

# DIRECTORS' STATEMENT

Year ended December 31, 2015

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, 2015.

In our opinion:

- the financial statements set out on pages 178 to 333 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

## Directors

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

Ang Kong Hua  
Tang Kin Fei  
Bobby Chin Yoke Choong  
Margaret Lui  
Tan Sri Mohd Hassan Marican  
Tham Kui Seng  
Dr Teh Kok Peng  
Ajaib Haridass  
Neil McGregor  
Nicky Tan Ng Kuang (appointed on November 1, 2015)

## 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 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	Shareholdings registered in the name of director, spouse, children or nominee			Other shareholdings in which the director is deemed to have an interest		
		At			At		
		beginning of the year	At end of the year	At 21/01/2016	beginning of the year	At end of the year	At 21/01/2016
<b>Ang Kong Hua</b>							
Sembcorp Industries Ltd	Ordinary shares (Note 1)	70,500	121,600	121,600	–	–	–
<b>Tang Kin Fei</b>							
Sembcorp Industries Ltd	Ordinary shares (Note 2)	5,499,486	5,688,006	5,688,006	–	–	–
	Conditional award of: – 400,000 performance shares to be delivered after 2014 (Note 3a)	Up to 600,000	–	–	–	–	–

## Directors' Interests (cont'd)

Name of director and corporation in which interests held	Description of interests	Shareholdings registered in the name of director, spouse, children or nominee			Other shareholdings in which the director is deemed to have an interest		
		At			At		
		beginning of the year	At end of the year	At 21/01/2016	beginning of the year	At end of the year	At 21/01/2016
<b>Tang Kin Fei (cont'd)</b>	Conditional award of: Sembcorp Industries Ltd (cont'd)						
	– 300,000 performance shares to be delivered after 2015 (Note 3b)	Up to 450,000	Up to 450,000	Up to 450,000	–	–	–
	– 300,000 performance shares to be delivered after 2016 (Note 3c)	Up to 450,000	Up to 450,000	Up to 450,000	–	–	–
	– 350,000 performance shares to be delivered after 2017 (Note 3d)	–	Up to 525,000	Up to 525,000	–	–	–
	– 126,000 restricted shares to be delivered after 2012 (Note 4a)	57,120	–	–	–	–	–
	– 126,000 restricted shares to be delivered after 2013 (Note 4b)	126,000	63,000	63,000	–	–	–
	– 180,000 restricted shares to be delivered after 2014 (Note 4c)	Up to 270,000	Up to 136,800	Up to 136,800	–	–	–
	– 180,000 restricted shares to be delivered after 2015 (Note 4d)	Up to 270,000	Up to 270,000	Up to 270,000	–	–	–
	– 230,000 restricted shares to be delivered after 2016 (Note 4e)	–	Up to 345,000	Up to 345,000	–	–	–
	Subordinated Perpetual Securities issued on August 21, 2013 under the S\$2 Billion Multicurrency Debt Issuance Programme	Principal amount: S\$1,000,000	Principal amount: S\$1,000,000	Principal amount: S\$1,000,000	–	–	–
Sembcorp Marine Ltd	Ordinary shares	249,470	272,270	272,270	–	–	–

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### Directors' Interests (cont'd)

Name of director and corporation in which interests held	Description of interests	Shareholdings registered in the name of director, spouse, children or nominee			Other shareholdings in which the director is deemed to have an interest		
		At			At		
		beginning of the year	At end of the year	At 21/01/2016	beginning of the year	At end of the year	At 21/01/2016
<b>Tang Kin Fei (cont'd)</b>							
Sembcorp Financial Services Pte Ltd	Fixed Rate Notes due 2020 issued under the S\$2 Billion Multicurrency Debt Issuance Programme (Note 5)	Principal amount: S\$500,000	Principal amount: S\$500,000	Principal amount: S\$500,000	–	–	–
<b>Bobby Chin Yoke Choong</b>							
Sembcorp Industries Ltd	Ordinary shares	55,600	68,500	68,500	–	–	–
<b>Margaret Lui</b>							
Sembcorp Industries Ltd	Ordinary shares	28,100	40,500	40,500	–	–	–
<b>Tan Sri Mohd Hassan Marican</b>							
Sembcorp Industries Ltd	Ordinary shares (Note 6)	29,600	41,000	41,000	–	–	–
Sembcorp Marine Ltd	Ordinary shares (Note 6)	30,200	80,300	80,300	–	–	–
<b>Tham Kui Seng</b>							
Sembcorp Industries Ltd	Ordinary shares	15,500	24,900	24,900	–	–	–
<b>Dr Teh Kok Peng</b>							
Sembcorp Industries Ltd	Ordinary shares	8,700	19,400	19,400	–	–	–
Sembcorp Marine Ltd	Ordinary shares	40,000	40,000	40,000	–	–	–
<b>Ajaib Haridass</b>							
Sembcorp Industries Ltd	Ordinary shares	–	5,800	5,800	–	–	–
Sembcorp Marine Ltd	Ordinary shares	713,910	739,810	739,810	–	–	–
<b>Neil McGregor</b>							
Sembcorp Industries Ltd	Ordinary shares	–	5,300	5,300	–	–	–

Note 1: Of the 121,600 Sembcorp Industries Ltd (SCI) shares, 70,500 shares are held in the name of DBS Nominees Pte Ltd.

Note 2: Of the 5,688,006 SCI shares, 1,000,000 shares are held in the name of DBS Nominees Pte Ltd and 1,000,000 shares are held in the name of Citibank Nominees Singapore Pte Ltd.

Note 3: 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 2012 to 2014<sup>1</sup>
- Period from 2013 to 2015
- Period from 2014 to 2016
- Period from 2015 to 2017

<sup>1</sup> For this period, no SCI shares were released to Tang Kin Fei under the Performance Share Plan (PSP) scheme as the targets were not met.

### Directors' Interests (cont'd)

Note 4: 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 shares will be delivered, while achievement up to 150% will mean up to 1.5 times the number of conditional restricted shares awarded could be delivered.

- Period from 2011 to 2012<sup>1</sup>
- Period from 2012 to 2013<sup>2</sup>
- Period from 2013 to 2014<sup>3</sup>
- Period from 2014 to 2015
- Period from 2015 to 2016

<sup>1</sup> For this period, 57,120 SCI shares (the final release of the 1/3 of the 171,360 shares) were vested under the award to Tang Kin Fei on March 27, 2015. The 1st and 2nd release of 57,120 shares each have been vested in 2013 and 2014 respectively.

<sup>2</sup> For this period, 63,000 SCI shares (2nd release of the 1/3 of the 189,000 shares) were vested under the award to Tang Kin Fei on March 27, 2015 and the remaining 63,000 shares will be vested in 2016. The 1st release of 63,000 shares has been vested on March 27, 2014.

<sup>3</sup> For this period, 68,400 SCI shares (1st release of the 1/3 of the 205,200 shares) were vested under the award to Tang Kin Fei on March 27, 2015 and the remaining 136,800 shares will be vested in 2016 and 2017.

Note 5: Fixed Rate Notes issued under the S\$2 Billion Multicurrency Debt Issuance Programme of Sembcorp Industries Ltd and Sembcorp Financial Services Pte Ltd, a related company of Sembcorp Industries Group.

Note 6: The 41,000 SCI shares and 80,300 Sembcorp Marine Ltd shares are held in the name of Citibank Nominees Singapore Pte Ltd.

Except as disclosed in this statement, 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.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and January 21, 2016.

Except as disclosed under the "Share-based Incentive Plans" section of this statement, 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 28(a) and 35 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.

### Share-based Incentive Plans

The Company's Performance Share Plan (SCI PSP 2010) and Restricted Share Plan (SCI RSP 2010) (collectively, the "2010 Share Plans") were approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on April 22, 2010. The 2010 Share Plans replaced the Share Plans which were approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on June 5, 2000 and expired in 2010.

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)  
Margaret Lui  
Tan Sri Mohd Hassan Marican  
Dr Teh Kok Peng (appointed on April 22, 2015)

The SCI RSP 2010 is the incentive scheme for directors and employees of the Group whereas the SCI PSP 2010 is aimed primarily at key executives of the Group.

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### Share-based Incentive Plans (cont'd)

The 2010 Share Plans are intended to increase the Company's flexibility and effectiveness in its continuing efforts 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 2010 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.

The 2010 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 2010 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 2010 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 2010 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 2010 Share Plans will be effective tools in motivating key senior management and senior executives to strive to deliver long-term shareholder value.

While the 2010 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 2010 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.

Other information regarding the 2010 Share Plans and Share Option 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 Securities Trading Limited (SGX-ST) 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.

### Share-based Incentive Plans (cont'd)

#### a. Share Option Plan (cont'd)

- 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 2015 and 2014, 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. There are no outstanding share options for non-executive directors.
- v. All options will expire on June 9, 2016.
- vi. Sembcorp 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:

#### Sembcorp Industries Ltd Ordinary shares 2015

Date of grant of options	Exercise price per share	Options							Exercise period	
		Options		cancelled /		Options		Options		
		exercised	outstanding	lapsed /	not exercised	outstanding	exercisable	exercisable		
		Jan 1, 2015		Dec 31, 2015		Jan 1, 2015		Dec 31, 2015		
01/07/2005	S\$2.37	121,250	(71,000)	(50,250)	–	121,250	–	02/07/2006 to 01/07/2015		
21/11/2005	S\$2.36	176,750	(94,000)	(82,750)	–	176,750	–	22/11/2006 to 21/11/2015		
09/06/2006	S\$2.52	373,299	(53,750)	–	319,549	373,299	319,549	10/06/2007 to 09/06/2016		
		<b>671,299</b>	<b>(218,750)</b>	<b>(133,000)</b>	<b>319,549</b>	<b>671,299</b>	<b>319,549</b>			

#### 2014

Date of grant of options	Exercise price per share	Options							Exercise period	
		Options		cancelled /		Options		Options		
		exercised	outstanding	lapsed /	not exercised	outstanding	exercisable	exercisable		
		Jan 1, 2014		Dec 31, 2014		Jan 1, 2014		Dec 31, 2014		
17/05/2004	S\$0.99	26,500	(3,625)	(22,875)	–	26,500	–	18/05/2005 to 17/05/2014		
22/11/2004	S\$1.16	29,375	(5,875)	(23,500)	–	29,375	–	23/11/2005 to 22/11/2014		
01/07/2005	S\$2.37	139,875	(15,625)	(3,000)	121,250	139,875	121,250	02/07/2006 to 01/07/2015		
21/11/2005	S\$2.36	217,625	(36,875)	(4,000)	176,750	217,625	176,750	22/11/2006 to 21/11/2015		
09/06/2006	S\$2.52	809,049	(431,750)	(4,000)	373,299	809,049	373,299	10/06/2007 to 09/06/2016		
		<b>1,222,424</b>	<b>(493,750)</b>	<b>(57,375)</b>	<b>671,299</b>	<b>1,222,424</b>	<b>671,299</b>			

## DIRECTORS' STATEMENT

Year ended December 31, 2015

### Share-based Incentive Plans (cont'd)

#### a. Share Option Plan (cont'd)

##### vi. 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, 2015 are as follows:

Option participants	Aggregate options			
	Aggregate options granted	cancelled / lapsed / not accepted	Aggregate options exercised	Aggregate options outstanding
<b>Directors</b>				
Ang Kong Hua	–	–	–	–
Tang Kin Fei	3,444,052	(607,759) <sup>1</sup>	(2,836,293)	–
Goh Geok Ling (retired on April 21, 2015)	370,000	–	(370,000)	–
Evert Henkes (retired on April 21, 2015)	94,000	–	(94,000)	–
Bobby Chin Yoke Choong	–	–	–	–
Margaret Lui	–	–	–	–
Tan Sri Mohd Hassan Marican	–	–	–	–
Tham Kui Seng	–	–	–	–
Dr Teh Kok Peng	–	–	–	–
Ajaib Haridass	–	–	–	–
Neil McGregor	–	–	–	–
Nicky Tan Ng Kuang	–	–	–	–
<b>Other executives</b>				
Group	149,771,742	(69,559,413)	(79,892,780)	319,549
Associated company	748,600	(215,100)	(533,500)	–
Parent Group <sup>2</sup>	378,500	(113,000)	(265,500)	–
<b>Former directors of the Company</b>	10,641,578	(2,383,328)	(8,258,250)	–
<b>Total</b>	<b>165,448,472</b>	<b>(72,878,600)</b>	<b>(92,250,323)</b>	<b>319,549</b>

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)

##### vii. 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 2015

Date of grant of options	Exercise price per share	Options outstanding		Options cancelled / lapsed / not accepted		Options exercisable		Exercise period
		at Jan 1, 2015	at Dec 31, 2015	at Dec 31, 2015	at Jan 1, 2015	at Dec 31, 2015	at Dec 31, 2015	
11/08/2005	S\$2.11	667,190	(392,000)	(275,190)	–	667,190	–	12/08/2006 to 11/08/2015
02/10/2006	S\$2.38	1,009,312	(22,000)	(14,000)	973,312	1,009,312	973,312	03/10/2007 to 02/10/2016
		<b>1,676,502</b>	<b>(414,000)</b>	<b>(289,190)</b>	<b>973,312</b>	<b>1,676,502</b>	<b>973,312</b>	

#### 2014

Date of grant of options	Exercise price per share	Options outstanding		Options cancelled / lapsed / not accepted		Options exercisable		Exercise period
		at Jan 1, 2014	at Dec 31, 2014	at Dec 31, 2014	at Jan 1, 2014	at Dec 31, 2014	at Dec 31, 2014	
10/08/2004	S\$0.74	168,710	(129,760)	(38,950)	–	168,710	–	11/08/2005 to 10/08/2014
11/08/2005	S\$2.11	857,140	(173,500)	(16,450)	667,190	857,140	667,190	12/08/2006 to 11/08/2015
02/10/2006	S\$2.38	1,134,329	(109,617)	(15,400)	1,009,312	1,134,329	1,009,312	03/10/2007 to 02/10/2016
		<b>2,160,179</b>	<b>(412,877)</b>	<b>(70,800)</b>	<b>1,676,502</b>	<b>2,160,179</b>	<b>1,676,502</b>	

#### b. Performance Share Plan

Under the Performance Share Plan (SCI PSP 2010), 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. For awards granted from 2014 onwards, the performance levels were calibrated based on Wealth Added, Total Shareholder Return and Earnings per share. 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.

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Year ended December 31, 2015

### Share-based Incentive Plans (cont'd)

#### b. Performance Share Plan (cont'd)

To create alignment between senior management and other employees at the time of vesting, SCI PSP 2010 has in place a plan trigger. Under this trigger mechanism, the performance shares for the performance period 2015 to 2017 will be vested to the senior management participants only if the restricted shares for the performance period 2016 to 2017 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 the movement of the performance shares of Sembcorp Industries Ltd awarded during the financial year since commencement of the Performance Share Plan (aggregate) are as follows:

	Movements during the year					
	Additional performance		Performance		Conditional performance	
Performance shares participants	At Jan 1	shares awarded	arising from targets met	shares lapsed arising from targets not met	shares released	At Dec 31
<b>2015</b>						
<b>Director of the Company:</b>						
Tang Kin Fei	1,000,000	350,000	–	(400,000)	–	950,000
<b>Key executives of the Group</b>	1,004,861	481,250	–	(354,861)	–	1,131,250
	<b>2,004,861</b>	<b>831,250</b>	–	<b>(754,861)</b>	–	<b>2,081,250</b>
<b>2014</b>						
<b>Director of the Company:</b>						
Tang Kin Fei	1,100,000	300,000	–	(148,000)	(252,000)	1,000,000
<b>Key executives of the Group</b>	1,069,723	325,000	–	(144,249)	(245,613)	1,004,861
	<b>2,169,723</b>	<b>625,000</b>	–	<b>(292,249)</b>	<b>(497,613)</b>	<b>2,004,861</b>

With the Committee's approval on the achievement factor for the achievement of the performance targets for the performance period 2012 to 2014 (2014: performance period 2011 to 2013), no performance shares were released via the issuance of treasury shares (2014: 497,613).

In 2015, 754,861 (2014: 292,249) performance shares were lapsed for under-achievement of the performance targets for the performance period 2012 to 2014 (2014: 2011 to 2013).

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at end 2015, was 2,081,250 (2014: 2,004,861). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 3,121,875 (2014: 3,007,292) performance shares.

### Share-based Incentive Plans (cont'd)

#### b. Performance Share Plan (cont'd)

##### ii. Performance shares of a listed subsidiary

The details of the movement of the performance shares of Sembcorp Marine Ltd awarded during the year are as follows:

	2015	2014
At January 1	<b>2,810,000</b>	1,915,000
Conditional performance shares awarded	<b>1,215,000</b>	1,480,000
Conditional performance shares lapsed	<b>(150,000)</b>	(62,225)
Performance shares lapsed arising from targets not met	<b>(675,000)</b>	(360,715)
Conditional performance shares released	–	(162,060)
At December 31	<b>3,200,000</b>	2,810,000

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 2012 to 2014 (2014: 2011 to 2013), no performance shares were released via the issuance of treasury shares (2014: 162,060).

In 2015, 675,000 (2014: 360,715) performance shares were lapsed for under-achievement of the performance targets for the performance period 2012 to 2014 (2014: 2011 to 2013).

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, 2015, was 3,200,000 (2014: 2,810,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 4,800,000 (2014: 4,215,000) performance shares.

#### c. Restricted Share Plan

Under the Restricted Share Plan (SCI RSP 2010), 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 shares are calibrated based on Return on Total Assets (excluding Sembcorp Marine Ltd) and Group Profit from Operations (excluding Sembcorp Marine Ltd) for awards granted in 2015.

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 shares to be delivered will range from 0% to 150% of the conditional restricted shares awarded.

The managerial participants of the Group will be awarded restricted shares under SCI RSP 2010, while the non-managerial participants of the Group will receive their awards in an equivalent cash value. This cash-settled notional restricted shares award for non-managerial participants is known as the Sembcorp Challenge Bonus.

A specific number of restricted shares 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.

Senior management participants are required to hold a minimum percentage of the shares released to them under the Restricted 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.

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### Share-based Incentive Plans (cont'd)

#### c. Restricted Share Plan (cont'd)

To align the interests of the non-executive directors with the interests of shareholders, up to 30% of the aggregate directors' fees approved by shareholders for a particular financial year may be paid out in the form of restricted share awards under the SCI RSP 2010.

From 2011, non-executive directors were not awarded any shares except as part of their directors' fees (except for Mr Tang Kin Fei, who is the Group President & CEO, and who does not receive any directors' fees). In 2015 and 2014, the awards granted consisted of the grant of fully paid shares outright with no performance and vesting conditions attached, but with a selling moratorium. Non-executive directors are required to hold shares (including shares obtained by other means) worth at least one-time the annual base retainer; any excess may be sold as desired. A non-executive director can dispose of all of his shares one year after leaving the Board.

The actual number of shares awarded to each non-executive director will be determined by reference to the volume-weighted average price of a share on the SGX-ST over the 14 trading days from (and including) the day on which the shares are first quoted ex-dividend after the AGM (or, if the resolution to approve the final dividend is not approved, over the 14 trading days immediately following the date of the AGM). The number of shares to be awarded will be rounded down to the nearest hundred and any residual balance will be settled in cash. A non-executive director who steps down before the payment of the share component will receive all of his director's fees for the year (calculated on a pro-rated basis, where applicable) in cash.

#### i. Sembcorp Industries Ltd Restricted Shares

The details of the movement of the restricted shares of Sembcorp Industries Ltd awarded during the year are as follows:

Restricted shares participants	Movements during the year					At Dec 31
	Additional restricted					
	At Jan 1	Conditional restricted shares awarded	shares arising from targets met	Conditional restricted shares released	Conditional restricted shares lapsed	
<b>2015</b>						
<b>Directors of the Company:</b>						
Ang Kong Hua	–	51,100	–	(51,100)	–	–
Tang Kin Fei	543,120	230,000	25,200	(188,520)	–	609,800
Bobby Chin Yoke Choong	–	12,900	–	(12,900)	–	–
Margaret Lui	–	12,400	–	(12,400)	–	–
Tan Sri Mohd Hassan Marican	–	11,400	–	(11,400)	–	–
Tham Kui Seng	–	9,400	–	(9,400)	–	–
Dr Teh Kok Peng	–	10,700	–	(10,700)	–	–
Ajaib Haridass	–	5,800	–	(5,800)	–	–
Neil McGregor	–	5,300	–	(5,300)	–	–
<b>Other executives</b>						
<b>of the Group</b>	6,789,809	2,876,075	266,560	(2,475,072)	(238,043)	7,219,329
	<b>7,332,929</b>	<b>3,225,075</b>	<b>291,760</b>	<b>(2,782,592)</b>	<b>(238,043)</b>	<b>7,829,129</b>

### Share-based Incentive Plans (cont'd)

#### c. Restricted Share Plan (cont'd)

#### i. Sembcorp Industries Ltd Restricted Shares (cont'd)

Restricted shares participants	Movements during the year					At Dec 31
	Additional restricted					
	At Jan 1	Conditional restricted shares awarded	shares arising from targets met	Conditional restricted shares released	Conditional restricted shares lapsed	
<b>2014</b>						
<b>Directors of the Company:</b>						
Ang Kong Hua	–	18,400	–	(18,400)	–	–
Tang Kin Fei	471,060	180,000	63,000	(170,940)	–	543,120
Goh Geok Ling (retired on April 21, 2015)	–	9,900	–	(9,900)	–	–
Evert Henkes (retired on April 21, 2015)	–	13,500	–	(13,500)	–	–
Bobby Chin Yoke Choong	–	11,000	–	(11,000)	–	–
Margaret Lui	–	9,900	–	(9,900)	–	–
Tan Sri Mohd Hassan Marican	–	10,600	–	(10,600)	–	–
Tham Kui Seng	–	6,600	–	(6,600)	–	–
Dr Teh Kok Peng	–	7,400	–	(7,400)	–	–
<b>Other executives</b>						
<b>of the Group</b>	6,483,954	2,113,000	1,087,350	(2,627,146)	(267,349)	6,789,809
	<b>6,955,014</b>	<b>2,380,300</b>	<b>1,150,350</b>	<b>(2,885,386)</b>	<b>(267,349)</b>	<b>7,332,929</b>

With the Committee's approval on the achievement factor for the achievement of the performance targets for the performance period 2013 to 2014, a total of 802,901 restricted shares were released in 2015. For awards in relation to the performance period 2012 to 2013, a total of 1,033,746 (2014: 1,223,584) were released in 2015. For awards in relation to the performance period 2011 to 2012, a total of 823,882 (2014: 907,067) restricted shares were released in 2015. For awards in relation to the performance period 2010 to 2011, no restricted shares were released in 2015 (2014: 667,435). In 2015, there were 119,000 (2014: 87,300) shares released to non-executive directors. In 2015, there were additional 3,063 shares released to employees due to sale of a subsidiary. Of the restricted shares released, 53,354 (2014: 29,887) restricted shares were cash-settled. The remaining restricted shares were released via the issuance of treasury shares.

In 2015, additional 291,760 (2014: 1,150,350) restricted shares were awarded for the over-achievement of the performance targets for the performance period 2013 to 2014 (2014: performance period 2012 to 2013).

The total number of restricted shares outstanding, including award(s) achieved but not released, as at end 2015, was 7,829,129 (2014: 7,332,929). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released was 5,267,075 (2014: 4,383,100). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 7,900,613 (2014: 6,574,650) restricted shares.



## DIRECTORS' STATEMENT

Year ended December 31, 2015

### Share-based Incentive Plans (cont'd)

#### c. Restricted Share Plan (cont'd)

##### i. Sembcorp Industries Ltd Restricted Shares (cont'd)

###### Sembcorp Challenge Bonus

With the Committee's approval on the achievement factor for the achievement of the performance targets for the performance period 2013 to 2014 (2014: performance period 2012 to 2013), a total of S\$1,792,563, equivalent to 375,838 (2014: S\$3,346,469 equivalent to 558,210) notional restricted shares, were paid. A total of 440,000 (2014: 450,000) notional restricted shares of Sembcorp Industries Ltd's shares were awarded in 2015 for the Sembcorp Challenge Bonus.

The total number of notional restricted shares in awards for the Sembcorp Challenge Bonus granted conditionally and representing 100% of targets to be achieved, but not released as at end 2015, was 890,000 (2014: 850,000). Based on the multiplying factor, the number of notional restricted shares to be converted into the funding pool could range from zero to a maximum of 1,335,000 (2014: 1,275,000).

##### ii. Restricted shares of a listed subsidiary

The details of the movement of the restricted shares of Sembcorp Marine Ltd awarded during the year are as follows:

	Movements during the year					At Dec 31
	At Jan 1	Additional conditional restricted shares awarded	Additional conditional restricted shares arising from targets met	Conditional restricted shares released	Conditional restricted shares lapsed	
<b>2015</b>						
<b>Directors of the Company:</b>						
Tang Kin Fei	–	22,800	–	(22,800)	–	–
Tan Sri Mohd Hassan Marican	–	50,100	–	(50,100)	–	–
Ajaib Haridass	–	25,900	–	(25,900)	–	–
<b>Other participants</b>	8,262,801	5,031,701	198,159	(2,970,120)	(420,956)	10,101,585
	<b>8,262,801</b>	<b>5,130,501</b>	<b>198,159</b>	<b>(3,068,920)</b>	<b>(420,956)</b>	<b>10,101,585</b>
<b>2014</b>						
<b>Directors of the Company:</b>						
Tang Kin Fei	–	16,500	–	(16,500)	–	–
Tan Sri Mohd Hassan Marican	–	18,700	–	(18,700)	–	–
Ajaib Haridass	–	18,200	–	(18,200)	–	–
<b>Other participants</b>	8,545,150	2,996,580	508,977	(3,504,178)	(283,728)	8,262,801
	<b>8,545,150</b>	<b>3,049,980</b>	<b>508,977</b>	<b>(3,557,578)</b>	<b>(283,728)</b>	<b>8,262,801</b>

With the Sembcorp Marine Ltd's committee's approval on the achievement factor for the achievement of the performance targets for the performance period 2013 to 2014, a total of 1,013,899 restricted shares were released in 2015. For awards in relation to the performance period 2012 to 2013, a total of 950,779 (2014: 1,154,566) restricted shares were released in 2015. For awards in relation to the performance period 2011 to 2012, a total of 945,042 (2014: 1,074,512) restricted shares were released in 2015. For awards in relation to the performance period 2010 to 2011, no restricted shares were released in 2015 (2014: 1,232,100). In 2015, there were 159,200 (2014: 96,400) restricted shares released to non-executive directors. The restricted shares were released via the issuance of treasury shares.

In 2015, additional 198,159 (2014: 508,977) Sembcorp Marine Ltd's restricted shares were awarded for the over-achievement of the performance targets for the performance period 2013 to 2014 (2014: performance period 2012 to 2013).

### Share-based Incentive Plans (cont'd)

#### c. Restricted Share Plan (cont'd)

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

The total number of Sembcorp Marine Ltd's restricted shares outstanding, including awards achieved but not released, as at December 31, 2015, was 10,101,585 (2014: 8,262,801). Of this, the total number of restricted shares in awards granted conditionally and representing 100% of targets to be achieved, but not released was 7,623,701 (2014: 5,450,570). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 11,435,552 (2014: 8,175,855) restricted shares.

###### 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 2013 to 2014 (2014: performance period 2012 to 2013), a total of S\$2,849,108 (2014: S\$4,122,758), equivalent to 942,290 (2014: 1,010,480) notional restricted shares, were paid.

A total of 2,140,509 (2014: 1,223,280) notional restricted shares were awarded on May 27, 2015 (2014: June 15, 2014) for the Sembcorp Marine Challenge Bonus.

The total number of notional restricted shares 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, 2015, was 3,070,668 (2014: 2,066,240). Based on the multiplying factor, the number of notional restricted shares to be converted into the funding pool could range from zero to a maximum of 4,606,002 (2014: 3,099,360).

#### d. Maximum Number of Shares Issuable

The maximum number of performance shares and restricted shares 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:

Bobby Chin Yoke Choong (Chairman)  
 Tham Kui Seng  
 Dr Teh Kok Peng  
 Ajaib Haridass (appointed on April 22, 2015)

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 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).

## DIRECTORS' STATEMENT

Year ended December 31, 2015

### **Audit Committee** *(cont'd)*

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.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

### **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 17, 2016**