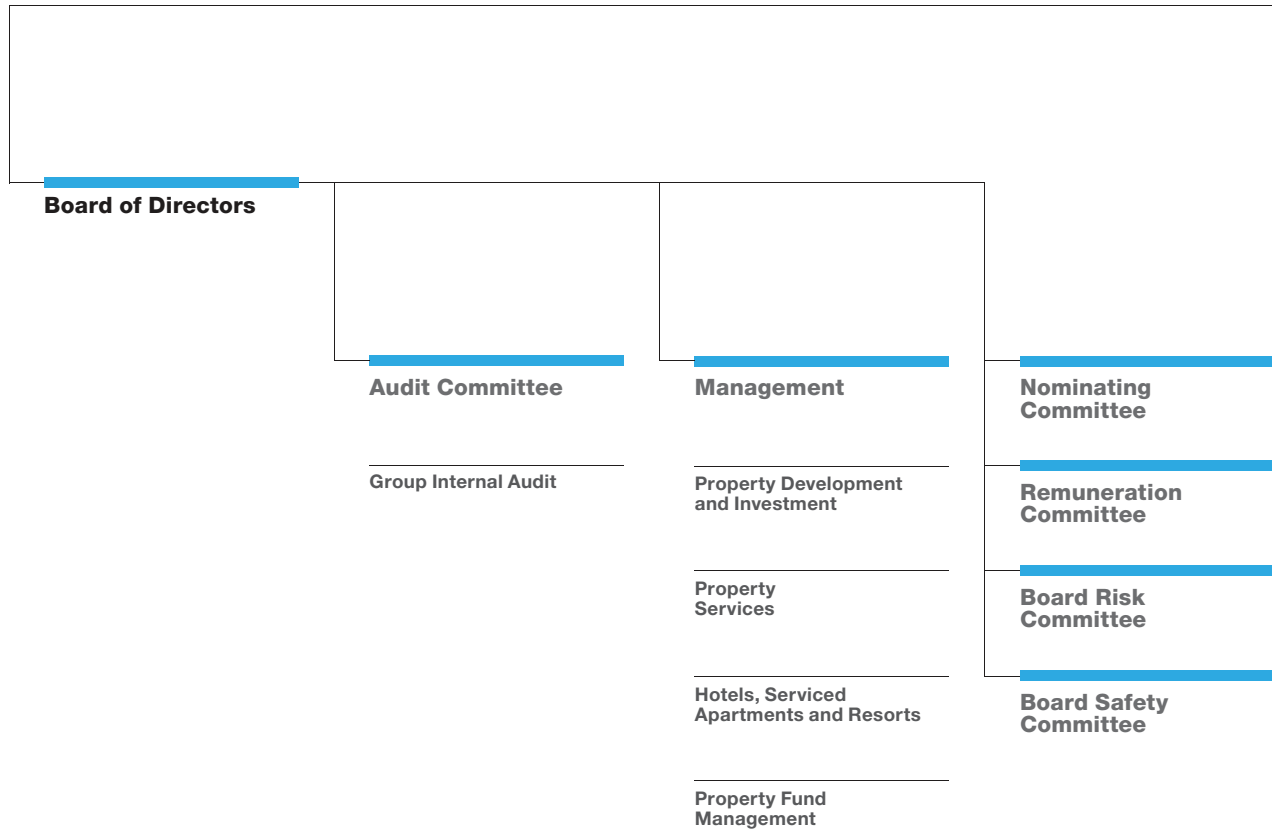


**Corporate Governance Structure**

**Shareholders**



The Company's Directors and Management firmly believe that a full commitment to high standards of corporate governance is essential to the sustainability of the Company's businesses and performance, as well as to safeguard shareholders' interests and maximise long-term shareholder value. They are pleased to confirm that the Company has adhered to the principles and guidelines of Singapore's Code of Corporate Governance 2005 ("2005 Code").

Effective corporate governance supports the Company's belief in transparency, and helps it to be forward-looking with fresh ideas, and to be more decisive in the execution of strategies and initiatives. It is also an effective prevention against fraud and irregularities.

These standards include having clear policies, best practices, and sound internal controls as well as a system of continuous improvements.

The Company has received many awards for achieving high standards in its corporate governance and transparency. Information on these awards is set out on page 32.

As required by the Listing Manual of the Singapore Stock Exchange Securities Trading Limited ("SGX-ST"), the following sections describe how the Company has effectively applied the principles and guidelines of the 2005 Code.

## **Board Matters**

### **The Board's Conduct of Affairs**

#### ***Principle 1: Effective Board to Lead and Control the Company***

The Board oversees the effectiveness of Management as well as the corporate governance of the Company with the objective of maximising long-term shareholder value. Each individual Director is obligated to act in good faith and exercise independent judgment in the best interests of shareholders at all times.

The key roles of the Board include the review and approval of the Group's corporate strategies and directions, annual budgets, major investments, divestments and funding proposals, and the review of the Group's financial performance, risk management processes and systems, human resource requirements and corporate governance practices. The Company has in place financial authority and approval guidelines for investments, divestments, loans and lines of credit.

The Board has a clear vision, and sets high transparency and disclosure standards. It ensures that obligations to shareholders and other stakeholders are understood and met.

To discharge of its oversight function, the Board has constituted various Board Committees, namely the Audit Committee, Nominating Committee, Remuneration Committee, Board Risk

Committee and Board Safety Committee. These Board Committees have clearly defined written terms of reference. Matters which are delegated to Board Committees for more detailed appraisals are reported to and monitored by the Board.

The Board meets regularly on a quarterly basis and as warranted. Directors are free to discuss and voice their concerns on any matter raised at the Board meetings. Telephonic and video-conferencing meetings of the Board are allowed under the Company's Articles of Association.

Upon appointment of each Director, a letter setting up his or her duties and responsibilities is issued to the Director. Directors are given appropriate briefings by the Management on the business activities of the Group, its strategic directions, and the Company's corporate governance policies and practices when they are first appointed to the Board.

They are updated regularly on accounting and regulatory changes, and are also given further appropriate training from time to time. For example, on 14 October 2009, as part of the regular programme to keep the Directors updated on the latest economic developments, several Directors, namely Mr Choo Chiau Beng, Mrs Lee Ai Ming, Mr Niam Chiang Meng and Mr Teo Soon Hoe, attended a half-day seminar on "World Economic Recovery: Navigating between Positives and Pitfalls".

Directors' attendances at the meetings of the Board and Board Committees for 2009 are as shown below:

	Board	Board Committees				
		Audit	Nominating	Remuneration	Board Risk	Board Safety
No. of meetings held	4	5	1	4	4	4
<b>Directors</b>						
	No. of meetings attended					
Lim Chee Onn <sup>1</sup>	1	–	–	–	–	–
Choo Chiau Beng <sup>2</sup>	4	–	–	–	–	–
Kevin Wong Kingcheung	4	–	–	–	–	–
Khor Poh Hwa	4	–	0	–	2	2
Lim Ho Kee	4	–	1	3	4	–
Tsui Kai Chong	4	5	–	4	2	–
Lee Ai Ming	4	5	–	–	–	3
Tan Yam Pin	2	–	–	4	–	4
Niam Chiang Meng	4	–	1	–	3	–
Heng Chiang Meng	4	5	–	–	4	–
Edward Lee Kwong Foo	4	–	–	–	–	4
Teo Soon Hoe	4	–	–	–	–	–

<sup>1</sup> Mr Lim Chee Onn retired as non-executive Chairman and Director on 30 April 2009.

<sup>2</sup> Mr Choo Chiau Beng was appointed as non-executive Chairman on 1 May 2009.

### Board Composition and Guidance *Principle 2: Strong and Independent Element on the Board*

Mrs Koh-Lim Wen Gin was appointed as an additional independent Director on 20 January 2010. Presently, therefore, there are 12 Directors, 11 of whom are non-executive Directors. Nine of the 12 Directors are independent Directors.

Two out of three non-independent Directors ("non-ID"), namely Mr Choo Chiau Beng and Mr Teo Soon Hoe are considered nominees of Keppel Corporation Limited, a substantial shareholder of the Company.

The Board is of the view that its current size and composition are appropriate and provide sufficient diversity of expertise to lead and govern the Company effectively, considering the scope and nature of its operations.

The Company has in place a Nominating Committee which determines the independence of each Director annually based on the definition of independence as stated in the 2005 Code.

Accordingly, an independent Director is one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment to the best interests of the Company. In addition, an independent Director should have no relationship with any substantial shareholder of the Company.

The non-executive Directors actively participate in setting strategy and goals for the Company and in regularly assessing the performance of Management.

Brief details of the Directors' responsibilities and qualifications are set out on pages 18 to 21 and 223 to 229.

### Chairman and Chief Executive Officer

**Principle 3: Chairman and Chief Executive Officer to be Two Separate Persons to Ensure a Clear Division of Responsibilities and Balance of Power and Authority**

To ensure an appropriate balance of power, increased accountability and a greater capacity of the Board for independent decision-making, the Company has a clear division of responsibilities at the top of the Company, with the non-executive Chairman and the Group Chief Executive Officer ("Group CEO") having separate roles.

The Chairman leads the Board and is responsible for the management of the Board, encourages Board's interaction with Management, facilitates effective contribution of non-executive Directors, encourages constructive relations among the Directors, and promotes high standards of corporate governance. The Chairman also ensures that the Directors receive accurate, timely and clear information and there is effective communication with shareholders. The Group CEO has full executive responsibilities over the business directions set by the Board and operational decisions of the Group.

The Group CEO is accountable to the Board for the conduct and performance

of the Group. The Chairman and the Group CEO are not related to each other.

### **Board Membership**

#### ***Principle 4: Formal and Transparent Process for the Appointment of New Directors***

#### **Nominating Committee**

The main roles of the Nominating Committee (“NC”) are to make the process of Board appointments and re-nominations transparent, and to assess the effectiveness of the Board as a whole and the contribution of individual Directors to the effectiveness of the Board as well as to affirm annually the independence of Directors. The NC is made up of three independent Directors, namely Mr Lim Ho Kee (Chairman), Mr Khor Poh Hwa and Mr Niam Chiang Meng.

The terms of reference of the NC include the following:

- (1) Recommend appointment/ reappointment of Directors;
- (2) Perform annual review of skills required by the Board, and the size of the Board;
- (3) Perform annual review of independence of each Director, and ensure that the Board comprises at least one-third independent Directors;
- (4) Decide, when a Director has multiple board representation, whether the Director is able to and has been adequately carrying out his or her duties as Director of the Company;
- (5) Decide how Board’s performance may be evaluated, and propose objective performance criteria, to assess effectiveness of the Board as a whole and contribution of each Director;
- (6) Perform annual assessment of effectiveness of the Board as a whole and individual Directors;
- (7) Formulate succession plan; and
- (8) Report to the Board.

#### **Process and Criteria used for appointment of new Directors**

To increase the reliability of the process, the NC has a formal policy in identifying and evaluating nominees for Directors. The NC will first evaluate the mix of expertise, knowledge and experience on the Board and, in consultation with Management, determine the role and the desirable competencies for a particular appointment. Recommendations from Directors and Management are the usual source for potential candidates. However, external help (for example, Singapore Institute of Directors, search consultants, etc) may also be used. Next, the NC will conduct formal interviews with the short-listed candidates to assess their suitability and to verify that the candidates are aware of the expectations and the level of commitment required. Finally, the NC will make recommendations on the appointment(s) to the Board for approval.

The following criteria are used to assess all new appointments:

- (a) Integrity;
- (b) Independent mindset;
- (c) Possession of expert knowledge that meets the needs of the Company and complements 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;
- (e) Past achievements and value-add to the organisations;
- (f) Experience in high-performing organisations; and
- (g) Good business acumen and financial literacy.

The NC is also responsible for the re-nomination of Directors. For this purpose, the NC reviews each Director’s contribution and results of the assessment of the performance of the Director by his peers for the relevant year.

All Directors, including the Chairman of the Board and Group CEO, submit

themselves for re-election at regular intervals of about once every three years. One-third of the Directors will retire at the Company’s Annual General Meeting (“AGM”) each year. In addition, any newly appointed Director will also have to submit himself or herself for re-election at the first AGM following his or her appointment.

It is a policy that a non-executive Director will serve a maximum of two three-year terms of appointment. Over time, Directors will have developed deep insights into the Company’s businesses and operations and are, therefore, able to provide invaluable contributions to the Company. The Board sees the importance of such skills to the benefit of the Company and will exercise discretion to extend the term and retain the services of such Directors.

Annually, the NC is required to determine the “independence” status of the Directors. Please refer to page 116 for the NC’s basis of determining whether or not a Director should or should not be deemed independent.

The NC also determines annually whether or not a Director with multiple board representations has been adequately carrying out his or her duties as a Director of the Company. Taking into account the results of the assessment of the effectiveness of the individual Director, and the respective Director’s actual conduct on the Board, the NC is satisfied that all the Directors have adequately carried out their duties as Directors notwithstanding their multiple board representations. The internal guideline adopted by the NC to address the issue of multiple board representations is that Directors should not serve on more than six principal boards.

The Board recognises that proper succession planning plays an important role in ensuring continuous and effective stewardship of the Company. As such, the NC reviews the Company’s succession

The nature of the Directors' appointments on Board and the details of their memberships in the Board Committees are set out below:

Directors	Board Membership	Board Committees Membership				
		Audit	Nominating	Remuneration	Board Risk	Board Safety
Lim Chee Onn <sup>1</sup>	Non-executive Chairman Non-ID	-	-	-	-	-
Choo Chiau Beng <sup>2</sup>	Non-executive Chairman Non-ID	-	-	-	-	-
Kevin Wong Kingcheung	Group CEO Non-ID	-	-	-	-	-
Khor Poh Hwa	ID	-	Member	-	Member	Member
Lim Ho Kee	ID	-	Chairman	Member	Member	-
Tsui Kai Chong	ID	Chairman	-	Member	Member	-
Lee Ai Ming	ID	Member	-	-	-	Member
Tan Yam Pin	ID	-	-	Chairman	-	Chairman
Niam Chiang Meng	ID	-	Member	-	Member	-
Heng Chiang Meng	ID	Member	-	-	Chairman	-
Edward Lee Kwong Foo	ID	-	-	-	-	Member
Teo Soon Hoe	Non-ID	-	-	-	-	-

<sup>1</sup> Mr Lim Chee Onn retired as non-executive Chairman and non-ID on 30 April 2009.

<sup>2</sup> Mr Choo Chiau Beng was appointed as non-executive Chairman on 1 May 2009.

plans annually to ensure the progressive renewal of the Board. As part of the plan, Mr Choo Chiau Beng replaced Mr Lim Chee Onn as the non-executive Chairman on 1 May 2009.

On 20 January 2010, Mrs Koh-Lim Wen Gin was, as mentioned earlier, appointed an independent Director. With her extensive experience in urban master planning and development, she is expected to lend strategic counsel and insights to provide continuity and further enhance the Company's expertise in building townships and other large-scale integrated projects.

The NC also reviews the succession and leadership development plans for senior management with the assistance of the Talent Review Committee, chaired by the Group CEO and with the divisional CEOs as members.

A formal process is in place to identify high potential staff and under a

structured framework, to actively plan their careers and development to assume leadership positions.

High potential staff are enrolled onto the Leadership Development Programme to undergo a diverse range of career-building learning experiences including training programmes, overseas posting, job rotation and stretched assignments. They also benefit from mentorship under a proven leader at a senior level, handpicked by the Talent Review Committee. This process is reviewed and discussed periodically by the Talent Review Committee and the NC.

#### **Board Performance**

***Principle 5: Formal Assessment of the Effectiveness of the Board as a Whole and the Contribution by Each Director***

#### **Evaluation Processes**

The NC has implemented a process for evaluating the effectiveness of the Board

as a whole and the contribution by each individual Director to the effectiveness of the Board. The NC sets objective performance criteria for evaluation which allow comparison with industry peers and the Company's share price performance over a five-year period vis-à-vis the Singapore Straits Times Index and a benchmark index of its industry peers.

The annual process of evaluating the performance of the Board, individual Directors and Chairman is as follows:

- The questionnaire for the annual evaluation of the Board is completed by all Board members;
- The evaluation of individual Directors' performance is done once a year also by Directors on a self and peer evaluation basis. The evaluation of individual Directors is differentiated for executive and non-executive Directors ("NED"). In the case of the assessment of the individual executive Director, each NED is required to complete

The years of initial appointment and re-election of the Directors are set out in the table below:

Directors	Position	Age	Date of Appointment	Date of Last Re-election
Lim Chee Onn <sup>1</sup>	Non-executive Chairman	65	28 October 1983 – Director 1 January 1997 – Chairman	25 April 2008
Choo Chiau Beng <sup>2</sup>	Non-executive Chairman	62	21 January 1985 – Director 1 May 2009 – Chairman	24 April 2009
Kevin Wong Kingcheung	Group CEO	54	1 November 1993 – Executive Director 1 January 2000 – Managing Director and re-designated Group CEO	27 April 2007
Khor Poh Hwa	Director	60	1 April 1998	24 April 2009
Lim Ho Kee	Director	64	8 November 2001	25 April 2008
Tsui Kai Chong	Director	54	8 November 2001	25 April 2008
Lee Ai Ming	Director	55	1 November 2002	24 April 2009
Tan Yam Pin	Director	69	1 June 2003	25 April 2008
Niam Chiang Meng	Director	52	1 June 2003	27 April 2007
Heng Chiang Meng	Director	64	1 March 2005	25 April 2008
Edward Lee Kwong Foo	Director	63	1 July 2006	27 April 2007
Koh-Lim Wen Gin	Director	65	20 January 2010	–
Teo Soon Hoe	Director	60	16 May 1991	24 April 2009

<sup>1</sup> Mr Lim Chee Onn retired as non-executive Chairman and non-ID on 30 April 2009.

<sup>2</sup> Mr Choo Chiau Beng was appointed as non-executive Chairman on 1 May 2009.

the executive Director's assessment form. The executive Directors are not required to perform a self, nor a peer, assessment. As for the assessment of the performance of the NEDs, each Director (both NEDs and executive Directors) is required to complete the NED's assessment. Each NED is also required to perform a self-assessment in addition to a peer assessment; and

- (c) The Chairman's performance is evaluated annually by NEDs.

The whole evaluation process is managed by an independent co-ordinator. The independent co-ordinator will consolidate the evaluation returns and present a report to the members of the NC and the Chairman of the Board for discussion.

Thereafter, the independent co-ordinator will discuss the final consolidated report with the NC Chairman and the Chairman of the Board so that they may provide

the Board with the necessary feedback with a view to improving Board performance.

#### Performance Benchmarks

The benchmarks for Board evaluation include the Board size and composition, Board independence, Board processes, Board information and accountability, Board performance in relation to discharging its principal functions, Board Committees performance in relation to discharging their responsibilities set out in their respective terms of reference, and financial targets.

These targets include return on capital employed, return on equity, debt-equity ratio, dividend pay-out ratio, economic value added, earnings per share, and total shareholder return (i.e. dividend plus share price increase over the year).

The individual Director's performance is assessed based on a wide range

of criteria that include his or her interactive and interpersonal skills, participation level at the meeting, insight knowledge and analytical skills, foresight, preparedness for the meetings, availability to attend meetings and other discussion forums, as well as overall contribution to the Board and the Board Committees, as appropriate.

The assessment of the Chairman of the Board includes his ability to lead the Board meetings, in terms of both the frequency and duration, guide the discussions and timely resolution of issues. He is also evaluated based on his ability to ensure that adequate and timely information is provided to the Board, as well as to ensure that Board Committees are formed as necessary, with clear terms of reference.

### **Access to Information and Accountability**

#### ***Principle 6: Board Members to have Complete, Adequate and Timely Information***

#### ***Principle 10: The Board's Accountability to the Shareholders and Management's Accountability to the Board***

Management provides the Board with complete, accurate and adequate information in a timely manner in recognition of its obligation to do so.

The provision of information such as management accounts on a monthly basis, enables the Directors to keep abreast of the Group's operational and financial performance and position. Management also updates the Board on key issues and prospects of the Group.

As a general rule, Board papers are sent to Directors about seven days before Board meetings so that Directors may better understand the matters before their deliberations at the meetings, and the Board meeting time may be conserved and discussion time focused on questions that the Directors may have on the Board papers.

Managers who can provide additional insight into the matters to be discussed will be present at the relevant time during the Board meetings. The Directors are provided with the names and contact details of the Company's senior managers and the Company Secretary to facilitate direct access to Management and the Company Secretary.

The Company Secretary is responsible for ensuring that Board procedures are followed and that applicable rules and regulations, including the requirements of the Companies Act, are complied with, with the assistance of the relevant senior managers.

The Company Secretary attends all Board meetings. The appointment and the removal of the Company Secretary are subject to approval of the Board.

The Board takes independent professional advice as and when necessary to enable it or the independent Directors to discharge its or their responsibilities effectively. Subject to the approval of the Chairman, Directors may seek and obtain independent professional advice to assist them in their duties. The cost of such advice is borne by the Company.

The Board is committed to provide shareholders with a balanced and understandable assessment of the Company's financial performance, position, and prospects.

### **Remuneration Matters Procedures for Developing Remuneration Policies *Principle 7: Formal and Transparent Procedure for Fixing the Remuneration Packages of Individual Directors***

### **Level and Mix of Remuneration *Principle 8: Remuneration of Directors to be Adequate and Not Excessive***

### **Disclosure of Remuneration *Principle 9: Clear Disclosure on Remuneration Policy, Level and Mix of Remuneration, and the Procedure for Setting Remuneration***

The Remuneration Committee ("RC") consists of three independent Directors, namely Mr Tan Yam Pin (Chairman), Mr Lim Ho Kee and Prof Tsui Kai Chong. They are responsible to approve the framework of remuneration for the entire Group and review the appropriateness, transparency and accountability to shareholders on the remuneration

issues of the Directors and senior managers in the Company.

The aim of the RC is to motivate and retain Directors and executives, and ensure that the Company is able to attract and retain the best talent in the market to drive the Group's businesses forward in order to maximise long-term shareholder value. The terms of reference of the RC are as follows:

In consultation with the Chairman of the Board,

- (1) Recommend to the Board a framework of remuneration for the Board members and key executives;
- (2) Determine specific remuneration packages for each executive Director and the Chief Executive Officer (if the Chief Executive Officer is not an executive Director);
- (3) Decide the early termination compensation of Directors;
- (4) Consider whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against other types of long-term incentive scheme);
- (5) Review the terms, conditions and remuneration of the senior executives of the Company;
- (6) Administer the Company's employee share option scheme (the "Keppel Land Share Option Scheme") in accordance with the rules of the scheme; and
- (7) Grant share options under the Keppel Land Share Option Scheme as this Committee may deem fit.

No member of the RC or any other Director will be involved in deliberations in respect of any remuneration, compensation, option or any form of benefits to be granted to him or her.

The RC will recommend to the Board the specific remuneration packages for the Directors upon their recruitment and review Directors' fees annually.

The framework for determining non-executive Directors' fees is as follows:

Non-executive Director	Chairman	\$65,000 per annum
	Member	\$40,000 per annum
Audit Committee	Chairman	\$20,000 per annum
	Member	\$12,000 per annum
Remuneration, Nominating, Board Risk and Board Safety Committees	Chairman	\$12,000 per annum
	Member	\$8,000 per annum

Directors' fees are established annually for the Chairman and the other Directors. Additional fees are paid, where applicable, for participation in Board Committees. The level of fees takes into account the size and complexity of the Company's operations, and the responsibilities and workload requirements of Directors. The fees are submitted to shareholders for approval at each AGM. The Group CEO, being an executive Director, does not receive Director's fees.

The RC also reviews the remuneration of senior management annually. For the Group CEO and other senior managers, the Company advocates a performance-based remuneration system that is flexible and responsive to the market and the Company's business units and individual performances.

The total remuneration mix for the Group CEO and senior managers comprises three key components, namely annual fixed cash, annual performance incentive and long-term incentive. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances.

Depending on skills, responsibilities and experience that the individual bring to the role, the RC benchmarks the basic salary to what is paid by comparable companies.

The annual performance incentive is tied to the Company's, business unit's and individual manager's performances. This performance is measured against key performance indicators and scorecards determined at the beginning of each financial year.

The long-term incentive is presently in the form of share options or carried interests as the case may be, which are granted based on individual manager's performance and contribution.

Under the share option scheme, the participants may exercise their options after two years from the date of grant.

To enable it to carry out its duties, the RC has access to expert advice in the field of executive compensation inside and/or outside the Company, where necessary. During the year, the RC had external consultants to continue the review of the compensation framework and package for the Group CEO and senior managers.

No employee of the Company and its subsidiaries was an immediate family member of any Director and whose remuneration exceeded \$150,000 during the financial year ended 31 December 2009. "Immediate family member" means the spouse, child, adopted child, stepchild, brother, sister and parent.

The level and mix of remuneration of the Company's Directors and top five senior managers for the year ended 31 December 2009 are as follows:

Remuneration Band and Name	Base/Fixed Salary	Performance-Related Bonuses Earned		Director's Fee	Carried Interest	Share Option Granted
		Paid	Deferred and at Risk			
<b>(A) Directors</b>						
<b>Above \$2,250,000 to \$2,500,000</b>						
Kevin Wong Kingcheung	33%	42%	16%	–	–	9%
<b>Below \$250,000</b>						
Lim Chee Onn	–	–	–	100%	–	–
Choo Chiau Beng	–	–	–	100%	–	–
Khor Poh Hwa	–	–	–	100%	–	–
Lim Ho Kee	–	–	–	100%	–	–
Tsui Kai Chong	–	–	–	100%	–	–
Lee Ai Ming	–	–	–	100%	–	–
Tan Yam Pin	–	–	–	100%	–	–
Niam Chiang Meng	–	–	–	100%	–	–
Heng Chiang Meng	–	–	–	100%	–	–
Edward Lee Kwong Foo	–	–	–	100%	–	–
Teo Soon Hoe	–	–	–	100%	–	–
<b>(B) Top Five Senior Managers</b>						
<b>Above \$1,500,000 to \$1,750,000</b>						
Loh Chin Hua	40%	60%	–	–	–	–
<b>Above \$1,250,000 to \$1,500,000</b>						
Ang Wee Gee	37%	35%	16%	–	–	12%
<b>Above \$750,000 to \$1,000,000</b>						
Tan Swee Yiow	37%	32%	16%	–	–	15%
Augustine Tan Wee Kiong	37%	32%	16%	–	–	15%
<b>Above \$250,000 to \$500,000</b>						
Ng Hsueh Ling <sup>1</sup>	46%	44%	–	–	–	10%

<sup>1</sup> Ms Ng Hsueh Ling joined the Group in August 2009.

### Internal Control and Audit Audit Committee

#### Principle 11: Establishment of Audit Committee with Written Terms of Reference

The Audit Committee ("AC") consists of three independent members, namely Prof Tsui Kai Chong (Chairman), Mrs Lee Ai Ming and Mr Heng Chiang Meng. Prof Tsui Kai Chong and Mr Heng Chiang Meng have accounting and related financial management

expertise, while Mrs Lee Ai Ming provides expertise in legal issues. The AC's primary role is to assist the Board to ensure integrity of financial reporting and that there is in place sound internal control systems.

The AC is guided by following terms of reference:

- (1) Review audit plans and reports of the external auditors and internal auditors and consider effectiveness of actions/policies

taken by Management on the recommendations and observations;

- (2) Perform independent review of financial statements and results, including quarterly results, forecasts and annual budgets;
- (3) Examine and report on effectiveness of financial, operating and compliance controls (including risk management and safety management controls);
- (4) Review the Group's internal audit activities' quality through

- an independent quality assurance review;
- (5) Review the independence and objectivity of the external auditors and internal auditors annually;
  - (6) Review nature and extent of non-audit services performed by the external auditors;
  - (7) Meet with external auditors and internal auditors, without the presence of Management, at least annually;
  - (8) Review and ensure at least annually that internal audit function is adequately resourced and has appropriate standing within the Company, and has full, free and unrestricted access to all Group activities, records, properties and personnel to fulfill its objectives;
  - (9) Review interested person transactions (“IPTs”);
  - (10) Review the appointment of the external auditors, the external auditors’ remuneration and any question of resignation or dismissal of the external auditors;
  - (11) Approve the appointment and removal of the Head of Group Internal Audit Department;
  - (12) With regard to the whistle-blower protection policy, AC Chairman to review protected reports and any matter arising thereon or in connection therewith, and decide on any appropriate action to be taken; and
  - (13) Investigate any matter within the Committee’s terms of reference set out herein, whenever it deems necessary.

During the year, the AC reviewed the external and internal auditors’ plans and findings to ensure they are sufficient to assess the adequacy and effectiveness of the significant internal controls of the Company.

The AC also performed independent reviews of the financial statements of the Company before the announcements of the results. The reviews included an

assessment of the quality of key accounting principles applied and Management’s judgments which have a major impact on the financial statements. On a quarterly basis, Management reported to the AC all IPTs in accordance with the Company’s shareholders’ mandate for IPTs. The IPTs were audited by the internal auditors on a semi-annual basis, and their findings reported to the AC.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and cooperation by Management and full discretion to invite any Director or executive officer to attend its meetings, and has reasonable resources to enable it to discharge its functions properly.

The AC held five meetings during the year. The members’ attendances at these meetings are disclosed on page 116. The external and internal auditors, the Group CEO, the Director, Corporate Services and the Chief Financial Officer were invited to attend its meetings. The Company’s external and internal auditors report their audit findings and recommendations independently to the AC. The AC also met with the external and internal auditors, without the presence of Management, during the financial year.

In addition, the AC reviewed the independence and objectivity of the external auditors through discussions with the external auditors as well as the non-audit fees awarded to them. The AC has confirmed that the non-audit services performed by the external auditors did not affect their independence.

**Internal Controls**  
**Principle 12: Sound System of Internal Controls**

The AC reviews the reports submitted by the external and internal auditors relating to the effectiveness of the

Company’s significant internal controls, including financial, operational and compliance controls, risk management, and risks of fraud and irregularities. The AC also reviews the effectiveness of the actions taken by Management on the recommendations made by the external and internal auditors in this respect. Based on the assessment by the AC, supported by the work performed by the internal auditors during the financial year and taking into consideration the review undertaken by the external auditors, the AC is satisfied that the internal controls are adequate to meet the needs of the Company in its current business environment.

**Risk Management**

The system of internal controls established by the Company is designed to manage, rather than eliminate, the risk of failure in achieving Company’s goals and objectives. There are clear policies and procedures in ensuring the adequacy of controls and effective management of risks. However, it should be recognised that such system is designed to provide reasonable assurance, but is not an absolute guarantee, against material misstatement or loss.

The Company has put in place a shareholder value-based internal control system in areas such as financial, operational and compliance controls, and risk management. The principal aim of the internal control system is the management of business risks with a view to safeguarding shareholders’ investments and the Company’s assets. The system includes, *inter alia*, enterprise risk management and internal auditing. The Board monitors the Company’s risks through the Board Risk Committee, AC, Enterprise Risk Management Committee (“ERMC”) and Group Internal Audit.

**Policies, Procedures and Practices**

Internal controls are detailed in formal instructions, standard operating

procedures and financial authority limits policies. Their compliances are reviewed by the Company's internal auditors and ISO Internal Quality Management System auditors.

#### Employee Code of Conduct

To build a culture of high integrity as well as reinforce ethical business practices, the Company has in place an Employee Code of Conduct policy. This policy addresses, at the employee level, the standards of acceptable and unacceptable behaviour and personal decorum as well as issues of workplace harassment. On the business front, the policy addresses the standards of business behaviour pertaining to the offering and receiving of business courtesies as well as issues on conflict of interests. The policy also requires all staff to avoid any conflict between their own interests and the interest of the Company in dealing with its suppliers, customers and other third parties. Briefings for all staff were held when the policy was introduced. New employees are briefed on the policy when they join the Company's orientation programme.

#### Whistle-blower Protection Policy

The Company also has a whistle-blower protection policy to encourage the reporting in good faith of suspected reportable conduct by establishing clearly defined processes through which such reports may be made with the confidence that employees and other persons making such reports to the employees' supervisors, AC Chairman or Head of Group Internal Audit will be treated fairly and, to the extent possible, protected from reprisal. The AC Chairman is kept informed of all cases reported. Anonymous reports are also accepted. The policy and contact details of AC Chairman and Head of Group Internal Audit have been briefed to and made available to all employees.

Upon receipt of allegations of fraud or other misconduct reported under the whistle-blower protection policy,

the AC will ensure that the necessary investigations are carried out in a timely manner. AC will also ensure that any disciplinary, civil and/or criminal action that is initiated following completion of investigations, is appropriate, balanced, and fair. The AC will also monitor the actions taken to correct the weaknesses in the existing system of internal processes and policies which resulted in or may cause the perpetration of the fraud and/or misconduct, to prevent any recurrence.

#### Board Risk Committee

The Board Risk Committee ("BRC") was established to examine the effectiveness of the Company's risk management system and ensure that a robust system is maintained. Its members are Mr Heng Chiang Meng (Chairman), Mr Khor Poh Hwa, Mr Lim Ho Kee, Prof Tsui Kai Chong and Mr Niam Chiang Meng. The BRC reviews and guides Management in the formulation of risk policies and processes to identify, evaluate and manage significant risks. The BRC also discusses risk management strategies with Management. The BRC reports to the Board on material findings and recommendations in respect of significant risk matters.

The terms of reference of the BRC are as follows:

- (1) Review the Keppel Land Group's risk profile regularly;
- (2) Prioritise and guide the Group on risk management issues;
- (3) Review and guide in establishing processes to effectively identify, evaluate and manage significant risks;
- (4) Examine the effectiveness of the Group's risk management system to ensure that a robust risk management system is maintained;
- (5) Discuss risk mitigating strategies with Management;
- (6) Review and guide the Group in formulating its risk policies and risk limits, where applicable;
- (7) Liaise with the Audit Committee to ensure that issues of common concern are addressed appropriately;
- (8) Encourage and foster greater awareness of enterprise risk management at all levels of the Group;
- (9) Provide a forum for discussion on risk issues;
- (10) Consider urgent ad hoc risk issues and, where applicable, refer them to the Board with risk action plans;
- (11) Report material matters, findings and recommendations on risk management to the Board;
- (12) Perform such other functions as the Board may determine; and
- (13) Sub-delegate any of its powers within its terms of reference as listed above from time to time as this Committee may deem fit.

The BRC is supported by the ERMCM comprising all the heads of department. The ERMCM reports to the BRC quarterly to ensure that the actions to mitigate or reduce the top 10 enterprise risks that have been identified have been implemented, and to report on the effectiveness of the actions or improvements to the risk mitigating actions.

The BRC held four meetings during the year. The members' attendances at these meetings are disclosed on page 116. Based on the review of work done by ERMCM, the BRC is satisfied that the risk management procedures are adequate to meet the needs of the Company in its current business environment.

#### Board Safety Committee

The Company's Board Safety Committee ("BSC") guides Management to enhance the Group's commitment to work safety in all workplaces and to foster a safety culture in the Company. Its members comprise Mr Tan Yam Pin (Chairman), Mr Khor Poh Hwa, Mrs Lee Ai Ming and Mr Edward Lee Kwong Foo. The BSC

is supported by the Management Safety Committee (“MSC”).

The terms of reference of the BSC are as follows:

- (1) Establish the health and safety (“H&S”) policies;
- (2) Monitor the Company’s compliance with the approved H&S policies by:
  - (i) Assessing the adequacy of H&S standards prepared by the MSC;
  - (ii) Assessing the operations of the Company and recommendations of the MSC on elimination, control and minimisation of H&S risks; and
  - (iii) Assessing the compliance of the Company with applicable legislations;
- (3) Recommend the adoption of acceptable H&S practices in the industry in which the Company operates;
- (4) Receive reports concerning H&S incidents within the Company; and
- (5) Consider H&S issues that may have strategic, business and reputational implications for the Company.

The BSC held four meetings during the year. The members’ attendances at these meetings are disclosed on page 116.

### **Internal Audit**

#### ***Principle 13: Independent Internal Audit Function***

The Company has its own in-house Internal Audit Department (“Group Internal Audit”) that is independent of the activities it audits. Group Internal Audit reports directly to the Chairman of the AC and administratively to the Chief Financial Officer. Group Internal Audit’s authority is specified in the Internal Audit Charter which was endorsed by the AC.

The key role of Group Internal Audit is to assist the AC to provide reasonable assurance that the Company is maintaining an adequate system of internal controls by periodic reviews

of material controls and procedures to test their effectiveness.

To ensure that internal audits are performed by competent professionals, Group Internal Audit employs qualified staff, including a number of Certified Internal Auditors. They are provided with adequate training and development in order that their technical knowledge remains current and relevant.

Group Internal Audit is committed to meet or exceed the Standards for the Professional Practice of Internal Auditing (“Standards”) set by The Institute of Internal Auditors Inc, which has its headquarters in USA, and has incorporated them into its audit practices. A quality assurance programme comprising continuous internal and regular independent external assessments is in place to ensure that audits are performed in accordance with The Institute’s Standards.

The Standards require that an external assessment on quality assurance be conducted at least once every five years. The latest quality assurance review was performed by independent external reviewer in 2007, and Group Internal Audit was assessed to be generally in compliance with the Standards.

Using a risk-based audit methodology, Group Internal Audit plans its internal audit assignments annually in consultation with, but independent of, Management. Its plan is submitted to and approved by the AC.

Based on the risk assessment conducted by Group Internal Audit, activities within the Group are reviewed at appropriate intervals and with greater emphasis on higher risk activities. Internal audit plans are also aligned with the Company’s risk management programme. The aim is to ensure that an effective and

efficient control environment is in place to manage those risks exclusive to a particular business unit in addition to those that may be relevant on an enterprise-wide basis.

A comprehensive progress report is presented by Group Internal Audit to the AC at each scheduled meeting. All audit reports are distributed to the AC, the Chairman of the Board, the Group CEO, the Director, Corporate Services, the Chief Financial Officer and other relevant senior management staff.

The AC ensures that the internal audit function has adequate resources and appropriate standing within the Company. On an ongoing basis, it assesses the effectiveness of the internal auditors, such as its scope of work and quality of audit reports.

### **Communication with Shareholders**

#### ***Principle 14: Regular, Effective and Fair Communication with Shareholders***

#### ***Principle 15: Greater Shareholder Participation at Annual General Meetings***

In line with the continuous disclosure obligations of the Company, pursuant to the 2005 Code, the Listing Rules of the SGX-ST and Singapore’s Companies Act, the Board’s policy is that shareholders are informed of all major developments that impact on the Company. The Company had in operation during the year, a continuous disclosure process to ensure compliance with the Company’s continuing disclosure and reporting obligations.

Shareholders are provided with quarterly and annual financial results within 30 days of the end of each quarter and financial year-end. The Board believes that the timely release of such financial statements is important as it enables shareholders to receive information on the performance,

position and prospects of the Company regularly and promptly.

The Company believes that it should engage in regular, effective and fair communication with shareholders. For its efforts at good corporate transparency, the Company has won many prestigious awards, all of which are listed on page 32 of this report.

In addition, the Company's top management takes an active role in investor relations, meeting local and foreign fund managers regularly as well as participating in roadshows and conferences overseas. The Company has a dedicated Investor Relations and Research Department which meets key institutional investors and analysts on a regular basis, as well as answers queries from shareholders.

Pertinent information is communicated to shareholders on a timely basis. Should there be an inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is made through SGX-ST announcements and press releases on financial results and major developments of the Company, the Company's summary financial reports and annual reports, notices and explanatory circulars for annual general meetings and extraordinary general meetings, and other disclosures and announcements to SGX-ST and the press, as well as through the Company's website at [www.keppelland.com.sg](http://www.keppelland.com.sg) from which the shareholders can access information on the Company.

The website provides, *inter alia*, corporate announcements, press releases, annual reports, and profiles of the Group. The Company's 10-year financial profile is also provided. Where appropriate, queries over the website are also addressed.

The annual general meeting is the principal forum for dialogue with shareholders. 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 raise any question they may have on the motions to be debated and decided upon. 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.

The Chairman and, where appropriate, the Group CEO will respond to shareholders' questions. The Chairmen of the Board Committees and the external auditors are required to be present at the meeting to assist in addressing relevant queries from the shareholders.

Each item of special business included in the notice of the meeting is accompanied by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting, and the Chairman declares the number of proxy votes received for and against the resolutions.

The Company also prepares detailed minutes of general meetings, which include substantial comments or queries from shareholders and responses from the Board and Management. These minutes are available to shareholders upon request.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until the security, integrity and other pertinent issues are satisfactorily resolved.

#### Security Transactions

The Company has issued a policy on dealings in the securities of the Company and its listed subsidiaries

to its Directors and employees, setting out the implications of insider trading and guidance on such dealings. It has adopted the Best Practices Guide on Dealings in Securities issued by the SGX-ST.

The Company prohibits its Directors and employees from trading in the Company's securities for the period commencing two weeks before the announcement of the first three quarterly results, and the period commencing one month before the announcement of the year-end results.

#### Interested Person Transactions

Disclosure of interested person transactions is set out on page 127. When a potential conflict of interest arises, the Director concerned takes no part in discussions nor exercises any influence over other members of the Board.

## Interested Person Transactions

Name of Interested Person	Aggregate Value of all Interested Person Transactions during the Period under Review (excluding Transactions less than \$100,000 and Transactions Conducted under Shareholders' Mandate Pursuant to Rule 920 of SGX-ST Listing Manual)		Aggregate Value of all Interested Person Transactions Conducted under Shareholders' Mandate Pursuant to Rule 920 of SGX-ST Listing Manual	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>(a) Property transactions –</b>				
Keppel Corporation Limited Group:				
Project development and management fees received	–	–	<b>2,108</b>	3,111
Property management fees received	–	–	<b>1,974</b>	1,833
Marketing commission received	–	–	<b>3,886</b>	2,736
Management and support service fees received	–	–	<b>3,743</b>	862
Asset management fees received	–	–	<b>14,220</b>	12,892
Rental expense	–	–	<b>(3,029)</b>	(2,879)
<b>(b) Other services and products –</b>				
Keppel Corporation Limited Group:				
Treasury – interest income	–	–	<b>777</b>	801
Treasury – interest expense	–	–	<b>(11,276)</b>	(17,069)
Management fees paid	–	–	<b>(3,922)</b>	(2,963)
Other products and service fees paid	–	–	<b>(507)</b>	(1,211)
Deposits outstanding at year-end	–	–	<b>299,788</b>	148,257
Temasek Group:				
Rental received	–	–	<b>243</b>	–
Management fees paid	–	–	<b>(257)</b>	(416)
<b>(c) Transactions entered into by the Group with Directors of the Company –</b>				
Consideration for the sale of a unit in Singapore residential development to a Director of the Company and his immediate family member at prevailing price applicable to third parties	<b>4,577</b>	–	–	–