominating Committee recommended, and the Board approved, a formal process for the selection of new Directors to increase transparency of the nominating process in identifying and evaluating nominees for Directors. The Nominating Committee leads the process and makes recommendations to the Board as follows:

(a) Nominating Committee evaluates the diversity and balance of skills, knowledge and experience on the Board and, in the light of such evaluation and in consultation with management, prepares a description of the role and the essential and desirable competencies for a particular appointment.

(b) External help (for example, Singapore Institute of Directors, search consultants, open advertisement) to be used to source for potential candidates, if need be. Directors and management may also make suggestions.

(c) Nominating Committee meets with short-listed candidates to assess suitability and to ensure that the candidate(s) are aware of the expectations and the level of commitment required.

(d) Nominating Committee makes recommendations to the Board for approval.

**Criteria for appointment of new Directors**

All new appointments of Directors are subject to the recommendation of the Nominating Committee based on the following objective criteria:

1. Integrity
2. Independent mindedness
3. Diversity – Possess core competencies that meet the current needs of the Company and complement the skills and competencies of the existing Directors on the Board
4. Ability to commit time and effort to carry out duties and responsibilities effectively – the proposed Director does not have more than six listed company board representations and other principal commitments
5. Track record of making good decisions
6. Experience in high-performing companies
7. Financial literacy

**Re-nomination of Directors**

The Nominating Committee is also charged with the responsibility of re-nomination of Directors, having regard to the Director’s contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual Director by his peers. Upon review, the Director is recommended to the Board for re-appointment.

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 Articles of Association, one-third of the Directors retire from office at the Company’s annual general meeting, and a newly appointed Director must submit himself for re-election at the annual general meeting immediately following his appointment.
As a matter of policy, a non-executive Director would serve a maximum of two three-year terms of appointment. However, the Board recognises the contribution of Directors who over time have developed deep insight into the Group’s businesses and operations and who are therefore able to provide invaluable contribution to the Board as a whole. In such cases, the Board would exercise its discretion to extend the term and retain the services of the Director rather than lose the benefit of his contribution.

The Nominating Committee is satisfied that the Directors who are retiring in accordance with the Articles of Association and standing for re-election at the forthcoming Annual General Meeting are properly qualified for re-appointment by virtue of their skills, experience and contributions.

**Review of Directors’ Independence**

The Nominating Committee is also charged with determining the “independence” status of the Directors annually. Please refer to page 145 of this report for the basis of the Nominating Committee’s determination as to whether a Director should or should not be deemed independent.

The Board also recognises that the independent and non-executive Directors may over time develop significant insights in the Group’s business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole. When there are such Directors, the Board will do a rigorous review of their continuing contributions and independence and may exercise its discretion to extend the tenures of these Directors. The Board noted that Prof Bernard Tan and Mr Wee Sin Tho have served on the Board for more than nine years. Taking into consideration, amongst other things, the instances of constructive challenge and probing of management by Prof Bernard Tan and Mr Wee Sin Tho such as at Board and Board committee meetings, and the exercise of independent judgment by them in discharging their duties in the best interests of the Company, the Board is the view that Prof Bernard Tan and Mr Wee Sin Tho should continue to be deemed independent notwithstanding having been on the Board for more than nine years.

**Annual Review of Directors’ time commitments**

The Nominating Committee also determines annually whether a Director with listed company board representations and other principal commitments is able to and has been adequately carrying out his duties as a Director of the Company. The Nominating Committee has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple listed company boards. As a guide, Directors should not serve on more than six listed company board representations and other principal commitments.

The Nominating Committee took into account the results of the assessment of the effectiveness of the individual Director, and the respective Directors’ actual conduct on the Board, in making the determination, and is satisfied that all the Directors have been able to and have adequately carried out their duties as Director notwithstanding their multiple listed board representations and other principal commitments.

**Retirement of long-serving director**

As part of Board renewal, Professor Bernard Tan Tiong Gie who will have served as an independent non-executive director for more than 12 years as at the Company’s annual general meeting to be held on 15 April 2015, is due to retire at the annual general meeting and will not be seeking re-election.

**Key information regarding Directors**

The following key information regarding Directors is set out in the following pages of this Annual Report:

Pages 6 to 9: Academic and professional qualifications, date of first appointment as Director, date of last re-appointment as Director, whether appointment is executive or non-executive, whether considered by the Nominating Committee to be independent, Board committees served on (as a member or Chairman), directorships and chairmanships both present and past held over the preceding five years in other listed companies and other principal commitments, and

Pages 78 to 80: Shareholding in the Company and its related corporations.

**Board Performance**

**Principle 5: Formal annual assessment of the effectiveness of the Board as a whole and its 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, 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.
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 Chaly Mah, CEO of Deloitte Southeast Asia, was appointed for this role. Mr Chaly Mah does not have any other connection with the Company or any of its directors.

The evaluation processes and performance criteria are set out in the Appendix to this report.

The board assessment exercise provided an opportunity to obtain constructive feedback from each Director on whether the Board’s procedures and processes allowed him to discharge his duties effectively and the changes which should be made to enhance the effectiveness of the Board as a whole. The assessment exercise also helped the Directors to focus on their key responsibilities. The individual Director assessment exercise allowed for peer review with a view to raising the quality of Board members. It also assisted the Nominating Committee in determining whether to re-nominate Directors who were due for retirement at the next annual general meeting, and in determining whether Directors with multiple listed board representations and other principal commitments were nevertheless able to and had adequately discharged their duties as Directors of the Company.

**Access to Information**

**Principle 6: Directors to have complete, adequate and timely information**

The Company fully recognises that the continual flow of relevant information on an accurate and timely basis is critical for the Board to be effective in the discharge of its duties. Directors are entitled to request and 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.

Draft agendas for Board meetings are circulated to Directors in advance in order for them to suggest items for the agenda. As a general rule, board papers are required to be sent to 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 Board has about the board papers. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the board meeting. In addition, management provides the Board with project briefs at an early stage to keep the Board abreast of the progress of the projects and potential business developments.

Management also provides the Board members with reports and accounts on a monthly basis. Such reports keep the Board informed, on a balanced and understandable basis, of the Group’s performance, financial position and prospects and consist of the consolidated profit and loss accounts, analysis of sales, operating profit, pre-tax and attributable profit by major divisions compared against the budgets, together with explanation given for significant variances for the month and year-to-date.

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 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 the Board committees, and between 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 memorandum and articles of association and relevant rules and regulations, including requirements of the Companies Act, Securities & Futures Act and SGX Listing Manual, 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 SGX.

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

Subject to the approval of the Chairman, 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:** Formal and transparent procedure for developing policy on executive remuneration and for fixing remuneration packages of individual Directors

**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:** Disclosure on remuneration policies, level and mix of remuneration, and procedure for setting remuneration

Remuneration Committee

The Remuneration Committee (RC) comprises five non-executive Directors, three of whom (including the Chairman) are independent, namely:

- Professor Bernard Tan Tiong Gie, Chairman
- Mr Tan Boon Huat, Member
- Mr Lim Chin Leong, Member
- Mr Loh Chin Hua, Member
- Mr Khor Poh Hwa, Member

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual Directors and senior management. The RC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholder value. The RC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including Directors’ fees, salaries, allowances, bonuses, grant of shares and share options and benefits in kind) and the specific remuneration packages for each Director and the key management personnel. The RC also reviews the remuneration of senior management and administers the Keppel T&T Share Option Scheme 1993 (“KT&T Share Option Scheme”), the KT&T Restricted Share Plan (“KT&T RSP”) and the KT&T Performance Share Plan (“KT&T PSP”), and together with the KT&T RSP, the “KT&T Share Plans”.

The RC has access to expert advice from external remuneration consultants where required. In FY2014, 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.

The RC’s key terms of reference are set out in the Appendix to this report.

Annual Remuneration Report

**Policy in respect of non-executive Directors’ remuneration**

The non-executive Directors are paid Directors’ fees, the amount of which is dependent on their level of responsibilities. Each non-executive Director is paid a basic fee. In addition, non-executive Directors who perform additional services in Board committees are paid an additional fee for such services. The members of the Audit Committee are paid a higher fee than the members of the other Board committees because of the heavier responsibilities and more frequent meetings required of them. 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 Directors’ fees payable to non-executive Directors are subject to shareholders’ approval at the Company’s annual general meetings. The CEO, being an executive Director, does not receive Director’s fee. No termination and retirement benefits will be granted to the Directors.

Aon Hewitt was engaged to conduct a review of the remuneration framework for non-executive Directors taking into consideration the increasing responsibilities of the non-executive Directors, prevailing market conditions and referencing directors’ fees against comparable benchmarks.

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2. The KT&T Share Option Scheme was terminated with effect from 2 July 2010. No further share options shall be offered by the Company but the termination shall not affect share options which had been granted and accepted, whether such share options had been exercised (whether fully or partially) or not.
The framework for determining Director’s fees for non-executive Directors is as follows:

<table>
<thead>
<tr>
<th>Position</th>
<th>Annual Retainer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-executive Chairman</td>
<td>$52,000</td>
</tr>
<tr>
<td>Non-executive Director</td>
<td>$40,000</td>
</tr>
<tr>
<td><strong>Audit Committee</strong></td>
<td></td>
</tr>
<tr>
<td>Chairman</td>
<td>$27,000</td>
</tr>
<tr>
<td>Member</td>
<td>$16,000</td>
</tr>
<tr>
<td><strong>Other Board Committees</strong></td>
<td></td>
</tr>
<tr>
<td>Chairman</td>
<td>$16,000</td>
</tr>
<tr>
<td>Member</td>
<td>$10,000</td>
</tr>
</tbody>
</table>

Remuneration policy of the Chief Executive Officer and other Key Management Personnel

The Company advocates a performance-based remuneration system that is highly flexible and responsive to the market, the Company’s, business unit’s and individual employee’s performance.

In designing the compensation structure, the RC seeks to ensure that the level and mix of remuneration is competitive, relevant and balanced. The total remuneration mix comprises three key components; that is, annual fixed cash, annual performance incentive and the KT&T Share Plans. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances. The annual performance incentive is tied to the Company’s, business unit’s and individual employee’s performance, inclusive of a portion which is tied to EVA performance. The KT&T Share Plans are in the form of two share plans approved by shareholders, the KT&T RSP and the KT&T PSP. The EVA performance incentive plan and the KT&T Share Plans are both long term incentive plans.

The RC exercises broad discretion and independent judgment in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and promote the long-term success of the Company. The mix of fixed and variable reward is considered appropriate for the Group and for each individual role.

The compensation structure is directly linked to corporate and individual performance, both in terms of financial, non-financial performance and the creation of shareholder wealth. This link is achieved in the following way:

1. by placing a significant portion of executives’ remuneration at risk (“At Risk component”) and in some cases, subject to a vesting schedule;
2. by incorporating appropriate key performance indicators (“KPIs”) for awarding of annual cash incentives;
3. by selecting performance conditions such as ROE, Total Shareholder Return and EVA for equity awards that are aligned with shareholder interests;
4. 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
5. forfeiture of the At Risk components of remuneration when those KPIs or conditions are not met at a satisfactory level.

The RC also recognized the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore, in determining the compensation structure, the RC had taken into account the risk policies and risk tolerance of the Group as well as the time horizons of risks, and incorporated risk-adjustments into the compensation structure through several initiatives, including but not limited to:

1. prudent funding of annual cash incentives;
2. bonus deferrals under the EVA performance incentive plans;
3. vesting of contingent share awards under the KT&T Share Plans being subject to KPIs and/or performance conditions being met; and
4. potential forfeiture of variable incentives in any year due to misconduct.

The RC is therefore 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 of the extent to which the performance conditions, set forth above, have been met. The RC is of the view that remuneration is aligned to performance during FY2014.

The CEO and the key management personnel are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what has been disclosed.
Long Term Incentive Plans

EVA Incentive Plan

Each year, a portion of the executive’s annual performance incentive is tied to EVA performance and a portion of his current year’s EVA bonus is paid out and the other portion is deferred and credited into his EVA bank for payment in future years, subject to the continued performance of the Company.

The EVA bank concept is used to defer incentive compensation over a time horizon to ensure that the executive continues to generate sustainable shareholder value over the longer term. The EVA bank account is designated on a personal basis and represents the executive’s contribution to the EVA performance of the Company. Monies credited into the EVA bank are at risk in that the amount in the bank can decrease should EVA performance be adversely affected in the future years.

KT&T Share Plans

The KT&T Share Plans are put in place to increase the Group’s flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance and to motivate them to continue to strive for the Group’s long-term shareholder value. The KT&T Share Plans also aim to strengthen the Group’s competitiveness in attracting and retaining talented key senior management and employees. The KT&T RSP applies to a broader base of employees while the KT&T PSP applies to a select group of key management personnel. Generally, it is envisaged that the range of performance targets to be set under the KT&T RSP and the KT&T PSP will be different, with the latter emphasizing stretched or strategic targets aimed at sustaining longer-term growth.

The RC has the discretion not to award variable incentives in any year or to reclaim incentive components of remuneration if an executive is directly involved in a material misstatement of financial statements or of misconduct resulting in financial loss to the Company. Outstanding EVA bank, KT&T RSP and KT&T PSP are also subject to RC’s discretion before further payment or vesting can occur.

Details of the KT&T Share Plans are set out on pages 81 to 83 and 110 to 112 of the Annual Report.

Level and mix of remuneration of Directors and Key Management Personnel for the year ended 31 December 2014

The level and mix of each of the Directors’ remuneration are set out below:

<table>
<thead>
<tr>
<th>Base/Fixed Salary ($)</th>
<th>Performance-Related Bonuses Earned (including EVA and non-EVA Bonuses) ($)</th>
<th>Directors’ Fees ($)</th>
<th>Benefits-in-Kind ($)</th>
<th>Contingent award of Shares ($)</th>
<th>Total Remuneration ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid</td>
<td>Deferred &amp; at risk</td>
<td>PSP</td>
<td>RSP</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Remuneration & Name of Director

Above $500,000 to $750,000

<table>
<thead>
<tr>
<th>Name of Director</th>
<th>Base/Fixed Salary</th>
<th>Performance-Related Bonuses</th>
<th>Directors’ Fees</th>
<th>Benefits-in-Kind</th>
<th>Contingent award of Shares</th>
<th>Total Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thomas Pang Thieng Hwi</td>
<td>188,974</td>
<td>262,117</td>
<td>247,839</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
| Below $250,000
| Teo Soon Hoe | 0 | 0 | 0 | 36,646 | 0 | 0 | 36,646 |
| Loh Chin Hua | 0 | 0 | 0 | 67,254 | 0 | 0 | 67,254 |
| Tan Ting Wei | 0 | 0 | 0 | 23,015 | 0 | 0 | 23,015 |
| Bernard Tan Tiong Gie | 0 | 0 | 0 | 86,000 | 0 | 0 | 86,000 |
| Wee Sin Tho | 0 | 0 | 0 | 78,904 | 0 | 0 | 78,904 |
| Tan Boon Huat | 0 | 0 | 0 | 72,904 | 0 | 0 | 72,904 |
| Neo Boon Siong | 0 | 0 | 0 | 77,000 | 0 | 0 | 77,000 |
| Karmjit Singh | 0 | 0 | 0 | 82,000 | 0 | 0 | 82,000 |
| Lim Chin Leong | 0 | 0 | 0 | 20,054 | 0 | 0 | 20,054 |
| Michael Chia Hock Chye | 0 | 0 | 0 | 26,821 | 0 | 0 | 26,821 |
| Chan Hon Chew | 0 | 0 | 0 | 32,142 | 0 | 0 | 32,142 |
| Khor Poh Hwa | 0 | 0 | 0 | 28,854 | 0 | 0 | 28,854 |
Note:
1. Mr Thomas Pang was appointed as an executive Director with effect from 1 July 2014. He was appointed as a member of the Board Safety Committee with effect from 1 September 2014.
2. Mr Teo Soon Hoe stepped down as Chairman and Director of the Board with effect from 1 June 2014. Concurrently, Mr Teo ceased to be the Chairman of the Divestment and New Investment Committee, and a member of the Nominating Committee and the Remuneration Committee. Fees are pro-rated.
3. Mr Loh Chin Hua was appointed as Chairman of the Board with effect from 1 June 2014. He was appointed as the Chairman of the Divestment and New Investment Committee, and a member of the Nominating Committee and the Remuneration Committee with effect from 10 June 2014. Fees are pro-rated.
4. Dr Tan Tin Wee retired from the Board at the Annual General Meeting of the Company on 30 April 2014 and although eligible, did not seek re-election. Concurrently, Dr Tan ceased to be a member of the Remuneration Committee, the Divestment and New Investment Committee and the Board Safety Committee. Fees are pro-rated.
5. Mr Wee Sin Tho was appointed as a member of the Divestment and New Investment Committee with effect from 24 April 2014. Fees are pro-rated.
6. Mr Tan Boon Huat was appointed as a member of the Remuneration Committee with effect from 24 April 2014. Fees are pro-rated.
7. Mr Lim Chin Leong was appointed as an independent and non-executive Director with effect from 1 September 2014. He was also appointed as a member of the Nominating Committee and the Board Safety Committee with effect from 1 September 2014 and a member of the Remuneration Committee with effect from 4 February 2015. Fees are pro-rated.
8. Mr Michael Chia was appointed as a member of the Board Safety Committee on 24 April 2014, and ceased to be a Director with effect from 1 July 2014. Concurrently he ceased to be a member of the Board Risk Committee and the Board Safety Committee. Fees are pro-rated.
9. Mr Chan Hon Chew was appointed as a non-independent and non-executive Director with effect from 1 June 2014. He was also appointed as a member of the Audit Committee and the Divestment and New Investment Committee with effect from 1 September 2014. Fees are pro-rated.
10. Mr Khor Poh Hwa was appointed as a non-independent and non-executive Director with effect from 1 July 2014. He was also appointed as a member of the Audit Committee and the Remuneration Committee with effect from 1 September 2014. Fees are pro-rated.

The total remuneration paid to the key management personnel (who are not Directors or the CEO) in FY2014 was $1,882,580. The level and mix of each of the key management personnel in bands of $250,000 are set out below:

<table>
<thead>
<tr>
<th>Remuneration Band &amp; Name of Key Management Personnel</th>
<th>Base/Fixed Salary</th>
<th>Performance-Related Bonuses Earned (including EVA and non-EVA Bonuses)</th>
<th>Benefits-in-Kind</th>
<th>Contingent award of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above $750,000 to $1,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chan Shui Har</td>
<td>37%</td>
<td>25%</td>
<td>23%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3%</td>
</tr>
<tr>
<td>Above $500,000 to $750,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vincent Ko Woon Chun</td>
<td>40%</td>
<td>25%</td>
<td>16%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td></td>
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Note:
1. Shares awarded under the KT&T PSP and KT&T RSP are subject to pre-determined performance targets set over a three-year and a one-year performance period respectively. As at 7 April 2014 (being the grant date), the estimated fair value of each share granted in respect of the contingent awards under the KT&T PSP and KT&T RSP were $1.293 and $1.723 respectively. For the KT&T PSP, the figures are based on the fair value of the PSP shares at 100% of the awards and the figures may not be indicative of the actual value at vesting which can range from 0% to 150% of the awards.
2. Shares awarded are pro-rated for staff on retirement in accordance with the KT&T RSP.
3. Awards of Shares cancelled due to resignation.

Remuneration of employees who are immediate family members of a Director or the Chief Executive Officer
No employee of the Company and its subsidiaries was an immediate family member of a Director or the Chief Executive Officer and whose remuneration exceeded $50,000 during the financial year ended 31 December 2014. “Immediate family member” means the spouse, child, adopted child, step-child, brother, sister and parent.

Details of the KT&T Share Option Scheme and the KT&T Share Plans
The KT&T Share Option Scheme and the KT&T Share Plans, which have been approved by shareholders of the Company, are administered by the RC. Please refer to pages 80 to 83 and 109 to 112 for details of the KT&T Share Option Scheme and the KT&T 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 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 to SGX, press releases and the Company’s website. The Company’s Annual Report in CD-Rom format is sent to all shareholders and accessible at the Company’s website. A physical copy of the Annual Report is available on request.

Management provides the Board members with management accounts and information on a monthly basis and as the Board may require from time to time. Such reports keep the Board informed of, on a balanced and understandable basis, to enable the Board to make an informed assessment of the Group’s performance, position and prospects and consist of the consolidated profit and loss accounts, analysis of sales, operating profit, pre-tax and attributable profit by major divisions compared against the budgets, together with explanation given for significant variances for the month and year-to-date.

**Audit Committee**

The Audit Committee comprises the following non-executive Directors:

- Prof Neo Boon Siong Chairman
- Mr Wee Sin Tho Member
- Mr Karmjit Singh Member
- Mr Chan Hon Chew Member
- Mr Khor Poh Hwa Member

Prof Neo Boon Siong (Chairman of the Committee) and Mr Chan Hon Chew have recent and relevant accounting and related financial management expertise and experience.

The Audit Committee’s main role is to assist the Board to ensure integrity of financial reporting and that there is in place sound internal control systems. The Audit Committee’s key terms of reference are set out in the Appendix to this report.

The Audit Committee has explicit authority to investigate any matters within its terms of reference, full access to and cooperation of the management, full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. Keppel Corporation Limited’s Group Internal Audit (“Group Internal Audit”), together with the external auditors, report their findings and recommendations to the Audit Committee independently.

The Audit Committee met with the external auditors and with the internal auditors four times during the year, with at least one of the meetings conducted without the presence of management.

During the year, the Audit Committee performed independent review of the financial statements of the Company before the announcement of the Company’s quarterly and full-year financial results. In the process, the Audit Committee reviewed the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a great impact on the financials.

The Audit Committee also reviewed and approved both Group Internal Audit’s and the external auditor’s plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls of the Company. Such significant controls comprise financial, operational, compliance and information technology controls. All audit findings and recommendations presented by Group Internal Audit and the external auditors were also reviewed during Audit Committee meetings, and significant issues were discussed.
The Audit Committee reviewed the independence and objectivity of the external auditors through discussions with the external auditors as well as, reviewed 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 6 of the Notes to the Financial Statements on page 105.

The Company has complied with Rule 712, and Rule 715 read with Rule 716 of the SGX Listing Manual in relation to its auditing firms.

The Audit Committee is satisfied that Group Internal Audit is adequately resourced to discharge its duties effectively, and has appropriate standing within the Company.

The Company has in place the “Keppel T&T: Whistle-Blower Protection Policy” (“Policy”) which provides the mechanism by which employees and any persons who have dealings with the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The Audit Committee reviewed the Policy and was satisfied that arrangements are in place for independent investigation of such matters, including anonymous complaints, and for appropriate follow-up actions. To facilitate the management of incidences of alleged fraud or other misconduct, the Audit Committee 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 Audit Committee reviews the Policy regularly to ensure that it remains current.

On a quarterly basis, the Audit Committee reviewed the interested person transactions (“IPTs”) reported by management in accordance with the Company’s shareholders’ mandate for IPTs. The IPTs were reviewed by Group Internal Audit. All findings were reported during the Audit Committee meetings.

The Audit Committee members are kept updated whenever there are changes to the accounting standards or issues that may have an impact on the financial statements of the Company. In addition, the Audit Committee members are invited to the annual finance seminar organized by Keppel Corporation Limited where relevant changes to the accounting standards that will impact the Keppel Group companies are shared by, and discussed with accounting practitioners from one of the leading accounting firms.

**Risk Management and Internal Controls**

*Principle 11: Sound system of risk management and internal controls*

The Board Risk Committee (“BRC”) comprises three independent Directors (including the Chairman), namely, Mr Wee Sin Tho (Chairman), Prof Neo Boon Siong, and Mr Tan Boon Huat. The BRC members have extensive financial and commercial experience. Please refer to the profile of each BRC member on pages 7 and 8 of this Annual Report.

The BRC assists the Board in examining the adequacy and effectiveness of the Company’s risk management system to ensure that management maintains a robust risk management system. The BRC reviews and guides management in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, to safeguard shareholders’ interests and the Company’s assets. The BRC reports to the Board on material findings and recommendations in respect of significant risk matters. The key terms of reference of the BRC are set out in the Appendix to this report.

The Company has in place a System of Management Controls Framework outlining the Company’s internal control and risk management processes and procedures. The Company’s Enterprise Risk Management (ERM) framework is a key component within the System of Management Controls.

The Company’s approach to risk management is set out in the “Risk Management” section on page 45 of this Annual Report.

The Company is guided by a set of Risk Tolerance Guiding Principles, approved by the Board, as detailed under the Risk Management section. A Risk Management Assessment Framework is in place to facilitate the Board’s assessment on the adequacy and effectiveness of the Company’s risk management system. The assessment framework lays out the governing policies, processes and systems pertaining to each of the key risk areas of the Company and assessments are made on the adequacy and effectiveness of the Company’s risk management system in managing each of these key risk areas.
Keppel Corporation Limited’s Group Internal Audit and the external auditors also conduct an annual review of the effectiveness of the Company’s material internal controls, including financial, operational, compliance and information technology controls. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the Audit Committee. The Audit Committee also reviews the effectiveness of the actions taken by management on the recommendations made by Group Internal Audit and the external auditors in this respect.

The Board has received assurance from the CEO and CFO that, amongst others:

(a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group’s operations and finances;

(b) the internal controls of the Group are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business scope and environment and that they are not aware of any material weakness in the Group’s overall system of internal controls; and

(c) they are of the view that the Group’s risk management system is adequate and effective.

For FY2014, based on the review of the Group’s governing framework, systems, policies and processes in addressing the key risks under the Group’s Risk Management Assessment Framework, the monitoring and review of the Group’s overall performance and representation from the management, the Board, with the concurrence of the Board Risk Committee, is of the view that the Group’s risk management system is adequate and effective.

For FY2014, 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 Audit Committee, is of the opinion that the Group’s internal controls, are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business scope and environment.

The system of internal controls and risk management established by the Company provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

**Internal Audit**

**Principle 13: Adequately resourced and independent internal audit function**

The role of Group Internal Audit is to assist the Audit Committee to ensure that the Company maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the Audit Committee, and conducting regular in-depth audits of high risk areas. Staffed by suitably qualified and experienced executives, Group Internal Audit has unfettered access to all the Company’s documents, properties and personnel, including direct access to the Audit Committee, and reports to the Chairman of the Audit Committee on all issues of concern. The Head of Group Internal Audit’s primary line of reporting is to the Chairman of the Audit Committee.

As a corporate member of the Institute of Internal Auditors Singapore (“IIA”), Group Internal Audit is guided by the International Standards for the Professional Practice of Internal Auditing set by the IIA. These standards consist of attribute and performance standards. In addition, Group Internal Audit performs a yearly declaration to confirm their adherence to the Code of Ethics established by IIA, from which, the principles of objectivity, competence, confidentiality and integrity are based. The professional competence of Group Internal Audit is maintained through its continuing professional development programme for its staff which includes sending auditors to attend professional courses conducted by external accredited organizations to enhance their knowledge on auditing techniques, data analytics, auditing and accounting pronouncements. External quality assessment reviews are carried out at least once every five years by qualified professionals, with the last assessment conducted in 2011 and the results reaffirmed that the internal audit activity conforms to the International Standards.
Group Internal Audit adopted a risk-based auditing approach that focuses on material internal controls, including financial, operational, compliance and information technology controls. Audits were carried out on all significant business units in the Group, including limited review performed on dormant and inactive companies. All internal audit reports are submitted to the Audit Committee for deliberation with copies of these reports extended to the Chairman and the relevant senior management. To ensure timely and adequate closure of the identified issues, the progress of the corrective action plans is tracked and discussed at the Audit Committee meetings.

The Audit Committee reviewed, and was satisfied that the Group Internal Audit was adequately resourced to perform its functions and had appropriate standing within the Group.

Shareholder Rights and Responsibilities, and Conduct of Shareholder Meetings

**Principle 14:** Recognition, protection and facilitation of the exercise of shareholders’ rights

**Principle 15:** Regular, effective and fair communication with shareholders

**Principle 16:** Greater shareholder participation at general meetings of shareholders

In addition to the matters mentioned above in relation to “Accountability and Audit”, the Group Corporate Communications Department of Keppel Corporation Limited (with assistance from the Group Finance and Group Legal Departments of Keppel Corporation Limited, when required) regularly communicates with shareholders and receives and attends to their queries and concerns.

The Company has in place an Investor Relations Policy, which sets out the principles and practices that the Company applies in order to provide shareholders and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field. The Investor Relations Policy is published on the Company’s website at www.keppellt.com.sg.

The Company maintains open channels of communication through which shareholders can give feedback through email or telephone. Shareholders are invited to share feedback with the Board at general meetings of the Company. During the year, the senior management held 10 one-on-one investor meetings and conference calls as well as a site visit to introduce and explain the Company’s businesses. The senior management also kept investors apprised of corporate developments through conference calls and meetings following the Company’s results announcements.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXnet and the press. All corporate announcements are also made available on the Company’s website, which has been enhanced to facilitate investors’ access to information via mobile devices. To ensure a level playing field and provide confidence to shareholders, unpublished price sensitive information are not selectively disclosed, and on the rare occasions when such information are inadvertently disclosed, they are immediately released to the public via SGXnet and the press.

Shareholders are informed of shareholders’ meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon, and to vote on the resolutions at shareholders’ meetings. If any shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance.

At shareholders’ meetings, each distinct issue is proposed as a separate resolution. Each resolution at the annual general meeting will be voted on by way of a poll and an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be made after the meeting.

Where possible, all the Directors will attend shareholders’ meetings. The Chairman of each Board committee is particularly required to be present at these meetings to address any queries raised. External auditors are also present at the annual general meeting to assist the Directors to address shareholders’ queries, if necessary.

The Company is not implementing absentia voting methods such as by mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretaries prepare minutes of shareholders’ meeting, which incorporates substantial and relevant comments or queries from shareholders and responses from the Board and management. These minutes are available to shareholders upon request.
**Securities Transactions**

**Insider Trading Policy**

The Company has a formal policy on dealings in the securities of the Company, which sets out the implications of insider trading and guidance on such dealings. The policy has been distributed to all Directors and officers. In line with best practices on securities dealings, 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 a month before the release of the full-year results and two weeks before the release of the quarterly results, as the case may be, and if they are in possession of unpublished material price-sensitive information. The Company’s officers are also informed that they should not deal in the Company’s securities on short-term considerations.
APPENDIX

BOARD COMMITTEES – KEY TERMS OF REFERENCE

A. Audit Committee

1. Review financial statements and formal announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, for better assurance of the integrity of such statements and announcements.

2. Review and report to the Board at least annually the adequacy and effectiveness of the Group’s internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties).

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

4. Review the independence and objectivity of the external auditors.

5. Review the nature and extent of non-audit services performed by the auditors.

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

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.

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

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

10. Approve the hiring, removal evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced.

11. Review the policy and arrangements by which employees of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow up action to be taken.

12. Review interested person transactions.

13. Investigate any matters within the Audit Committee’s purview, whenever it deems necessary.

14. Report to the board on material matters, findings and recommendations.

15. Review the Audit Committee’s terms of reference annually and recommend any proposed changes to the Board.

16. Perform such other functions as the Board may determine.

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

B. Nominating Committee

1. Recommend to the Board the appointment/re-appointment of directors.

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.

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 9 years from the date of his first appointment.

4. Decide, where a director has other listed company board representation and/or other principal commitments, whether the director is able to and has been adequately carrying out his duties as director of the Company.

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.

6. Annual assessment of the effectiveness of the board as a whole and individual directors.

7. Review the succession plans for the Board (in particular, the Chairman) and senior management (in particular, the CEO).

8. Review talent development plans.

9. Review the training and professional development programs for Board members.
(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.

(11) Report to the Board on material matters and recommendations.

(12) Review the Nominating Committee’s terms of reference annually and recommend any proposed changes to the Board.

(13) Perform such other functions as the Board may determine.

(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.

C. Remuneration Committee

(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.

(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.

(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).

(4) Administer the Company’s employee share option scheme (the “KTT Share Option Scheme”), and the Company’s Restricted Share Plan and Performance Share Plan (collectively, the “KTT Share Plans”), in accordance with the rules of the KTT Share Option Scheme and KTT Share Plans.

(5) Report to the Board on material matters and recommendations.

(6) Review the Remuneration Committee’s terms of reference annually and recommend any proposed changes to the Board.

(7) Perform such other functions as the Board may determine.

(8) Sub-delegate any of its powers within its terms of reference as listed above, from time to time as the Remuneration Committee may deem fit.

Save that a member of this Committee shall not be involved in the deliberations in respect of any remuneration, compensation, options or any form of benefits to be granted to him.

D. Board Risk Committee

(1) Receive, as and when appropriate, reports and recommendations from Management on risk tolerance and strategy, and recommend to the Board for its determination the nature and extent of significant risks which the Group overall may take in achieving its strategic objectives and the overall Group’s levels of risk tolerance and risk policies.

(2) Review and discuss, as and when appropriate, with Management the Group’s risk governance structure and its risk policies and risk mitigation and monitoring processes and procedures.

(3) Receive and review at least quarterly reports from Management on major risk exposures and the steps taken to monitor, control and mitigate such risks.

(4) Review the Group’s capability to identify and manage new risk types.

(5) Review and monitor Management’s responsiveness to the findings and recommendations of the risk management department.

(6) Provide timely input to the Board on critical risk issues.

(7) Review the Committee’s terms of reference annually and recommend any proposed changes to the Board.

(8) Perform such other functions as the Board may determine.

(9) Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Committee may deem fit.
E. **Board Safety Committee**

1. Review and examine the effectiveness of Group companies’ safety management system, including training and monitoring systems, to ensure that a robust safety management system is maintained.
2. Review and examine Group companies’ safety procedures against industry best practices, and monitor its implementation.
4. Assist in enhancing safety awareness and culture within the Group.
5. Ensure that the safety functions in Group companies are adequately resourced (in terms of number, qualification, and budget) and has appropriate standing within the organization.
6. Consider management’s proposals on safety-related matters.
7. Carry out such investigations into safety-related matters as the Committee deems fit.
8. Report to the board on material matters, findings and recommendations.
9. Perform such other functions as the board may determine.
10. Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Committee may deem fit.

**Nature of current Directors’ appointments and membership on Board committees**

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**Board Performance**

**Evaluation processes**

**Board and Committees**

Each Board member is required to complete a Board Evaluation Questionnaire and send the Questionnaire directly to the Independent Co-ordinator 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 Independent Co-ordinator prepares a consolidated report and briefs the Chairman of the Nominating Committee on the report. The Independent Co-ordinator will, together with the Chairman of the Nominating Committee, brief the Chairman of the Board on the report. Thereafter, the Independent Co-ordinator will present 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
In the assessment of the performance of the non-executive Directors, each Director is required to complete the non-executive Directors' assessment form and send the form directly to the Independent Co-ordinator within five working days. Each non-executive Director is also required to perform a self-assessment in addition to a peer assessment. Based on the returns, the Independent Co-ordinator prepares a consolidated report and briefs the Chairman of the Nominating Committee. The Independent Co-ordinator will then, together with the Chairman of the Nominating Committee, brief the Chairman of the Board on the report. Thereafter, the Independent Co-ordinator will present the report for discussion at a board meeting. Following the meeting, the Chairman of the Nominating Committee will meet with non-executive Directors individually to provide the necessary feedback on their respective performance with a view to improving their board performance and shareholder value.

Chairman
The Chairman Evaluation Form is completed by each non-executive Director (other than the Chairman) and sent directly to the Independent Co-ordinator within five working days. Based on the returns from each of the non-executive Directors, the Independent Co-ordinator prepares a consolidated report and briefs the Chairman of the Nominating Committee on the report. The Independent Co-ordinator will then, together with the Chairman of the Nominating Committee, brief the Chairman of the Board on the report. Thereafter, the Independent Co-ordinator will present the report for discussion at a board meeting.

Performance Criteria
The performance criteria for the board evaluation are in respect of board size and composition, board independence, board processes, board information and accountability, management in diversity, board performance in relation to discharging its principal functions and board committee performance in relation to discharging their responsibilities set out in their respective terms of reference. Based on the responses received, the Board continues to perform and fulfill its duties and responsibilities duly in accordance with the established Board processes of the Company.

The individual Director’s performance criteria are categorized into five segments; namely, (1) interactive skills (under which factors as to whether the Director works well with other Directors, and participates actively are taken into account); (2) knowledge (under which factors as to the Director’s industry and business knowledge, functional expertise, whether he provides valuable inputs, his ability to analyse, communicate and contribute to the productivity of meetings, and his understanding of finance and accounts are taken into consideration); (3) Director’s duties (under which factors as to the Director’s board committee work contribution, whether the Director takes his role of Director seriously and works to further improve his own performance, whether he listens and discusses objectively and exercises independent judgment, and meeting preparation are taken into consideration); (4) availability (under which the Director’s attendance at board and board committee meetings, whether he is available when needed, and his informal contribution via e-mail, telephone, written notes etc are considered); and (5) overall contribution, bearing in mind that each Director was appointed for his/her strength in certain areas which, taken together with the skill sets of the other Directors, provides the Board with the required mix of skills and competencies.

The assessment of the Chairman of the Board is based on 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 guides discussions effectively so that there is timely resolution of issues, whether he ensured that meetings are conducted in a manner that facilitates open communication and meaningful participation, and whether he ensured that Board committees are formed where appropriate, with clear terms of reference, to assist the Board in the discharge of its duties and responsibilities.
### Code of Corporate Governance 2012

#### Specific Principles and Guidelines for Disclosure

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<th>Relevant Guideline or Principle</th>
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<tbody>
<tr>
<td>Guideline 1.3 Delegation of authority, by the Board to any board committee, to make decisions on certain board matters.</td>
<td>144</td>
</tr>
<tr>
<td>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.</td>
<td>144 and 145</td>
</tr>
<tr>
<td>Guideline 1.5 The type of material transactions that require board approval under guidelines.</td>
<td>145</td>
</tr>
<tr>
<td>Guideline 1.6 The induction, orientation and training provided to new and existing directors.</td>
<td>145</td>
</tr>
<tr>
<td>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.</td>
<td>6 to 9</td>
</tr>
<tr>
<td>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.</td>
<td>148</td>
</tr>
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<td>Guideline 3.1 Relationship between the Chairman and the CEO where they are immediate family members.</td>
<td>146</td>
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<td>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.</td>
<td>147, 159 and 160</td>
</tr>
<tr>
<td>Guideline 4.4 The maximum number of listed company board representations which directors may hold should be disclosed.</td>
<td>148</td>
</tr>
<tr>
<td>Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process.</td>
<td>147 and 148</td>
</tr>
<tr>
<td>Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent.</td>
<td>6 to 9 and 148</td>
</tr>
<tr>
<td>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.</td>
<td>148, 149, 161 and 162</td>
</tr>
</tbody>
</table>
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

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.

Principle 9
Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration

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).

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.

Guideline 9.3
Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel’s remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel.

Guideline 9.4
Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee’s relationship with the relevant director or the CEO.

Guideline 9.5
Details and important terms of employee share schemes.

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.

Disclosure of remuneration should be in incremental bands of S$50,000.

Details and important terms of employee share schemes.

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.
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.

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.

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.

Guideline 12.7
The existence of a whistle-blowing policy should be disclosed in the company’s Annual Report.

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.

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.

Guideline 15.5
Where dividends are not paid, companies should disclose their reasons.
### Code of Corporate Governance Disclosure Guide

<table>
<thead>
<tr>
<th>Guideline</th>
<th>Questions</th>
<th>How has the Company complied?</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>(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.</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</td>
<td>N.A.</td>
</tr>
</tbody>
</table>

#### Board Responsibility

**Guideline 1.5**

What are the types of material transactions which require approval from the Board?

Investments, acquisitions and disposals by any Group company, and all commitments to term loans and lines of credit from banks and financial institutions by the Company, require the approval of the Board.

#### Members of the Board

**Guideline 2.6**

(a) What is the Board’s policy with regard to diversity in identifying director nominees?

The Nominating Committee ("NC") evaluates the diversity and balance of skills, knowledge and experience on the Board and, in the light of such evaluation and in consultation with management, prepares a description of the role and the essential and desirable competencies for a particular appointment. All new appointments of Directors are subject to the recommendation of the NC based on certain objective criteria, one of which is diversity, whether the candidate possesses core competencies that meet the current needs of the Company and complement the skills and competencies of the existing Directors on the Board.

(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 of the view that the Board and its Board committees comprise Directors who as a group provide appropriate balance and diversity of skills, experience and knowledge of the Company, as well as core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board and the Board committees to be effective. The NC will review the gender diversity of the Board for suitable appointment.
(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?

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.

See above on the considerations for the appointment of new Directors. See also Guideline 4.6 below for details on process for nomination of new directors and Board succession planning.

For new directors

The NC recommended, and the Board approved, a formal process for the selection of new Directors to increase transparency of the nominating process in identifying and evaluating nominees for Directors. The NC leads the process and makes recommendations to the Board as follows:

(a) NC evaluates the diversity and balance of skills, knowledge and experience on the Board and, in the light of such evaluation and in consultation with management, prepares a description of the role and the essential and desirable competencies for a particular appointment.

(b) External help (for example, Singapore Institute of Directors, search consultants, open advertisement) to be used to source for potential candidates, if need be. Directors and management may also make suggestions.

(c) NC meets with short-listed candidates to assess suitability and to ensure that the candidate(s) are aware of the expectations and the level of commitment required.

(d) NC makes recommendations to the Board for approval.

Criteria for appointment of new Directors

All new appointments of Directors are subject to the recommendation of the NC based on the following objective criteria:

(a) Integrity

(b) Independent mindedness

(c) Diversity – Possess core competencies that meet the current needs of the Company and complement the skills and competencies of the existing Directors on the Board

(d) Ability to commit time and effort to carry out duties and responsibilities effectively – the proposed Director does not have more than six listed company board representations and other principal commitments

(e) Track record of making good decisions

(f) Experience in high-performing companies

(g) Financial literacy
For incumbent directors
The NC is also charged with the responsibility of re-nomination of Directors, having regard to the Director’s contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual Director by his peers. Upon review, the Director is recommended to the Board for re-appointment.

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 Articles of Association, one-third of the Directors retire from office at the Company’s annual general meeting, and a newly appointed Director must submit himself for re-election at the annual general meeting immediately following his appointment.

Guideline 1.6
(a) Are new directors given formal training? If not, please explain why.
Yes.

(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?
A formal letter is sent to newly-appointed Directors upon their appointment explaining their duties and obligations as director. All newly-appointed Directors also undergo an orientation programme which includes management presentations on the Group’s businesses and strategic plans and objectives. If the newly-appointed Director has no prior experience as a director of a listed company, training in relevant areas such as finance and legal, as well as industry-related areas will be provided.

The Directors are provided with continuing education in areas such as finance, economics, management and committees’ duties and responsibilities so as to update and refresh them on matters that affect their performance as Board or Board committee members. Updates on relevant legal or regulatory developments may be provided to the Board in writing or through seminars and presentations conducted or sponsored by the Company.

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?
As a guide, Directors should not serve on more than six listed company board representations and other principal commitments. This serves as a guide and the NC takes into account other factors in deciding on the capacity of a director.

(b) If a maximum number has not been determined, what are the reasons?
N.A.
(c) What are the specific considerations in deciding on the capacity of directors?

The NC took into account the results of the assessment of the effectiveness of the individual Director (one of the performance criteria is the Director’s availability (under which the Director’s attendance at board and board committee meetings, whether he is available when needed, and his information contribution via e-mail, telephone and written notes are considered)), and the Director’s actual conduct on the Board, in making the determination whether the Director has been able to adequately carried out his duties notwithstanding his multiple listed board representations and other principal commitments.

Board Evaluation

Guideline 5.1

(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?

The Board has implemented formal processes for assessing the effectiveness of the Board as a whole. 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.

Each Board member is required to complete a Board Evaluation Questionnaire and send the Questionnaire directly to the Independent Co-ordinator 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 Independent Co-ordinator prepare a consolidated report and briefs the Chairman of the NC on the report. The Independent Co-ordinator will, together with the Chairman of the NC, brief the Chairman of the Board on the report. Thereafter, the Independent Co-ordinator will present the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.
The performance criteria for the board evaluation are in respect of board size and composition, board independence, board processes, board information and accountability, management in diversity, board performance in relation to discharging its principal functions and board committee performance in relation to discharging their responsibilities set out in their respective terms of reference.

(b) Has the Board met its performance objectives?

Based on the responses received, the Board continues to perform and fulfill its duties and responsibilities duly in accordance with the established Board processes of the Company.

### 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.

Not Applicable.

(b) What are the Board’s reasons for considering him independent? Please provide a detailed explanation.

Not Applicable.

#### 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. They are Prof Bernard Tan and Mr Wee Sin Tho. Taking into consideration, amongst other things, the instances of constructive challenge and probing of management by Prof Bernard Tan and Mr Wee Sin Tho such as at Board and Board committee meetings, and the exercise of independent judgment by them in discharging their duties in the best interests of the Company, the Board is the view that Prof Bernard Tan and Mr Wee Sin Tho should continue to be deemed independent notwithstanding having been on the Board for more than nine years. As part of Board renewal process, Prof Bernard Tan will be retiring at the forthcoming AGM of the Company, and will not be seeking re-election.
Disclosure on Remuneration

Guideline 9.2 Has the Company disclosed each director’s and the CEO’s remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? Yes

Guideline 9.3 (a) Has the Company disclosed each key management personnel’s remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? Yes

(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO). Aggregate remuneration paid: S$1,882,580

Guideline 9.4 Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO. No

Guideline 9.6 (a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria. The total remuneration mix comprises 3 key components; that is, annual fixed cash, annual performance incentive, and the KT&T Share Plans. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances. The annual performance incentive is tied to the Company’s, business unit’s and individual employee’s performance, inclusive of a portion which is tied to EVA performance. The KT&T Share Plans are in the form of two share plans approved by shareholders, the KT&T Restricted Share Plans (“KT&T RSP”) and the KT&T Performance Share Plans (“KT&T PSP”). The EVA performance incentive plan and the KT&T Share Plans are long term incentive plans.
(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?
The compensation structure is directly linked to corporate and individual performance, both in terms of financial, non-financial performance and the creation of shareholder wealth. Annual cash incentives are based on corporate performance and individual performance is measured on Commercial/Financial; Customers, Process, and People. For the long-term incentive plans, performance conditions that are aligned with shareholder interests such as ROE, Total Shareholder Return and EVA are selected for equity awards.

(c) Were all of these performance conditions met? If not, what were the reasons?
Yes

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?
Management provides the Board members with management accounts and information on a monthly basis and as the Board may require from time to time. Such reports keep the Board informed of, on a balanced and understandable basis, to enable the Board to make an informed assessment of the Group’s performance, position and prospects and consist of the consolidated profit and loss accounts, analysis of sales, operating profit, pre-tax and attributable profit by major divisions compared against the budgets, together with explanation given for significant variances for the month and year-to-date. In additional, management provides the Board with project briefs at an early stage to keep the Board abreast of the progress of the projects and potential business developments.

Guideline 13.1
Does the Company have an internal audit function? If not, please explain why.
Yes. The Company’s internal audit functions are discharged by Keppel Corporation Limited’s Group Internal Audit.

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 Risk Committee ("BRC") assists the Board in examining the adequacy and effectiveness of the Company’s risk management system to ensure that management maintains a robust risk management system. The BRC reviews and guides management in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, to safeguard shareholders’ interests and the Company’s assets. The BRC reports to the Board on material findings and recommendations in respect of significant risk matters.
The Company has in place a System of Management Controls Framework outlining the Company’s internal control and risk management processes and procedures. The Company’s Enterprise Risk Management (ERM) framework is a key component within the System of Management Controls.

The Company is guided by a set of Risk Tolerance Guiding Principles, approved by the Board, as detailed under the Risk Management section. A Risk Management Assessment Framework is in place to facilitate the Board’s assessment on the adequacy and effectiveness of the Company’s risk management system. The assessment framework lays out the governing policies, processes and systems pertaining to each of the key risk areas of the Company and assessments are made on the adequacy and effectiveness of the Company’s risk management system in managing each of these key risk areas.

Keppel Corporation Limited’s Group Internal Audit and the external auditors also conduct an annual review of the effectiveness of the Company’s material internal controls, including financial, operational, compliance and information technology controls. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the Audit Committee. The Audit Committee also reviews the effectiveness of the actions taken by management on the recommendations made by Group Internal Audit and the external auditors in this respect.

For FY2014, based on the review of the Group’s governing framework, systems, policies and processes in addressing the key risks under the Group’s Risk Management Assessment Framework, the monitoring and review of the Group’s overall performance and representation from the management, the Board, with the concurrence of the Board Risk Committee, is of the view that the Group’s risk management system is adequate and effective.
For FY2014, 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 Audit Committee, is of the opinion that the Group’s internal controls, are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business scope and environment.

(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

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.

For 2014, the Group paid aggregate fees of $0.477 million to the external auditor, comprising non-audit services fees of $0.008 million and audit services fees of $0.469 million.

(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 external auditors did not provide a substantial volume of non-audit services to the Company in 2014.

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. The Company maintains open channels of communication through which shareholders can give feedback through email or telephone. Shareholders are invited to share feedback with the Board at general meetings of the Company. During the year, the senior management held 10 one-on-one investor meetings and conference calls as well as a site visit to introduce and explain the Company’s businesses. The senior management also kept investors apprised of corporate developments through conference calls and meetings following the Company’s results announcements.
(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?

Yes, by the Group Corporate Communications Department of Keppel Corporation Limited (with assistance from the Group Finance and Group Legal Departments of Keppel Corporation Limited, when required).

(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?

All corporate announcements are also made available on the Company’s website, which has been enhanced to facilitate investors’ access to information via mobile devices.

Guideline 15.5

If the Company is not paying any dividends for the financial year, please explain why.

N.A. as the Company has declared final and special dividends for FY2014.
The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 30 April 2014. During the financial year, the following interested person transactions were entered into by the Group:

<table>
<thead>
<tr>
<th>Name of Interested Person</th>
<th>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 of the SGX Listing Manual)</th>
<th>Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>General Transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Keppel Corporation Limited Group</td>
<td>445</td>
<td>-</td>
</tr>
<tr>
<td>Singapore Telecommunications Limited Group</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mapletree Investments Pte Ltd Group</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Starhub Ltd Group</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Treasury Transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Keppel Corporation Limited Group</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Management Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Keppel Corporation Limited Group</td>
<td>-</td>
<td>79,450</td>
</tr>
<tr>
<td>Keppel Land Limited Group</td>
<td>-</td>
<td>79,450</td>
</tr>
<tr>
<td></td>
<td>445</td>
<td>79,450</td>
</tr>
</tbody>
</table>
## Shareholding Statistics

As at 4 March 2015

### Total Number of Issued Shares
555,777,987 shares

### Issued and Fully Paid-Up Capital
$77,936,952.06

### Class of Shares
Ordinary shares with equal voting rights

#### Size of Shareholdings

<table>
<thead>
<tr>
<th>Size of Shareholdings</th>
<th>No. of Shareholders</th>
<th>%</th>
<th>No. of Shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-99</td>
<td>75</td>
<td>1.31</td>
<td>3,398</td>
<td>0.00</td>
</tr>
<tr>
<td>100-1,000</td>
<td>1,273</td>
<td>22.28</td>
<td>1,104,971</td>
<td>0.20</td>
</tr>
<tr>
<td>1,001-10,000</td>
<td>3,514</td>
<td>61.51</td>
<td>16,181,788</td>
<td>2.91</td>
</tr>
<tr>
<td>10,001-1,000,000</td>
<td>839</td>
<td>14.69</td>
<td>35,472,939</td>
<td>6.38</td>
</tr>
<tr>
<td>1,000,001 and above</td>
<td>12</td>
<td>0.21</td>
<td>503,014,891</td>
<td>90.51</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,713</td>
<td>100.00</td>
<td>555,777,987</td>
<td>100.00</td>
</tr>
</tbody>
</table>

#### Location of Shareholders

<table>
<thead>
<tr>
<th>Location</th>
<th>No. of Shareholders</th>
<th>%</th>
<th>No. of Shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>5,318</td>
<td>93.09</td>
<td>549,793,857</td>
<td>98.92</td>
</tr>
<tr>
<td>Malaysia</td>
<td>319</td>
<td>5.58</td>
<td>1,458,325</td>
<td>0.26</td>
</tr>
<tr>
<td>Others</td>
<td>76</td>
<td>1.33</td>
<td>4,525,805</td>
<td>0.82</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,713</td>
<td>100.00</td>
<td>555,777,987</td>
<td>100.00</td>
</tr>
</tbody>
</table>

#### Twenty Largest Shareholders

<table>
<thead>
<tr>
<th>No. of Shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Keppel Corporation Limited</td>
<td>442,935,526</td>
</tr>
<tr>
<td>2. Citibank Nominees Singapore Pte Ltd</td>
<td>22,789,767</td>
</tr>
<tr>
<td>3. Raffles Nominees (Pte) Limited</td>
<td>12,243,132</td>
</tr>
<tr>
<td>4. DBS Nominees (Private) Limited</td>
<td>8,893,571</td>
</tr>
<tr>
<td>5. Morph Investments Ltd</td>
<td>3,292,212</td>
</tr>
<tr>
<td>6. United Overseas Bank Nominees (Private) Limited</td>
<td>2,148,214</td>
</tr>
<tr>
<td>7. DBSN Services Pte. Ltd</td>
<td>1,524,000</td>
</tr>
<tr>
<td>8. Sunmax Global Capital Fund 1 Pte Ltd</td>
<td>1,450,000</td>
</tr>
<tr>
<td>9. Lim Kim Hong</td>
<td>1,427,097</td>
</tr>
<tr>
<td>10. UOB Kay Hian Private Limited</td>
<td>1,246,060</td>
</tr>
<tr>
<td>11. BNP Paribas Securities Services Singapore Branch</td>
<td>1,169,312</td>
</tr>
<tr>
<td>12. OCBC Nominees Singapore Private Limited</td>
<td>850,753</td>
</tr>
<tr>
<td>13. HSBC (Singapore) Nominees Pte Ltd</td>
<td>760,000</td>
</tr>
<tr>
<td>14. Heng Siew Eng</td>
<td>700,000</td>
</tr>
<tr>
<td>15. Law Chin Pong</td>
<td>652,873</td>
</tr>
<tr>
<td>16. DB Nominees (Singapore) Pte Ltd</td>
<td>625,018</td>
</tr>
<tr>
<td>17. Phillips Securities Pte Ltd</td>
<td>558,276</td>
</tr>
<tr>
<td>18. OCBC Securities Private Limited</td>
<td>478,100</td>
</tr>
<tr>
<td>19. Morgan Stanley Asia (Singapore) Securities Pte Ltd</td>
<td>427,625</td>
</tr>
<tr>
<td>20. DBS Vickers Securities (Singapore) Pte Ltd</td>
<td>508,067,536</td>
</tr>
</tbody>
</table>

#### Substantial Shareholders (as shown in the Register of Substantial Shareholders)

<table>
<thead>
<tr>
<th>Direct Interest</th>
<th>Deemed Interest</th>
<th>Total Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Shares</td>
<td>No. of Shares</td>
<td>No. of Shares</td>
</tr>
<tr>
<td>-----------------</td>
<td>-----------------</td>
<td>---------------</td>
</tr>
<tr>
<td>1. Keppel Corporation Limited</td>
<td>442,935,526</td>
<td>79.70</td>
</tr>
<tr>
<td>2. Temasek Holdings (Private) Limited(1)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3. Investoasia Pte. Ltd.(2) (formerly known as Kapital Asia Pte Ltd)</td>
<td>33,545,000</td>
<td>6.04</td>
</tr>
<tr>
<td>4. Agus Anwar(3)</td>
<td>29,217,000</td>
<td>5.26</td>
</tr>
<tr>
<td>5. Tjia Marcel Han Liong(3)</td>
<td>33,545,000</td>
<td>6.04</td>
</tr>
</tbody>
</table>

Notes:
(1) The interest of Temasek Holdings (Private) Limited arises from its shareholdings in Keppel Corporation Limited.
(2) Includes interests held by Kapital Asia Company Limited and Agus Anwar.
(3) The interests of Agus Anwar and Tjia Marcel Han Liong arise from their controlling interests in Investoasia Pte. Ltd. and Kapital Asia Company Limited.

#### Public Shareholders

Based on the information available to the Company as at 4 March 2015, approximately 14.3% of the issued shares of the Company was held by the public and therefore, pursuant to Rules 1207 and 723 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.

**Treasury Shares**

As at 4 March 2015, there were no treasury shares held.
Share Prices and Turnover

<table>
<thead>
<tr>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share (cents) (Note 1)</td>
<td>10.4</td>
<td>14.4</td>
<td>10.0</td>
<td>11.4</td>
</tr>
<tr>
<td>Dividends per share (cents)</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
</tr>
<tr>
<td>Share price (cents)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Highest</td>
<td>156</td>
<td>150</td>
<td>144</td>
<td>167</td>
</tr>
<tr>
<td>Lowest</td>
<td>121</td>
<td>108</td>
<td>98</td>
<td>131</td>
</tr>
<tr>
<td>Average</td>
<td>139</td>
<td>129</td>
<td>121</td>
<td>149</td>
</tr>
<tr>
<td>Dividend yield (%) (Note 2)</td>
<td>2.5</td>
<td>2.7</td>
<td>2.9</td>
<td>2.3</td>
</tr>
<tr>
<td>Net price earnings ratio (Note 2)</td>
<td>13.4</td>
<td>9.0</td>
<td>12.1</td>
<td>13.1</td>
</tr>
<tr>
<td>Net tangible assets ($)</td>
<td>0.62</td>
<td>0.71</td>
<td>0.77</td>
<td>0.85</td>
</tr>
</tbody>
</table>

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. In calculating dividend yields and net price earnings ratios, the average share prices have been used.
Notice of Annual General Meeting/Closure of Books

ALL MEMBERS ARE CORDIALLY INVITED TO ATTEND the annual general meeting of Keppel Telecommunications & Transportation Ltd (the "Company") to be held at Raffles City Convention Centre, Atrium Ballroom, Level 4, 80 Bras Basah Road, Singapore 189560, on Wednesday, 15 April 2015 at 2.30 p.m. to transact the following business:

**Ordinary Business**

**Resolution 1**
To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December 2014.

**Resolution 2**
To declare a first and final dividend of 3.5 cents per share tax exempt one-tier and a special dividend of 11.5 cents per share tax exempt one-tier for the year ended 31 December 2014 (2013: first and final dividend of 3.5 cents per share tax exempt one-tier).

**Resolution 3**
To re-elect Prof Neo Boon Siong who retires in accordance with Article 86 of the Company’s Articles of Association and who, being eligible, offers himself for re-election (see Note 2).

**Resolution 4**
To re-elect Mr Karmjit Singh who retires in accordance with Article 86 of the Company’s Articles of Association and who, being eligible, offers himself for re-election (see Note 2).

**Resolution 5**
To re-elect Mr Thomas Pang Thieng Hwi who, being appointed by the board of directors after the last annual general meeting, retires in accordance with Article 93 of the Company’s Articles of Association and who, being eligible, offers himself for re-election (see Note 2).

**Resolution 6**
To re-elect Mr Lim Chin Leong who, being appointed by the board of directors after the last annual general meeting, retires in accordance with Article 93 of the Company’s Articles of Association and who, being eligible, offers himself for re-election (see Note 2).

**Resolution 7**
To re-elect Mr Chan Hon Chew who, being appointed by the board of directors after the last annual general meeting, retires in accordance with Article 93 of the Company’s Articles of Association and who, being eligible, offers himself for re-election (see Note 2).

**Resolution 8**
To re-elect Mr Khor Poh Hwa who, being appointed by the board of directors after the last annual general meeting, retires in accordance with Article 93 of the Company’s Articles of Association and who, being eligible, offers himself for re-election (see Note 2).

Note: Prof Bernard Tan Tiong Gie, who retires pursuant to Section 153(6) of the Companies Act (Cap. 50), and although eligible, has given notice to the Company that he does not wish to stand for re-election (see Note 2).

**Resolution 9**
To approve directors’ fees of $631,594 for the year ended 31 December 2014 (2013: $481,803).

**Resolution 10**
To re-appoint the Auditors and authorise the Directors of the Company to fix their remuneration.
Special Business

To consider and, if thought fit, approve with or without modification, the following Ordinary Resolutions:

Resolution 11
That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the “Companies Act”) and Article 52(2) of the Company’s Articles of Association, authority be and is hereby given to the Directors of the Company to:

1. (a) issue shares in the capital of the Company (“Shares”), whether by way of rights, bonus or otherwise, and including any capitalisation pursuant to Article 139 of the Company’s Articles of Association of any sum for the time being standing to the credit of any of the Company’s reserve accounts or 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 of the Company 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 50 per cent. of the total number of issued Shares (excluding treasury Shares) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed 20 per cent. of the total number of issued Shares (excluding treasury Shares) (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (“SGX-ST)) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury Shares) at the time this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards which are outstanding or subsisting as at the time this Resolution is passed, and

(b) any subsequent bonus issue, consolidation or sub-division of Shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Companies Act, the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company (“AGM”) or the date by which the next AGM is required by law to be held, whichever is the earlier (see Note 3).
Resolution 12

That:

(1) for the purposes of the Companies Act, the exercise by the Directors of the Company 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 of the Company 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 of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorized and approved generally and unconditionally (the “Share Buy-Back Mandate”);

(2) (unless varied or revoked by the members of the Company in a general meeting) the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(a) the date on which the next AGM is held or is required by law to be held; or

(b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated;

(3) in this Resolution:

“Maximum Limit” means that number of issued Shares representing 10 per cent. of the total number of issued Shares as at the date of the last AGM or at the date of the passing of this Resolution, whichever is higher, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereafter defined), in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any treasury Shares that may be held by the Company from time to time);

“Relevant Period” means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution, and

“Maximum Price”, in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which is:

(a) in the case of a Market Purchase, 5 per cent. above the Average Closing Price (as hereafter defined); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 20 per cent. above the Average Closing Price,

where:

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) Market Days (a “Market Day” being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, in the case of Market Purchases, before the day on which the purchase or acquisition of Shares was made and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days, or in the case of Off-Market Purchases, before the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase, and
Resolution 13

That:

(1) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, 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 “Shareholders’ Mandate”);

(2) the Shareholders’ Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next AGM 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 authorized 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 of the Company 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 expedient, necessary, incidental or in the interests of the Company to give effect to the Shareholders’ Mandate and/or this Resolution (see Note 5).

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 24 April 2015 at 5.00 p.m. for the preparation of dividend warrants. Duly completed transfers of Shares received by the Company’s Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, up to 5.00 p.m. on 24 April 2015 will be registered to determine shareholders’ entitlement to the proposed first and final, and special, dividends. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on 24 April 2015 will be entitled to the proposed first and final, and special, dividends. The proposed first and final, and special, dividends if approved at the annual general meeting will be paid on 5 May 2015, and

(b) the electronic copy of the Company’s Annual Report 2014 will be published on the Company’s website on 24 March 2015. The Company’s website address is http://www.keppeltt.com.sg, and the electronic copy of the Annual Report 2014 can be viewed or downloaded from the “Annual Reports” section, which can be accessed from the main menu item “Investor Relations”.

BY ORDER OF THE BOARD

Tok Boon Sheng
Kenny Lee
Company Secretary
Company Secretary

Singapore, 24 March 2015
Notes:

1. A member of the Company is entitled to appoint one proxy or two proxies to attend the meeting and vote in his stead. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the registered office of the Company not less than 48 hours before the time appointed for holding the annual general meeting.

2. Detailed information on the Directors can be found in the “Board of Directors” section of the Company’s Annual Report for the financial year ended 31 December 2014 (“Annual Report 2014”). Prof Neo Boon Siong will, upon re-election continue to serve as the Chairman of the Audit Committee and a member of the Board Risk Committee. Mr Karmjit Singh will, upon re-election, continue to serve as the Chairman of the Nominating Committee, and a member of the Audit Committee and the Board Safety Committee. Mr Thomas Pang Thieng Hwi will, upon re-election, continue to serve as a member of the Board Safety Committee. Mr Lim Chin Leong will, upon re-election, continue to serve as a member of the Nominating Committee, the Remuneration Committee and the Board Safety Committee. Mr Chan Hon Chew will, upon re-election, continue to serve as a member of the Audit Committee and the Remuneration Committee. Prof Neo Boon Siong, Mr Karmjit Singh and Mr Lim Chin Leong are considered by the Nominating Committee to be independent directors. The list of all current directorships in other listed companies and details of other principal commitments of the above-mentioned Directors are set out in pages 6, 8 and 9 of the Company’s Annual Report 2014.

Prof Bernard Tan Tiong Gie, who has served as an independent non-executive Director for more than 12 years as at the date of this annual general meeting, is due to retire and will not be seeking re-election.

3. Resolution 11 is to empower the Directors from the date of the annual general meeting until the date of the next annual general meeting to issue Shares and Instruments in the Company, up to a number not exceeding 50 per cent. of the total number of Shares (excluding treasury Shares) (with a sub-limit of 20 per cent. of the total number of Shares (excluding treasury Shares) in respect of Shares to be issued other than on a pro rata basis to shareholders). For the purpose of determining the total number of Shares (excluding treasury Shares) that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury Shares) at the time that this Resolution is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that this Resolution is passed, and any subsequent bonus issue, consolidation or sub-division of Shares.

4. Resolution 12 relates to the renewal of the Share Buy-Back Mandate, which was originally approved by Shareholders on 21 May 2003 and amended on 23 April 2004. The Share Buy-Back Mandate was last renewed at the last annual general meeting of the Company held on 30 April 2014. Please refer to Appendix 1 to this Notice of Annual General Meeting for details.

5. Resolution 13 relates to the renewal of a mandate given by Shareholders on 30 October 2002 and amended on 21 May 2003, 26 April 2005 and 18 April 2012 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 of the SGX-ST. Please refer to Appendix 2 to this Notice of Annual General Meeting for details.

Personal Data Privacy:

By submitting an instrument appointing proxy or proxies, and/or representative(s) to attend, speak and vote at the annual general meeting and/or any adjournment thereof, a member (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the annual general meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), and (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure of such individual’s personal data for the Purposes.
Corporate Information

BOARD OF DIRECTORS
Loh Chin Hua (Chairman)
Thomas Pang Thieng Hwi
Bernard Tan Tiong Gie
Wee Sin Tho
Tan Boon Huat
Neo Boon Siong
Karmjit Singh
Lim Chin Leong
Chan Hon Chew
Khor Poh Hwa

AUDIT COMMITTEE
Neo Boon Siong (Chairman)
Wee Sin Tho
Karmjit Singh
Chan Hon Chew
Khor Poh Hwa

NOMINATING COMMITTEE
Karmjit Singh (Chairman)
Loh Chin Hua
Bernard Tan Tiong Gie
Lim Chin Leong

REMUNERATION COMMITTEE
Bernard Tan Tiong Gie (Chairman)
Loh Chin Hua
Tan Boon Huat
Lim Chin Leong
Khor Poh Hwa

BOARD RISK COMMITTEE
Wee Sin Tho (Chairman)
Tan Boon Huat
Neo Boon Siong

BOARD SAFETY COMMITTEE
Tan Boon Huat (Chairman)
Thomas Pang Thieng Hwi
Bernard Tan Tiong Gie
Karmjit Singh
Lim Chin Leong

GROUP MANAGEMENT
Thomas Pang Thieng Hwi
(Chief Executive Officer)
Chan Shui Har
(Deputy Chief Executive Officer &
Chief Financial Officer)

REGISTERED OFFICE
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632
Telephone: (65) 6270 6666
Telefax: (65) 6413 6391

HEAD OFFICE
7 Gul Circle
Singapore 629563
Telephone: (65) 6897 7372
Telefax: (65) 6868 2820
Email: keppeltt@keppeltt.com.sg
Website: www.keppeltt.com.sg

SHARE REGISTRAR
Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Telephone: (65) 6536 5355
Telefax: (65) 6536 1360

AUDITORS
Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore
Audit Partner: Lim Siew Koon
Year appointed: 2010

COMPANY SECRETARIES
Tok Boon Sheng
Kenny Lee
<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial year-end</td>
<td>31 December 2014</td>
</tr>
<tr>
<td>Announcement of 2014 results:</td>
<td></td>
</tr>
<tr>
<td>First quarter</td>
<td>15 April 2014</td>
</tr>
<tr>
<td>Second quarter</td>
<td>22 July 2014</td>
</tr>
<tr>
<td>Third quarter</td>
<td>17 October 2014</td>
</tr>
<tr>
<td>Full year</td>
<td>20 January 2015</td>
</tr>
<tr>
<td>Despatch of Annual Report to Shareholders</td>
<td>24 March 2015</td>
</tr>
<tr>
<td>Annual General Meeting</td>
<td>15 April 2015</td>
</tr>
<tr>
<td>2014 proposed first and final, and special, dividends</td>
<td>5.00 p.m., 24 April 2015</td>
</tr>
<tr>
<td>Books closure date</td>
<td></td>
</tr>
<tr>
<td>Payment date</td>
<td>5 May 2015</td>
</tr>
<tr>
<td>Announcement of 2015 results</td>
<td></td>
</tr>
<tr>
<td>First quarter</td>
<td>April 2015</td>
</tr>
<tr>
<td>Second quarter</td>
<td>July 2015</td>
</tr>
<tr>
<td>Third quarter</td>
<td>October 2015</td>
</tr>
<tr>
<td>Full year</td>
<td>January 2016</td>
</tr>
</tbody>
</table>
I/We __________________________ (Name) __________________________ (NRIC/Passport Number)
of __________________________ (address)

being a Shareholder(s) of Keppel Telecommunications & Transportation Ltd (the "Company"), hereby appoint:

and/or (delete as appropriate)

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>NRIC/Passport Number</th>
<th>Proportion of Shareholdings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>No. of Shares</td>
</tr>
</tbody>
</table>

as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting ("AGM") of the Shareholders of the Company to be held on 15 April 2015 at Raffles City Convention Centre, Atrium Ballroom, Level 4, 80 Bras Basah Road, Singapore 189560, at 2.30 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/her discretion, as he/she will on any other matter arising at the meeting and at any adjournment thereof.

NOTE: The Chairman of the AGM will be exercising his right under Article 64 of the Articles of Association of the Company to demand a poll in respect of the Resolutions to be put to the vote of the Shareholders at the AGM and at any adjournment thereof. Accordingly, such Resolutions at the AGM will be voted on by way of poll.

<table>
<thead>
<tr>
<th>Resolutions</th>
<th>Number of Votes For *</th>
<th>Number of Votes Against *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary Business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Adoption of Directors’ Report and Audited Financial Statements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Declaration of Final and Special Dividends</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Re-election of Prof Neo Boon Siong as Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Re-election of Mr Karmjit Singh as Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Re-election of Mr Thomas Pang Thieng Hwi as Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Re-election of Mr Lim Chin Leong as Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Re-election of Mr Chan Hon Chew as Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Re-election of Mr Khor Poh Hwa as Director</td>
<td></td>
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<td>9. Approval of Directors’ fees</td>
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<td>10. Re-appointment of Auditors</td>
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<td>Special Business</td>
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<tr>
<td>11. Authority to issue shares and convertible instruments</td>
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<tr>
<td>12. Renewal of Share Buy-Back Mandate</td>
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<tr>
<td>13. Renewal of Shareholders’ Mandate for Interested Person Transactions</td>
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</table>

* 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 ________ 2015

Total Number of Shares held

Signature(s) or Common Seal of Member(s)

IMPORTANT: Please read the notes overleaf before completing this Proxy Form.
Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 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 instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A Shareholder of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a Shareholder of the Company. Where a Shareholder 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.

3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1 HarbourFront Avenue #18-01 Keppel Bay Tower, Singapore 098632, not less than 48 hours before the time appointed for the Annual General Meeting.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

5. A corporation which is a Shareholder may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

6. The Company shall be entitled to reject the instrument 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 instrument appointing a proxy or proxies. In addition, in the case of Shareholders 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 Shareholders are not shown to have Shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

7. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the Annual General Meeting as observers are requested to submit in writing, a list with details of the CPF investors’ names, NRIC/Passport numbers, addresses and number of Shares held. The list, signed by an authorised signatory of the CPF Approved Nominee, should reach the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, at least 48 hours before the time fixed for the Annual General Meeting.