

DIRECTORS' REPORT

Year Ended December 31, 2010

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended December 31, 2010.

Directors

The directors in office at the date of this report are as follows:

Ang Kong Hua (Appointed on February 26, 2010)
 Tang Kin Fei
 Goh Geok Ling
 Richard Hale, OBE
 Evert Henkes
 Lee Suet Fern
 Bobby Chin Yoke Choong
 Margaret Lui (Appointed on June 1, 2010)
 Tan Sri Mohd Hassan Marican (Appointed on June 16, 2010)

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and corporation in which interests held	Description of interests	Exercise period	Shareholdings registered in the name of director, spouse or infant children			Other shareholdings in which director is deemed to have an interest		
			At		At		At	
			beginning of the year / date of appointment	At end of the year 21/01/2011	beginning of the year / date of appointment	At end of the year 21/01/2011	beginning of the year / date of appointment	At end of the year 21/01/2011
Ang Kong Hua								
Sembcorp Industries Ltd	Conditional award of: – 20,300 restricted stocks to be delivered in 2011 (Note 4)		–	20,300	20,300	–	–	–
Tang Kin Fei								
Sembcorp Industries Ltd	Ordinary shares		2,782,084	3,024,405	3,024,405	–	–	–
	Options to subscribe for ordinary shares at – S\$2.37 per share	02/07/2006 to 01/07/2015	150,000	150,000	150,000	–	–	–
	– S\$2.36 per share	22/11/2006 to 21/11/2015	150,000	150,000	150,000	–	–	–
	– S\$2.52 per share	10/06/2007 to 09/06/2016	300,000	300,000	300,000	–	–	–

Directors' Interests (cont'd)

Name of director and corporation in which interests held	Description of interests	Exercise period	Shareholdings registered in the name of director, spouse or infant children			Other shareholdings in which director is deemed to have an interest		
			At		At		At	
			beginning of the year / date of appointment	At end of the year 21/01/2011	beginning of the year / date of appointment	At end of the year 21/01/2011	beginning of the year / date of appointment	At end of the year 21/01/2011
Tang Kin Fei (cont'd)								
Sembcorp Industries Ltd	Conditional award of: – 408,240 performance shares to be delivered after 2009 (Note 1a)		Up to 612,360	–	–	–	–	–
	– 400,000 performance shares to be delivered after 2010 (Note 1b)		Up to 600,000	Up to 600,000	Up to 600,000	–	–	–
	– 400,000 performance shares to be delivered after 2011 (Note 1c)		Up to 600,000	Up to 600,000	Up to 600,000	–	–	–
	– 400,000 performance shares to be delivered after 2012 (Note 1d)		–	Up to 600,000	Up to 600,000	–	–	–
	– 70,189 restricted stocks to be delivered after 2007 (Note 2a)		30,414	–	–	–	–	–
	– 128,596 restricted stocks to be delivered after 2008 (Note 2b(i))		55,724	27,861	27,861	–	–	–
	– 126,000 restricted stocks to be delivered after 2009 (Note 3a(i))		Up to 189,000	82,320	82,320	–	–	–
	– 126,000 restricted stocks to be delivered after 2010 (Note 3b)		Up to 189,000	Up to 189,000	Up to 189,000	–	–	–
	– 126,000 restricted stocks to be delivered after 2011 (Note 3c)		–	Up to 189,000	Up to 189,000	–	–	–

DIRECTORS' REPORT

Year Ended December 31, 2010

Directors' Interests (cont'd)

Name of director and corporation	Description of interests	Exercise period	Shareholdings registered in the name of director, spouse or infant children			Other shareholdings in which director is deemed to have an interest		
			At beginning of the year / date of appointment	At end of the year	At 21/01/2011	At beginning of the year / date of appointment	At end of the year	At 21/01/2011
Tang Kin Fei (cont'd)								
Sembcorp Marine Ltd	Ordinary shares		53,690	123,880	148,380	-	-	-
	Options to subscribe for ordinary shares at - S\$2.11 per share	12/08/2006 to 11/08/2010	7,000	-	-	-	-	-
	- S\$2.38 per share	03/10/2007 to 02/10/2011	73,500	24,500	-	-	-	-
	Conditional award of:							
	- 18,900 restricted stocks to be delivered after 2008 (Note 2b(ii))		16,380	8,190	8,190	-	-	-
	- 12,000 restricted stocks to be delivered after 2009 (Note 3a(ii))		Up to 18,000	12,000	12,000	-	-	-
	- 17,000 restricted stocks to be delivered after 2010 (Note 3b)		Up to 25,500	Up to 25,500	Up to 25,500	-	-	-
	- 11,500 restricted stocks to be delivered in 2011 (Note 4)		-	11,500	11,500	-	-	-
Sembcorp Financial Services Pte Ltd	Fixed Rate Notes issued under the S\$1.5 Billion Multicurrency Medium Term Note Programme (Note 5)		Principal amount:	Principal amount:	Principal amount:			
	- Due 2014		S\$500,000	S\$500,000	S\$500,000	-	-	-
	- Due 2020		-	S\$500,000	S\$500,000	-	-	-

Directors' Interests (cont'd)

Name of director and corporation	Description of interests	Exercise period	Shareholdings registered in the name of director, spouse or infant children			Other shareholdings in which director is deemed to have an interest		
			At beginning of the year / date of appointment	At end of the year	At 21/01/2011	At beginning of the year / date of appointment	At end of the year	At 21/01/2011
Goh Geok Ling								
Sembcorp Industries Ltd	Ordinary shares		327,630	440,136	440,136	47,000	47,000	47,000
	Options to subscribe for ordinary shares at - S\$2.37 per share	02/07/2006 to 01/07/2010	26,250	-	-	-	-	-
	- S\$2.36 per share	22/11/2006 to 21/11/2010	26,250	-	-	-	-	-
	- S\$2.52 per share	10/06/2007 to 09/06/2011	70,000	17,500	17,500	-	-	-
	Conditional award of:							
	- 13,982 restricted stocks to be delivered after 2008 (Note 2b(iii))		6,058	3,028	3,028	-	-	-
	- 13,700 restricted stocks to be delivered after 2009 (Note 3a(iii))		Up to 20,550	8,950	8,950	-	-	-
	- 13,700 restricted stocks to be delivered after 2010 (Note 3b)		Up to 20,550	Up to 20,550	Up to 20,550	-	-	-
	- 13,700 restricted stocks to be delivered in 2011 (Note 4)		-	13,700	13,700	-	-	-
Sembcorp Marine Ltd	Ordinary shares		13,347	127,694	127,694	-	-	-
	Options to subscribe for ordinary shares at - S\$2.38 per share	03/10/2007 to 02/10/2011	196,000	106,000	106,000	-	-	-

DIRECTORS' REPORT

Year Ended December 31, 2010

Directors' Interests (cont'd)

Name of director and corporation	Description of interests	Exercise period	Shareholdings registered in the name of director, spouse or infant children			Other shareholdings in which director is deemed to have an interest		
			At beginning	At	At	At beginning	At	At
			of the year / date of appointment	of the year / end	21/01/2011	of the year / date of appointment	of the year / end	21/01/2011
Goh Geok Ling (cont'd)								
Sembcorp Marine Ltd	Conditional award of: – 30,800 restricted stocks to be delivered after 2008 (Note 2b(iv))		26,693	13,346	13,346	–	–	–
	– 22,000 restricted stocks to be delivered after 2009 (Note 3a(iv))		Up to 33,000	22,000	22,000	–	–	–
	– 29,000 restricted stocks to be delivered after 2010 (Note 3b)		Up to 43,500	Up to 43,500	Up to 43,500	–	–	–
	– 20,500 restricted stocks to be delivered in 2011 (Note 4)		–	20,500	20,500	–	–	–
Richard Hale, OBE								
Sembcorp Industries Ltd	Ordinary shares		238,760	309,324	309,324	–	–	–
	Options to subscribe for ordinary shares at – S\$2.37 per share	02/07/2006 to 01/07/2010	26,250	–	–	–	–	–
	– S\$2.36 per share	22/11/2006 to 21/11/2010	35,000	–	–	–	–	–
	– S\$2.52 per share	10/06/2007 to 09/06/2011	140,000	140,000	140,000	–	–	–
	Conditional award of: – 17,350 restricted stocks to be delivered after 2008 (Note 2b(v))		7,518	3,758	3,758	–	–	–
	– 17,000 restricted stocks to be delivered after 2009 (Note 3a(v))		Up to 25,500	11,106	11,106	–	–	–
	– 17,000 restricted stocks to be delivered after 2010 (Note 3b)		Up to 25,500	Up to 25,500	Up to 25,500	–	–	–

Directors' Interests (cont'd)

Name of director and corporation	Description of interests	Exercise period	Shareholdings registered in the name of director, spouse or infant children			Other shareholdings in which director is deemed to have an interest		
			At beginning	At	At	At beginning	At	At
			of the year / date of appointment	of the year / end	21/01/2011	of the year / date of appointment	of the year / end	21/01/2011
Richard Hale, OBE (cont'd)								
Sembcorp Industries Ltd	Conditional award of: – 17,000 restricted stocks to be delivered in 2011 (Note 4)		–	17,000	17,000	–	–	–
Sembcorp Marine Ltd	Conditional award of: – 22,000 restricted stocks to be delivered after 2010 (Note 3b)		Up to 33,000	Up to 33,000	Up to 33,000	–	–	–
	– 14,700 restricted stocks to be delivered in 2011 (Note 4)		–	14,700	14,700	–	–	–
Evert Henkes								
Sembcorp Industries Ltd	Ordinary shares		69,298	99,383	99,383	–	–	–
	Options to subscribe for ordinary shares at – S\$2.37 per share	02/07/2006 to 01/07/2010	4,375	–	–	–	–	–
	– S\$2.36 per share	22/11/2006 to 21/11/2010	4,375	–	–	–	–	–
	– S\$2.52 per share	10/06/2007 to 09/06/2011	17,500	–	–	–	–	–
	Conditional award of: – 7,144 restricted stocks to be delivered after 2008 (Note 2b(vi))		3,096	1,548	1,548	–	–	–
	– 7,000 restricted stocks to be delivered after 2009 (Note 3a(vi))		Up to 10,500	4,573	4,573	–	–	–
	– 7,000 restricted stocks to be delivered after 2010 (Note 3b)		Up to 10,500	Up to 10,500	Up to 10,500	–	–	–
	– 7,000 restricted stocks to be delivered in 2011 (Note 4)		–	7,000	7,000	–	–	–

DIRECTORS' REPORT

Year Ended December 31, 2010

Directors' Interests (cont'd)

Name of director and corporation in which interests held	Description of interests	Exercise period	Shareholdings registered in the name of director, spouse or infant children			Other shareholdings in which director is deemed to have an interest		
			At beginning of the year / date of appointment	At of the year end	At 21/01/2011	At beginning of the year / date of appointment	At of the year end	At 21/01/2011
Lee Suet Fern								
Sembcorp Industries Ltd	Ordinary shares		38,030	98,036	98,036	–	–	–
	Options to subscribe for ordinary shares at – S\$2.36 per share	22/11/2006 to 21/11/2010	17,500	–	–	–	–	–
	– S\$2.52 per share	10/06/2007 to 09/06/2011	52,500	17,500	17,500	–	–	–
	Conditional award of:							
	– 13,982 restricted stocks to be delivered after 2008 (Note 2b(vii))		6,058	3,028	3,028	–	–	–
	– 13,700 restricted stocks to be delivered after 2009 (Note 3a(vii))		Up to 20,550	8,950	8,950	–	–	–
	– 13,700 restricted stocks to be delivered after 2010 (Note 3b)		Up to 20,550	Up to 20,550	Up to 20,550	–	–	–
	– 13,700 restricted stocks to be delivered in 2011 (Note 4)		–	13,700	13,700	–	–	–
Bobby Chin Yoke Choong								
Sembcorp Industries Ltd	Conditional award of:							
	– 11,000 restricted stocks to be delivered after 2010 (Note 3b)		Up to 16,500	Up to 16,500	Up to 16,500	–	–	–
	– 11,000 restricted stocks to be delivered in 2011 (Note 4)		–	11,000	11,000	–	–	–

Directors' Interests (cont'd)

Note 1: The actual number to be delivered will depend on the achievement of set targets over a 3-year period as indicated below. Achievement of targets below threshold level will mean no performance shares will be delivered, while achievement up to 150% will mean up to 1.5 times the number of conditional performance shares awarded could be delivered.

- Period from 2007 to 2009*
- Period from 2008 to 2010
- Period from 2009 to 2011
- Period from 2010 to 2012

* For this period, 142,884 Sembcorp Industries Ltd ("SCI") shares were released to Tang Kin Fei on March 10, 2010. The balance of the conditional awards covering the period has thus lapsed.

Note 2: The actual number to be delivered will depend on the achievement of set targets at the end of the 2-year performance period as indicated below. Achievement of targets below threshold level will mean no restricted stocks will be delivered, while achievement up to 130% will mean up to 1.3 times the number of conditional restricted stocks awarded could be delivered.

- Period from 2006 to 2007**
- Period from 2007 to 2008*

** For this period, 30,414 SCI shares (the final release of the 1/3 of the 91,246 shares) were vested under the award to Tang Kin Fei on March 10, 2010. The 1st and 2nd release of 30,416 shares each have been vested on March 28, 2008 and March 27, 2009 respectively.

- For this period, 27,863 SCI shares (2nd release of the 1/3 of the 83,587 shares) were vested under the award to Tang Kin Fei on March 10, 2010 and the remaining 27,861 shares will be vested in year 2011. The 1st release of 27,863 shares has been vested on March 27, 2009.
- For this period, 8,190 Sembcorp Marine Ltd ("SCM") shares (2nd release of the 1/3 of the 24,570 shares) were vested under the award to Tang Kin Fei on March 12, 2010 and the remaining 8,190 shares will be vested in year 2011. The 1st release of 8,190 shares has been vested on March 30, 2009.
- For this period, 3,030 SCI shares (2nd release of the 1/3 of the 9,088 shares) were vested under the award to Goh Geok Ling on March 10, 2010 and the remaining 3,028 shares will be vested in year 2011. The 1st release of 3,030 shares has been vested on March 27, 2009.
- For this period, 13,347 SCM shares (2nd release of the 1/3 of the 40,040 shares) were vested under the award to Goh Geok Ling on March 12, 2010 and the remaining 13,346 shares will be vested in year 2011. The 1st release of 13,347 shares has been vested on March 30, 2009.
- For this period, 3,760 SCI shares (2nd release of the 1/3 of the 11,278 shares) were vested under the award to Richard Hale on March 10, 2010 and the remaining 3,758 shares will be vested in year 2011. The 1st release of 3,760 shares has been vested on March 27, 2009.
- For this period, 1,548 SCI shares (2nd release of the 1/3 of the 4,644 shares) were vested under the award to Evert Henkes on March 10, 2010 and the remaining 1,548 shares will be vested in year 2011. The 1st release of 1,548 shares has been vested on March 27, 2009.
- For this period, 3,030 SCI shares (2nd release of the 1/3 of the 9,088 shares) were vested under the award to Lee Suet Fern on March 10, 2010 and the remaining 3,028 shares will be vested in year 2011. The 1st release of 3,030 shares has been vested on March 27, 2009.

Note 3: The actual number to be delivered will depend on the achievement of set targets at the end of the 2-year performance period as indicated below. Achievement of targets below threshold level will mean no restricted stocks will be delivered, while achievement up to 150% will mean up to 1.5 times the number of conditional restricted stocks awarded could be delivered.

- Period from 2008 to 2009***
- Period from 2009 to 2010
- Period from 2010 to 2011

- For this period, 41,160 SCI shares (1/3 of the 123,480 shares) were vested under the award to Tang Kin Fei on March 10, 2010 and the remaining 82,320 shares will be vested in year 2011/2012.
- For this period, 6,000 SCM shares (1/3 of the 18,000 shares) were vested under the award to Tang Kin Fei on March 12, 2010 and the remaining 12,000 shares will be vested in year 2011/2012.
- For this period, 4,476 SCI shares (1/3 of the 13,426 shares) were vested under the award to Goh Geok Ling on March 10, 2010 and the remaining 8,950 shares will be vested in year 2011/2012.
- For this period, 11,000 SCM shares (1/3 of the 33,000 shares) were vested under the award to Goh Geok Ling on March 12, 2010 and the remaining 22,000 shares will be vested in year 2011/2012.
- For this period, 5,554 SCI shares (1/3 of the 16,660 shares) were vested under the award to Richard Hale on March 10, 2010 and the remaining 11,106 shares will be vested in year 2011/2012.
- For this period, 2,287 SCI shares (1/3 of the 6,860 shares) were vested under the award to Evert Henkes on March 10, 2010 and the remaining 4,573 shares will be vested in year 2011/2012.
- For this period, 4,476 SCI shares (1/3 of the 13,426 shares) were vested under the award to Lee Suet Fern on March 10, 2010 and the remaining 8,950 shares will be vested in year 2011/2012.

Note 4: Shares granted will be vested 1 year from the date of grant.

Note 5: Fixed Rate Notes issued under the S\$1.5 Billion Multicurrency Medium Term Note Programme of Sembcorp Financial Services Pte Ltd, a related company of Sembcorp Industries Group.

DIRECTORS' REPORT

Year Ended December 31, 2010

Directors' Interests (cont'd)

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Except as disclosed under the "Share-based Incentive Plans" section of this report, 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 objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except as disclosed in Notes 35(b) and 40 to the financial statements, since the end of the last financial year, no director has received or 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 he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Interested Person Transactions to the Supplementary Information on purchase of goods and services (if any) from Stamford Law Corporation in which Mrs Lee Suet Fern is the Senior Director.

Share-based Incentive Plans

The Company's Share Option Plan, Performance Share Plan and Restricted Stock Plan (collectively, the "Share Plans") were approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on June 5, 2000.

The Executive Resource & Compensation Committee (the "Committee") of the Company has been designated as the Committee responsible for the administration of the Share Plans. The Committee comprises the following members, all of whom are directors:

Ang Kong Hua (Chairman)
Goh Geok Ling
Margaret Lui

The Share Option Plan and Restricted Stock Plan are the incentive schemes for directors and employees of the Group whereas the Performance Share Plan is aimed primarily at key executives of the Group.

The Share Plans are intended to attract, retain and incentivise participants to higher standards of performance and encourage greater dedication and loyalty by enabling the Company to give recognition to past contributions and services; as well as motivating participants to contribute to the long-term prosperity of the Group.

The Share Option Plan provides the Company with means whereby non-executive directors and employees of the Group, and certain categories of persons who can make significant contributions through their close working relationship with the Group, are given an opportunity to participate in the equity of the Company. From 2007 onwards, no share options were granted.

During the year, the Share Plans expired and the New Share Plans comprising Performance Share Plan ("SCI PSP 2010") and Restricted Stock Plan ("SCI RSP 2010") were approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on April 22, 2010. The Share Option Plan was not replaced.

The New Share Plans are proposed to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance. The New Share Plans will strengthen the Company's competitiveness in attracting and retaining talented key senior management and senior executives.

The SCI RSP 2010 is intended to apply to a broad base of senior executives as well as to the non-executive directors, while the SCI PSP 2010 is intended to apply to a select group of key senior management. Generally, it is envisaged that the range of performance targets to be set under the SCI RSP 2010 and the SCI PSP 2010 will be different, with the latter emphasising stretched or strategic targets aimed at sustaining longer term growth.

Share-based Incentive Plans (cont'd)

The New Share Plans will provide incentives to high performing key senior management and senior executives to excel in their performance and encourage greater dedication and loyalty to the Company. Through the New Share Plans, the Company will be able to motivate key senior management and senior executives to continue to strive for the Group's long-term shareholder value. In addition, the New Share Plans aim to foster a greater ownership culture within the Group which align the interests of Participants with the interests of Shareholders, and to improve performance and achieve sustainable growth for the Company in the changing business environment.

The New Share Plans use methods fairly common among major local and multinational companies to incentivise and motivate key senior management and senior executives to achieve pre-determined targets which create and enhance economic value for Shareholders. The Company believes that the New Share Plans will be effective tools in motivating key senior management and senior executives to strive to deliver long-term shareholder value.

While the New Share Plans cater principally to Group Executives, it is recognised that there are other persons who can make significant contributions to the Group through their close working relationship with the Group. Such persons include employees of associated companies over which the Company has operational control.

A Participant's Awards under the New Share Plans will be determined at the sole discretion of the Committee. In considering an Award to be granted to a Participant, the Committee may take into account, *inter alia*, the Participant's performance during the relevant period, and his capability, entrepreneurship, scope of responsibility and skill set.

As at December 31, 2010, no new shares were granted under the New Share Plans. All shares granted during the year were awarded under the Share Plans approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on June 5, 2000.

Other information regarding the Share Plan is as follows:

a. Share Option Plan

Under the rules of the Share Option Plan, participants who ceased to be employed by the Group or the associated company by reason of ill health, injury or disability, redundancy, retirement at or after the legal retirement age, retirement before the legal retirement age, death, etc., or any other event approved by the Committee, may be allowed by the Committee to retain their unexercised options. The Committee may determine the number of shares comprised in that option which may be exercised and the period during which such option shall be exercisable, being a period not later than the expiry of the exercise period in respect of that option. Such option may be exercised at any time notwithstanding that the date of exercise of such option falls on a date prior to the first day of the exercise period in respect of such option. Other information regarding the Share Option Plan is as follows:

- i. The exercise price of the options can be set at market price or a discount to the market price not exceeding 20% of the market price in respect of options granted at the time of grant. Market price is the volume-weighted average price for the shares on the Singapore Exchange Limited ("Singapore Exchange") over the three consecutive trading days prior to grant date of that option. For all options granted to date, the exercise prices are set at market price.
- ii. After the first 12 months of lock-out period, the Group imposed a further vesting of 4 years for managers and above for retention purposes.
- iii. In 2010 and 2009, all options were settled by the issuance of treasury shares.
- iv. The options granted expire after 5 years for non-executive directors and associated company's employees, and 10 years for the employees of the Group.

DIRECTORS' REPORT

Year Ended December 31, 2010

Share-based Incentive Plans (cont'd)

a. Share Option Plan (cont'd)

v. Semcorp Industries Ltd Share Option Plan

At the end of the financial year, details of the options granted under the Share Option Plan on unissued ordinary shares of the Company are as follows:

Semcorp Industries Ltd
Ordinary shares
2010

							Number of options holders / (including number of directors) at		Options cancelled / lapsed / outstanding at		Options outstanding at		Exercise period	
							Dec 31, 2010		Dec 31, 2009		Dec 31, 2009			
Date of grant of options	Exercise price per share	Options outstanding at Jan 1, 2010	Options exercised	Options lapsed / not accepted	Options outstanding at Dec 31, 2010	Options outstanding at Dec 31, 2010 (including directors) at	Date of grant of options	Exercise price per share	Options outstanding at Jan 1, 2009	Options exercised	Options lapsed / not accepted	Options outstanding at Dec 31, 2009	Options outstanding at Dec 31, 2009 (including directors) at	Exercise period
							26/06/2000	\$1.63	225,323	-	(36,600)	188,723	35 / (-)	27/06/2001 to 26/06/2010
							24/07/2000	\$1.90	175,175	(27,870)	(147,305)	-	- / (-)	20/05/2001 to 19/05/2009
26/06/2000	\$1.63	188,723	(127,523)	(61,200)	-	- / (-)	24/07/2000	\$1.76	34,065	(34,065)	-	-	- / (-)	16/09/2001 to 15/09/2009
19/04/2001	\$1.19	122,750	(11,650)	-	111,100	12 / (-)	19/04/2001	\$1.19	169,350	(8,000)	(38,600)	122,750	15 / (-)	20/04/2002 to 19/04/2011
07/05/2002	\$1.23	189,125	(28,375)	-	160,750	29 / (-)	07/05/2002	\$1.23	222,125	(21,000)	(12,000)	189,125	35 / (-)	08/05/2003 to 07/05/2012
17/10/2002	\$0.62	91,250	(4,250)	-	87,000	13 / (-)	17/10/2002	\$0.62	95,875	(1,625)	(3,000)	91,250	15 / (-)	18/10/2003 to 17/10/2012
02/06/2003	\$0.78	105,225	(6,625)	(1,000)	97,600	19 / (-)	02/06/2003	\$0.78	116,100	(10,875)	-	105,225	25 / (-)	03/06/2004 to 02/06/2013
18/11/2003	\$0.93	130,125	(18,750)	-	111,375	25 / (-)	18/11/2003	\$0.93	157,750	(27,625)	-	130,125	35 / (-)	19/11/2004 to 18/11/2013
17/05/2004	\$0.99	292,275	(84,525)	(1,000)	206,750	36 / (-)	17/05/2004	\$0.99	68,750	(68,250)	(500)	-	- / (-)	18/05/2005 to 17/05/2009
22/11/2004	\$1.16	376,275	(148,275)	(3,000)	225,000	38 / (-)	17/05/2004	\$0.99	611,650	(319,375)	-	292,275	68 / (-)	18/05/2005 to 17/05/2014
01/07/2005	\$2.37	91,875	(91,875)	-	-	- / (-)	22/11/2004	\$1.16	88,250	(85,750)	(2,500)	-	- / (-)	23/11/2005 to 22/11/2009
01/07/2005	\$2.37	1,316,952	(513,752)	(10,500)	792,700	125 / (-)	22/11/2004	\$1.16	851,900	(473,625)	(2,000)	376,275	86 / (-)	23/11/2005 to 22/11/2014
21/11/2005	\$2.36	135,625	(135,625)	-	-	- / (-)	01/07/2005	\$2.37	105,000	(13,125)	-	91,875	4 / (4)	02/07/2006 to 01/07/2010
21/11/2005	\$2.36	1,550,076	(645,602)	(13,000)	891,474	161 / (-)	01/07/2005	\$2.37	1,683,197	(271,495)	(94,750)	1,316,952	232 / (1)	02/07/2006 to 01/07/2015
09/06/2006	\$2.52	385,000	(210,000)	-	175,000	3 / (3)	21/11/2005	\$2.36	148,750	(13,125)	-	135,625	5 / (5)	22/11/2006 to 21/11/2010
09/06/2006	\$2.52	2,742,135	(974,595)	(31,750)	1,735,790	308 / (-)	21/11/2005	\$2.36	1,998,870	(325,419)	(123,375)	1,550,076	293 / (1)	22/11/2006 to 21/11/2015
							09/06/2006	\$2.52	402,500	(17,500)	-	385,000	5 / (5)	10/06/2007 to 09/06/2011
							09/06/2006	\$2.52	3,378,950	(414,315)	(222,500)	2,742,135	452 / (1)	10/06/2007 to 09/06/2016
									10,533,580	(2,133,039)	(683,130)	7,717,411		

DIRECTORS' REPORT

Year Ended December 31, 2010

Share-based Incentive Plans (cont'd)

a. Share Option Plan (cont'd)

v. Sembcorp Industries Ltd Share Option Plan (cont'd)

The details of options of the Company awarded / exercised since commencement of the Scheme (aggregate) to December 31, 2010 are as follows:

Option participants	Aggregate options			
	Aggregate options granted	cancelled / lapsed / not accepted	Aggregate options exercised	Aggregate options outstanding
Directors				
Ang Kong Hua	-	-	-	-
Tang Kin Fei	3,444,052	(607,759) ¹	(2,236,293)	600,000
Goh Geok Ling	370,000	-	(352,500)	17,500
Richard Hale, OBE	490,000	-	(350,000)	140,000
Evert Henkes	94,000	-	(94,000)	-
Lee Suet Fern	105,000	-	(87,500)	17,500
Bobby Chin Yoke Choong	-	-	-	-
Margaret Lui	-	-	-	-
Tan Sri Mohd Hassan Marican	-	-	-	-
Other executives				
Group	149,771,742	(69,152,788)	(76,810,415)	3,808,539
Associated company	748,600	(215,100)	(533,500)	-
Parent Group ²	378,500	(102,000)	(265,500)	11,000
Former directors of the Company	10,046,578	(2,383,328)	(7,663,250)	-
Total	165,448,472	(72,460,975)	(88,392,958)	4,594,539

1. Options lapsed due to replacement of 1999 options and expiry of earlier options.

2. Parent Group refers to former employees of Singapore Technologies Pte Ltd. No options were granted to former employees of Singapore Technologies Pte Ltd since 2005.

Since the commencement of the Share Option Plan, no options have been granted to the controlling shareholders of the Company or their associates. No participant under the Share Option Plan has been granted 5% or more of the total options available. No options have been offered at a discount.

The options granted by the Company do not entitle the holders of the options, by virtue of such holdings, to any right to participate in any share issue of any company.

Share-based Incentive Plans (cont'd)

a. Share Option Plan (cont'd)

vi. Share options of a listed subsidiary

At the end of the financial year, details of the options granted under the Share Option Plan on unissued ordinary shares of Sembcorp Marine Ltd are as follows:

Sembcorp Marine Ltd Ordinary shares 2010											
Date of grant of options	Exercise price per share	Options outstanding		Options cancelled / lapsed / not accepted		Options outstanding		Options exercisable		Options exercisable	
		at Jan 1, 2010	at Dec 31, 2010	at Dec 31, 2010	at Dec 31, 2010	at Jan 1, 2010	at Dec 31, 2010	at Jan 1, 2010	at Dec 31, 2010	Exercise period	
08/09/2000	S\$0.50	191,170	191,170	(53,890)	(137,280)	-	191,170	-	191,170	-	08/09/2001 to 07/09/2010
27/09/2001	S\$0.47	99,610	99,610	(42,000)	(2,800)	54,810	99,610	54,810	54,810	54,810	28/09/2002 to 27/09/2011
07/11/2002	S\$0.64	308,450	308,450	(142,550)	(4,200)	161,700	308,450	161,700	161,700	161,700	08/11/2003 to 07/11/2012
08/08/2003	S\$0.71	878,220	878,220	(661,550)	(200)	216,470	878,220	216,470	878,220	216,470	09/08/2004 to 08/08/2013
10/08/2004	S\$0.74	2,598,278	2,598,278	(868,920)	(5,400)	1,723,958	2,598,278	1,723,958	1,723,958	1,723,958	11/08/2005 to 10/08/2014
11/08/2005	S\$2.11	203,000	203,000	(203,000)	-	-	203,000	-	203,000	-	12/08/2006 to 11/08/2010*
11/08/2005	S\$2.11	7,035,787	7,035,787	(2,790,560)	(31,350)	4,213,877	7,035,787	4,213,877	7,035,787	4,213,877	12/08/2006 to 11/08/2015
02/10/2006	S\$2.38	588,000	588,000	(396,250)	-	191,750	453,250	191,750	453,250	191,750	03/10/2007 to 02/10/2011*
02/10/2006	S\$2.38	8,335,653	8,335,653	(3,311,179)	(106,065)	4,918,409	5,774,379	4,918,409	5,774,379	4,918,409	03/10/2007 to 02/10/2016
		20,238,168	(8,469,899)	(287,295)	11,480,974	17,542,144	11,480,974	17,542,144	11,480,974		

* Applicable to non-executive directors of the Company only.

Sembcorp Marine Ltd Ordinary shares 2009

Date of grant of options	Exercise price per share	Options outstanding		Options cancelled / lapsed / not accepted		Options outstanding		Options exercisable		Options exercisable	
		at Jan 1, 2009	at Dec 31, 2009	at Dec 31, 2009	at Dec 31, 2009	at Jan 1, 2009	at Dec 31, 2009	at Jan 1, 2009	at Dec 31, 2009	Exercise period	
08/09/2000	S\$0.50	191,170	191,170	-	-	191,170	191,170	191,170	191,170	191,170	08/09/2001 to 07/09/2010
27/09/2001	S\$0.47	178,710	178,710	(79,100)	-	99,610	178,710	99,610	178,710	99,610	28/09/2002 to 27/09/2011
07/11/2002	S\$0.64	335,700	335,700	(14,650)	(12,600)	308,450	335,700	308,450	335,700	308,450	08/11/2003 to 07/11/2012
08/08/2003	S\$0.71	1,015,270	1,015,270	(113,250)	(23,800)	878,220	1,015,270	878,220	878,220	878,220	09/08/2004 to 08/08/2013
10/08/2004	S\$0.74	52,500	52,500	(52,500)	-	-	52,500	-	52,500	-	11/08/2005 to 10/08/2009*
10/08/2004	S\$0.74	3,586,885	3,586,885	(956,607)	(32,000)	2,598,278	3,586,885	2,598,278	3,586,885	2,598,278	11/08/2005 to 10/08/2014
11/08/2005	S\$2.11	250,250	250,250	(47,250)	-	203,000	147,000	203,000	147,000	203,000	12/08/2006 to 11/08/2010*
11/08/2005	S\$2.11	9,703,475	9,703,475	(2,589,438)	(78,250)	7,035,787	5,348,775	7,035,787	9,703,475	7,035,787	12/08/2006 to 11/08/2015
02/10/2006	S\$2.38	649,250	649,250	(61,250)	-	588,000	281,750	453,250	588,000	281,750	03/10/2007 to 02/10/2011*
02/10/2006	S\$2.38	9,955,834	9,955,834	(1,450,621)	(169,560)	8,335,653	4,318,857	5,774,379	8,335,653	4,318,857	03/10/2007 to 02/10/2016
		25,919,044	(5,364,666)	(316,210)	20,238,168	15,456,617	17,542,144	15,456,617	17,542,144		

* Applicable to non-executive directors of the Company only.

DIRECTORS' REPORT

Year Ended December 31, 2010

Share-based Incentive Plans (cont'd)

b. Performance Share Plan

Under the Performance Share Plan, the awards granted conditional on performance targets are set based on medium-term corporate objectives at the start of each rolling three-year performance qualifying period. A specific number of performance shares shall be awarded at the end of the three-year performance cycle depending on the extent of the achievement of the performance conditions established at the onset.

The performance levels were calibrated based on Wealth Added and Total Shareholder Return. A minimum threshold performance must be achieved to trigger an achievement factor, which in turn determines the number of shares to be finally awarded. Performance shares to be delivered will range between 0% to 150% of the conditional performance shares awarded.

From 2009 onwards, the Performance Share Plan was enhanced to create alignment between senior management and other employees at the time of vesting by introducing a plan trigger. Under this trigger mechanism, the performance shares for the performance period 2010 to 2012 will be vested to the senior management participants only if the restricted stocks for the performance period 2011 to 2012 are vested, subject to the achievement of the performance conditions for the respective performance periods.

Senior management participants are required to hold a minimum percentage of the shares released to them under the Performance Share Plan to maintain a beneficial ownership stake in the Group, for the duration of their employment or tenure with the Group. A maximum cap is set based on a multiple of the individual participant's Annual Base Salary. Any excess can be sold off, but in the event of a shortfall, they have a two calendar year period to meet the minimum percentage requirement.

i. Sembcorp Industries Ltd Performance Shares

The details of performance shares of Sembcorp Industries Ltd awarded during the financial year since commencement of the Performance Share Plan (aggregate) are as follows:

	Conditional performance shares awarded during the year	Aggregate performance shares awarded	Aggregate performance shares released	Aggregate performance shares lapsed	Aggregate conditional performance shares outstanding
2010					
Director of the Company:					
Tang Kin Fei	400,000	3,327,638	(1,343,918)	(783,720)	1,200,000
Key executives of the Group	600,000	6,976,821	(1,755,530)	(3,809,626)	1,411,665
	1,000,000	10,304,459	(3,099,448)	(4,593,346)	2,611,665
2009					
Director of the Company:					
Tang Kin Fei	400,000	2,927,638	(1,201,034)	(518,364)	1,208,240
Key executives of the Group	570,000	6,376,821	(1,630,795)	(3,313,404)	1,432,622
	970,000	9,304,459	(2,831,829)	(3,831,768)	2,640,862

With the Committee's approval on the achievement factor for the achievement of the performance targets for the performance period 2007 to 2009, a total of 267,619 (2009: 476,730) performance shares were released via the issuance of treasury shares.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at end 2010, was 2,611,665 (2009: 2,640,862). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 3,917,498 (2009: 3,961,293) performance shares.

Share-based Incentive Plans (cont'd)

b. Performance Share Plan (cont'd)

ii. Performance shares of a listed subsidiary

The details of performance shares of Sembcorp Marine Ltd awarded during the year since commencement of the Performance Share Plan (aggregate) are as follows:

	2010	2009
Conditional performance shares awarded during the year	635,000	545,000
Aggregate conditional performance shares awarded	7,737,500	7,102,500
Additional performance shares awarded arising from targets met during the year	235,200	–
Aggregate conditional performance shares released	(4,809,700)	(3,594,500)
Aggregate conditional performance shares lapsed	(1,193,000)	(1,193,000)
Aggregate conditional performance shares outstanding	1,970,000	2,315,000

No performance shares of Sembcorp Marine Ltd were awarded to the directors of the Company.

With the Sembcorp Marine Ltd's committee's approval on the achievement factor for the achievement of the performance targets for the performance period 2007 to 2009, a total of 1,215,200 (2009: 411,600) performance shares were released via the issuance of treasury shares.

In 2010, there were additional 235,200 (2009: nil) performance shares awarded for over-achievement of the performance targets.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at December 31, 2010, was 1,970,000 (2009: 2,315,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 2,955,000 (2009: 3,472,500) performance shares.

c. Restricted Stock Plan

Under the Restricted Stock Plan, the awards granted conditional on performance targets are set based on corporate objectives at the start of each rolling two-year performance qualifying period. The performance criteria for the restricted stocks are calibrated based on Return on Total Assets (excluding Sembcorp Marine Ltd) and Earnings Before Interest and Taxes (excluding Sembcorp Marine Ltd) for awards granted in 2010.

A minimum threshold performance must be achieved to trigger an achievement factor, which in turn determines the number of shares to be finally awarded. Based on the criteria, restricted stocks to be delivered will range from 0% to 150% of the conditional restricted stocks awarded.

The managerial participants of the Group will be awarded restricted stocks under the Restricted Stock Plan, while the non-managerial participants of the Group will receive their awards in an equivalent cash value. This cash-settled notional restricted stocks award for non-managerial participants is known as the Sembcorp Challenge Bonus.

A specific number of restricted stocks shall be awarded at the end of the two-year performance cycle depending on the extent of the achievement of the performance conditions established at the onset. There is a further vesting period of three years after the performance period, during which one-third of the awarded shares are released each year to managerial participants. Non-managerial participants will receive the equivalent in cash at the end of the two-year performance cycle, with no further vesting conditions.

DIRECTORS' REPORT

Year Ended December 31, 2010

Share-based Incentive Plans (cont'd)

c. Restricted Stock Plan (cont'd)

Senior management participants are required to hold a minimum percentage of the shares released to them under the Restricted Stock Plan to maintain a beneficial ownership stake in the Group, for the duration of their employment or tenure with the Group. A maximum cap is set based on a multiple of the individual participant's Annual Base Salary. Any excess can be sold off, but in the event of a shortfall, they have a two calendar year period to meet the minimum percentage requirement.

There is no performance condition for the conditional award of the restricted stocks granted to non-executive directors in 2010. Shares granted will be vested 1 year from the date of grant.

i. Sembcorp Industries Ltd Restricted Stocks

The details of restricted stocks of Sembcorp Industries Ltd awarded during the year since commencement of the Restricted Stock Plan (aggregate) are as follows:

	Conditional restricted stocks awarded	Aggregate conditional restricted stocks awarded	Aggregate conditional restricted stocks released	Aggregate conditional restricted stocks lapsed	Aggregate conditional restricted stocks outstanding
2010					
Directors of the Company:					
Ang Kong Hua	20,300	20,300	-	-	20,300
Tang Kin Fei	126,000	597,842	(188,132)	(47,529)	362,181
Goh Geok Ling	13,700	55,082	(10,536)	(5,168)	39,378
Richard Hale, OBE	17,000	68,350	(13,074)	(6,412)	48,864
Evert Henkes	7,000	28,144	(5,383)	(2,640)	20,121
Lee Suet Fern	13,700	55,082	(10,536)	(5,168)	39,378
Bobby Chin Yoke Choong	11,000	22,000	-	-	22,000
Margaret Lui	-	-	-	-	-
Tan Sri Mohd Hassan Marican	-	-	-	-	-
Former director of the Company	13,725	84,709	(75,845)	(8,864)	-
Other executives of the Group	2,046,075	9,138,836	(2,345,485)	(1,830,127)	4,963,224
	2,268,500	10,070,345	(2,648,991)	(1,905,908)	5,515,446
2009					
Directors of the Company:					
Peter Seah Lim Huat	23,500	70,984	(5,197)	(8,394)	57,393
Tang Kin Fei	126,000	471,842	(88,695)	(45,009)	338,138
Goh Geok Ling	13,700	41,382	(3,030)	(4,894)	33,458
Richard Hale, OBE	17,000	51,350	(3,760)	(6,072)	41,518
Evert Henkes	7,000	21,144	(1,548)	(2,500)	17,096
Lee Suet Fern	13,700	41,382	(3,030)	(4,894)	33,458
Bobby Chin Yoke Choong	11,000	11,000	-	-	11,000
Other executives of the Group	2,012,500	7,092,761	(1,082,459)	(1,503,517)	4,506,785
	2,224,400	7,801,845	(1,187,719)	(1,575,280)	5,038,846

Share-based Incentive Plans (cont'd)

c. Restricted Stock Plan (cont'd)

i. Sembcorp Industries Ltd Restricted Stocks (cont'd)

With the Committee's approval on the achievement factor for the achievement of the performance targets for the performance period 2008 to 2009, a total of 736,370 restricted stocks were released. For awards in relation to the performance period 2007 to 2008, a total of 359,706 (2009: 392,617) restricted stocks were released in 2010. For awards in relation to the performance period 2006 to 2007, a total of 311,950 (2009: 355,501) restricted stocks were released in 2010. In 2010, there were additional 53,246 restricted stocks released to employees upon retirement. The restricted stocks were released via the issuance of treasury shares.

The total number of restricted stocks outstanding, including award(s) achieved but not released, as at end 2010, was 5,515,446 (2009: 5,038,846). Of this, the total number of restricted stocks in awards granted conditionally and representing 100% of targets to be achieved, but not released was 4,097,300 (2009: 4,077,962). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 6,145,950 (2009: 6,116,943) restricted stocks.

Sembcorp Challenge Bonus

With the Committee's approval on the achievement factor for the achievement of the performance targets for the performance period 2008 to 2009, a total of S\$1,511,000, equivalent to 358,274 (2009: S\$584,000, equivalent to 252,989) notional restricted stocks, were paid.

A total of 600,000 (2009: 600,000) notional restricted stocks of Sembcorp Industries Ltd's shares were awarded in 2010 for the Sembcorp Challenge Bonus.

The total number of notional restricted stocks in awards for the Sembcorp Challenge Bonus granted conditionally and representing 100% of targets to be achieved, but not released as at end 2010, was 1,200,000 (2009: 1,200,000). Based on the multiplying factor, the number of notional restricted stocks to be converted into the funding pool could range from zero to a maximum of 1,800,000 (2009: 1,800,000).

ii. Restricted stocks of a listed subsidiary

The details of restricted stocks of Sembcorp Marine Ltd awarded during the year since commencement of the Restricted Stock Plan (aggregate) are as follows:

	Conditional restricted stocks awarded	Aggregate conditional restricted stocks awarded	Additional conditional restricted stocks awarded	Aggregate conditional restricted stocks released	Aggregate conditional restricted stocks lapsed	Aggregate conditional restricted stocks outstanding
2010						
Directors of the Company:						
Tang Kin Fei	11,500	65,070	6,000	(22,380)	-	48,690
Goh Geok Ling	20,500	111,540	11,000	(37,694)	-	84,846
Richard Hale, OBE	14,700	36,700	-	-	-	36,700
Other participants	3,447,500	17,845,838	1,658,250	(7,262,565)	(1,031,456)	11,210,067
	3,494,200	18,059,148	1,675,250	(7,322,639)	(1,031,456)	11,380,303

DIRECTORS' REPORT

Year Ended December 31, 2010

Share-based Incentive Plans (cont'd)

c. Restricted Stock Plan (cont'd)

ii. Restricted stocks of a listed subsidiary (cont'd)

	Additional conditional		Additional conditional		Aggregate conditional restricted stocks	Aggregate conditional restricted stocks	Aggregate conditional restricted stocks
	Conditional restricted stocks awarded during the year	Aggregate conditional restricted stocks awarded	restricted stocks awarded during the year	Aggregate conditional restricted stocks released			
2009							
Directors of the Company:							
Tang Kin Fei	17,000	47,900	5,670	(8,190)	–	–	45,380
Goh Geok Ling	29,000	81,800	9,240	(13,347)	–	–	77,693
Richard Hale, OBE	22,000	22,000	–	–	–	–	22,000
Other participants	3,358,330	13,231,015	1,167,323	(3,372,147)	(764,302)	(764,302)	10,261,889
	3,426,330	13,382,715	1,182,233	(3,393,684)	(764,302)	(764,302)	10,406,962

With the Sembcorp Marine Ltd's committee's approval on the achievement factor for the achievement of the performance targets for the performance period 2008 to 2009, a total of 1,791,238 restricted stocks were released. For awards in relation to the performance period 2007 to 2008, a total of 1,561,953 (2009: 1,956,117) restricted stocks were released in 2010. For awards in relation to the performance period 2006 to 2007, a total of 575,764 (2009: 729,439) restricted stocks were released in 2010. The restricted stocks were either released via the issuance of treasury shares or the issuance of new shares.

In 2010, additional 1,675,250 (2009: 1,182,233) restricted stocks were awarded for the over-achievement of the performance targets for the performance period 2008 to 2009 (2009: 2007 to 2008).

The total number of restricted stocks outstanding, including awards achieved but not released, as at December 31, 2010, was 11,380,303 (2009: 10,406,962). Of this, the total number of restricted stocks in awards granted conditionally and representing 100% of targets to be achieved, but not released was 6,615,930 (2009: 6,709,730). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 9,923,895 (2009: 10,064,595) restricted stocks.

Challenge Bonus of a listed subsidiary

With the Sembcorp Marine Ltd's committee's approval on the achievement factor for the achievement of the performance targets for the performance period 2008 to 2009, a total of S\$3,785,714 (2009: S\$1,679,000), equivalent to 1,030,600 (2009: 1,203,602) notional restricted stocks, were paid.

A total of 1,234,400 (2009: 1,130,050) notional restricted stocks were awarded on April 19, 2010 (2009: April 13, 2009) for the Sembcorp Marine Challenge Bonus.

The total number of notional restricted stocks in awards for the Sembcorp Marine Challenge Bonus granted conditionally and representing 100% of targets to be achieved, but not released as at December 31, 2010, was 2,149,950 (2009: 1,928,700). Based on the multiplying factor, the number of notional restricted stocks to be converted into the funding pool could range from zero to a maximum of 3,224,925 (2009: 2,893,050).

Share-based Incentive Plans (cont'd)

d. Maximum Number of Shares Issuable

The maximum number of performance shares and restricted stocks which could be delivered, when aggregated with the number of new shares issued and issuable in respect of all options granted, is within the 15% limit of the share capital of the Company on the day preceding the relevant date of the grant.

Audit Committee

The members of the Audit Committee during the year and at the date of this report are:

Richard Hale, OBE (*Chairman*)

Lee Suet Fern

Bobby Chin Yoke Choong

Tan Sri Mohd Hassan Marican

The Audit Committee held four meetings during the financial year. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and their evaluation of the Company's internal accounting control system.

The Audit Committee performed the functions specified in Section 201B of the Singapore Companies Act, Chapter 50, the Listing Manual of the Singapore Exchange, and the Code of Corporate Governance.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the external and internal auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The Audit Committee has full access to the management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



Ang Kong Hua
Chairman



Tang Kin Fei
Director

Singapore
February 25, 2011