

# OUR COMMITMENT TO MEETING HIGH STANDARDS OF CORPORATE GOVERNANCE & TRANSPARENCY



## Overview

The Sembcorp Marine Group is committed to meeting high standards of corporate governance. Its corporate governance principles reflect its strong belief in protecting and enhancing shareholder value in a sustainable way. The Group firmly believes that the professionalism, integrity and commitment of its Board members and employees, supported by a sound system of policies, practices and internal controls are the cornerstones that will enable it to preserve long-term value and returns for its shareholders.

Sembcorp Marine endorses the principles of the Code of Corporate Governance issued by the Singapore Exchange Securities Trading Ltd. This report outlines Sembcorp Marine's corporate governance processes and activities for the financial year with reference to the principles set out in the Code.

## Board of Directors

### Effective Board to Lead and Effect Controls:

*Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with the management to achieve this and the management remains accountable to the Board.*

The Board's responsibility is to oversee the business, affairs and performance of the Sembcorp Marine Group in the best interests of its shareholders. The Board focuses its activities on the Group's key requirements such as:

- Providing entrepreneurial leadership and directions of the Group
- Ensuring prudent and effective controls

- Setting values and standards to ensure obligations to shareholders are met
- Overseeing the proper conduct of the Group's business

The full Board meets quarterly each year to review and discuss reports by management on the performance of the Group, its plans and prospects. Additional Board meetings are also held where required. A total of twelve Board meetings were held in the year, with an average of 80.19% Board attendance.

To ensure efficient discharge of its responsibilities and to provide independent oversight of the management, the Board has established a number of Board committees, including the Audit Committee, Executive Resource & Compensation Committee, Nominating Committee and Board Risk Committee. These

### Directors' Attendance at Board Meetings

Name of Director/ Alternate Director	Scheduled Board Meetings		Ad Hoc Board Meetings	
	Number of Meetings Held*	Number of Meetings Attended	Number of Meeting Held*	Number of Meeting Attended
Goh Geok Ling	4	4	8	8
Tan Kwi Kin	4	4	8	7
Tan Pheng Hock	4	3	8	6
Kiyotaka Matsuzawa/ Hirohiko Sakurai	4	4 <sup>1</sup>	8	2 <sup>1</sup>
Tan Tew Han	4	4	8	7
Ajaib Haridass	4	4	8	7
Tang Kin Fei	4	4	8	8
Ron Foo Siang Guan	4	3	8	7
Joseph Kwok Sin Kin	4	2	8	2
Ngiam Joke Mui <sup>2</sup>	0	0	3	3

\* The number of meetings held during the period the director was a member of the Board

<sup>1</sup> Mr Hirohiko Sakurai, alternate to Mr Kiyotaka Matsuzawa, attended the board meetings on his behalf

<sup>2</sup> Mdm Ngiam Joke Mui was appointed to the Board on 24 November 2007

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committees comprise mostly of independent and/or non-executive directors. Other ad-hoc committees can be formed from time to time to look into specific areas when the need arises.

Membership in the different committees is carefully managed to ensure that there is equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and foster active participation and contribution. Diversity of experiences and appropriate skills are also considered.

In addition, the Board has adopted a set of internal controls which sets out approval limits for transactions, procurement of goods and services, capital expenditure, investments and divestments, bank borrowings and cheque signatories' arrangements. Approval sub-limits are also provided at Management levels to facilitate operational efficiency.

### Strong and Independent Board Exercising Objective Judgment

*Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

Chaired by Mr Goh Geok Ling, the Board has ten directors of whom nine are non-executive directors, and six are independent directors. Mr Tan Kwi Kin who is the Group President and CEO of Sembcorp Marine

is the executive director. Mr Wong Weng Sun, alternate director to Mr Tan, is the President and COO of Sembcorp Marine.

The Board is composed of a majority of non-executive directors, independent of management and independent in terms of character and judgement. The criterion of independence is based on the definition given by the Code, which stipulates that 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 directors' independent judgment in the conduct of the company's affairs. This enables the management to benefit from an external and objective perspective on issues that are brought before the Board.

The Board considers Tan Pheng Hock and Ajaib Haridass, both non-executive directors, as independent non-executive directors, although they are related to the company by virtue of their position in a related company and law firm rendering professional services to the Group, respectively. Notwithstanding this, the Board assesses them to be independent directors due to their manifest ability to exercise strong independent judgement in their deliberations and act in the best interests of the Company.

The directors consider that the Board is of the appropriate size and with the right mix of skills and experience given the size of Sembcorp Marine. The Board members comprise business leaders, current or retired CEOs, professionals with financial background

and a practising lawyer. Profiles of the Board's directors are found on pages 40 to 45 of this Annual Report.

### Board Committees

Sembcorp Marine has five Board committees. The fifth committee, the Special Committee, was formed on 22 October 2007 to assist the Board in dealing with investigations and legal proceedings arising from the unauthorised foreign exchange transactions at Jurong Shipyard.

- Audit Committee
- Executive Resource & Compensation Committee
- Nominating Committee
- Risk Committee
- Special Committee

### The Audit Committee

*Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.*

The Audit Committee comprises three independent directors: Mr Tan Tew Han as Chairman, Mr Ajaib Haridass and Mr Ron Foo as members. During the year under review, the Committee held five meetings, which saw all members participating actively.

The main responsibility of the Audit Committee is to review the Group's general policies and control procedures, interested persons transactions as well as any matters or issues that affect the performance of the Group. These reviews are done with the external

auditor, internal auditor and the management. The Committee reviews the quarterly, half-yearly and annual results announcements in addition to the financial statements at Group and company levels before they are submitted to the Board for approval. The Committee also recommends the appointment of the external auditors.

In its role, the Audit Committee assists the Board of Directors in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices of the Group, and in respect of interested person transactions, its responsibility to act in the interest of the shareholders as a whole. The Committee meets with the external and internal auditors, without the presence of the management, at least once a year to review the cooperation and assistance given by the management to its members.

The Audit Committee has reviewed the non-audit services provided by its external auditors to the Group, and is satisfied that the provision of non-audit services by the external auditors did not impair their independence as external auditors.

### The Executive Resource & Compensation Committee

The Executive Resource & Compensation Committee is chaired by Mr Goh Geok Ling and includes Mr Joseph Kwok and Mr Tan Pheng Hock who were appointed as members with effect from 3 July 2007 in place of Mr Tan Tew Han, Mr Ajaib Haridass and Mr Tang Kin Fei.

The Committee oversees executive compensation and development with the aim of building capable and committed senior management through focused

### Board Members for 2007

Directors	Position held on the Board	Date of first appointment to the Board	Date of last re-election	Nature of Appointment
Goh Geok Ling	Chairman	14 February 2006	24 April 2006	Non-Executive/Non-Independent
Tan Kwi Kin	Director/Group President & CEO	1 April 1990	24 April 2006	Executive/Non-Independent
Tan Pheng Hock	Director	16 April 2001	20 April 2007	Non-Executive/Independent
Kiyotaka Matsuzawa	Director	30 September 2001	20 April 2007	Non-Executive/Independent
Tan Tew Han	Director	17 April 2003	24 April 2006	Non-Executive/Independent
Ajaib Haridass	Director	31 October 2003	20 April 2007	Non-Executive/Independent
Tang Kin Fei	Director	1 May 2005	24 April 2006	Non-Executive/Non-Independent
Ron Foo Siang Guan	Director	30 June 2006	20 April 2007	Non-Executive/Independent
Joseph Kwok Sin Kin	Director	30 June 2006	20 April 2007	Non-Executive/Independent
Ngiam Joke Mui	Director	24 November 2007	Not Applicable	Non-Executive/Non-Independent
<b>Alternate Directors</b>				
Wong Weng Sun	Alternate to Tan Kwi Kin	3 May 2006	Not Applicable	Executive/Non-Independent
Hirohiko Sakurai	Alternate to Kiyotaka Matsuzawa	30 June 2006	Not Applicable	Non-Executive/Independent

### Board Composition and Committees

Board Members	Audit Committee	Executive Resource & Compensation Committee	Nominating Committee	Risk Committee	Special Committee
Goh Geok Ling		<b>Chairman</b>	Member <sup>3</sup>		
Tan Kwi Kin		Member <sup>2</sup>	Member <sup>3</sup>		
Tan Pheng Hock				Member	<b>Chairman</b>
Kiyotaka Matsuzawa				<b>Chairman</b>	Member
Tan Tew Han	<b>Chairman</b>			Member	Member
Ajaib Haridass	Member			Member	Member
Tang Kin Fei				Member <sup>4</sup>	Member
Ron Foo Siang Guan	Member		<b>Chairman<sup>3</sup></b>		
Joseph Kwok Sin Kin		Member <sup>2</sup>			
Ngiam Joke Mui <sup>1</sup>					Member <sup>1</sup>

<sup>1</sup> Appointed on 24 November 2007

<sup>2</sup> Appointed on 3 July 2007. Tan Tew Han, Ajaib Haridass and Tang Kin Fei have stepped down as members with effect from 3 July 2007

<sup>3</sup> Appointed on 3 July 2007. Tan Tew Han, Ajaib Haridass and Tang Kin Fei have stepped down as members with effect from 3 July 2007

<sup>4</sup> Appointed on 3 July 2007 in place of Joseph Kwok

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management and progressive policies which can attract, motivate and retain talented executives to meet the current and future needs of the Group. To this end, it reviews and approves remuneration and promotion of key executives and decides on issues pertaining to their development and succession. It also establishes guidelines on share options and other long-term incentives plans and approves the grant of such incentives to key executives. The underlying philosophy is to motivate executives to maximise operating and financial performance and shareholders' value.

On an annual basis, the Committee conducts a succession planning review of the Group President & CEO, all his direct reports, and selected key positions in Sembcorp Marine. Potential internal and external candidates for succession are reviewed for different time horizons of immediate, medium-term and longer-term needs.

The Committee further reviews the remuneration of its non-executive directors, executive director and senior executives, as well as major human resource management and compensation policies and practices for the rest of the Group. While the Committee's Chairman is not independent, he is a non-executive director independent of the management with a clear separation from his role in management during the Committee's deliberations. No Committee member or any director is involved in deliberations on any remuneration, compensation, options or any form of benefits to be granted to him.

The Committee also has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, it takes into consideration industry practices and norms in compensation. The Group President & CEO is not present during the discussions relating to his own compensation, terms and conditions of service, and the review of his performance.

The Committee meets among its members without the presence of the management at least once a year. For the year in review, it held three meetings and achieved full attendance.

### Nominating Committee

The Nominating Committee was chaired by Mr Joseph Kwok and includes Mr Goh Geok Ling and Mr Tan Pheng Hock, who were appointed on 3 July 2007 as members to replace Mr Tan Tew Han, Mr Ajaib Haridass and Mr Tang Kin Fei.

The primary purpose of this Committee is to support and advise Sembcorp Marine, its unlisted subsidiaries and, where applicable, unlisted associated companies by nominating suitable candidates who are best able to discharge their responsibilities as directors. This means evaluating the balance of skills, knowledge and experience of these boards and assessing the candidates for their regard for the law and the high standards of governance practised by the Group. Appointments to these boards are made on merit and against objective criteria. The Nominating Committee ensures that appointees have enough time available to devote to their directorship roles. The independence of each director is reviewed annually by the Committee.

### Risk Committee

The Risk Committee was formed in April 2005 as part of Sembcorp Marine's effort to formalise and strengthen its risk management framework and processes. Prior to its formation, its role and functions were carried out by the Audit Committee.

Currently, the Risk Committee comprises four members, namely Mr Ajaib Haridass as Chairman, Mr Tan Tew Han, Mr Tang Kin Fei and Mr Ron Foo as members. Mr Joseph Kwok stepped down as a member on 3 July 2007.

The Committee's primary role and function is to assist the Board of Directors by reviewing the adequacy and effectiveness of the Group's risk management philosophy, strategies, policies and guidelines. Group-wide risk management, plans, systems, processes controls and procedures; and the Group's risk portfolio and risk assessment including the treatment of identified risks.

During the year in review, the Risk Committee held four meetings, and all members participated actively at all the meetings.

### Special Committee

The Special Committee was formed on 22 October 2007 in response to the discovery of the unauthorised foreign exchange transactions ("Unauthorised Transactions") undertaken by the former Director, Group Finance of Sembcorp Marine. Its primary role was to assist the Board in the investigations and to deal with issues and legal proceedings arising out of these Unauthorised Transactions.

The Special Committee comprises five members: Mr Tan Tew Han as Chairman, Mr Ajaib Haridass, Mr Tang Kin Fei, Mr Ron Foo and Mdm Ngiam Joke Mui as members.

The Special Committee has been intensely involved in activities following the discovery of the Unauthorised Transactions including the successful close out of all the said transactions with the 11 banks involved and the commercial settlements with 9 out of the 11 banks. It has worked closely with the legal advisors and independent investigating accountants in respect of the Unauthorised Transactions.

During the two months since its establishment, the Special Committee has met 14 times.

### Chairman and Chief Executive Officer

*Principle 3: There should be clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.*

There is a clear separation of the roles and responsibilities between the Chairman and the Group President. The Group President is not related to the Chairman.

The Chairman, who is non-executive, takes a leading role in the Sembcorp Marine Group's drive to achieve and maintain a high standard of corporate governance with the full support of the directors and the management.

He is responsible for the leadership of the Board, setting its agenda and ensuring its effectiveness in all aspects of its work. He acts independently in the best interests of the Group and shareholders. The Chairman facilitates the contribution of non-executive directors in particular and ensures constructive relations between executive and non-executive directors. He also ensures that the members of the Board work together with the management in constructive debate on various matters, including strategic and operational issues. Meanwhile, the Group President is charged with the executive responsibility of running the Group's business.

### Formal Appointment and Re-Election of Directors

*Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board*

The Board does not believe it is possible to compile a list of criteria which are appropriate to characterise, in all circumstances, whether a non-executive director is independent. It is the approach and attitude of each non-executive director which is important. The Board aims for diversity of knowledge and experience among

its members in relation to the various businesses of the Group and the international nature of the Group.

The Board, through the delegation of its authority to the Nominating Committee, has used its best efforts to ensure that directors appointed to the Board possess the background, experience and knowledge in technology, business, finance and management skills critical to the Group's businesses and that each director brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

Sembcorp Marine believes that all directors should retire and offer themselves for re-election at regular intervals, subject to continued satisfactory performance. The Group President, while also a board member, is also required to retire and offer himself for re-election. As nomination and election of board members is the prerogative and proper right of all shareholders, this ensures the planned and progressive renewal of the board.

The Company's Articles of Association require one-third of directors to retire and subject themselves to re-election by shareholders at every Annual General Meeting (AGM). In other words, no director stays in office for more than three years without being re-elected by shareholders. At the forthcoming AGM, Mr Tan Kwi Kin, Mr Tan Tew Han and Mr Tang Kin Fei will each submit themselves for retirement and re-election by shareholders pursuant to the one-third rotation rule.

In addition, any newly-appointed director will submit himself for retirement and election at the AGM immediately following his appointment. Thereafter, he is subject to the one-third rotation rule. Mdm Ngiam Joke Mui, who was appointed to the Board on 24 November 2007, will submit herself for retirement and re-election by shareholders at the forthcoming AGM.

### Board Performance and Conduct of its Affairs

*Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.*

The Sembcorp Marine Group believes that active participation and valuable contributions are essential to the overall effectiveness of the Board. Newly-appointed directors are given briefings by the management. Facility visits to the premises are also arranged to enable them to acquire an understanding of the Group, its business activities and its strategic directions. Existing directors are also invited to such facility visits and orientation programmes.

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Changes to regulations and accounting standards are monitored closely by the management. To keep pace with regulatory changes, which have an important bearing on the Group's or directors' disclosure obligations, the directors are briefed during Board meetings or at specially-convened sessions, including training sessions and seminars conducted by external professionals. Where necessary, the Group also sponsors its directors to training sessions, courses and seminars on new developments or changes in laws, regulations and accounting standards, which are of relevance to the Group.

Informal reviews of the Board composition and performance are undertaken on a continual basis by the Nominating Committee with inputs from the other Board members and the Group President to ensure strong, independent and sound leadership for the continued success of the Group's business. In addition, to enhance our corporate governance practice, a yearly exercise was introduced to obtain feedback from each Director on the effectiveness of the Board as a whole. Directors are required to complete a questionnaire which includes factors such as the size and composition of the Board, the Board's access to information, Board processes and accountability as well as Board performance in relation to communication with senior management. Feedback from the Directors would be collated and discussed at a subsequent board meeting and used to highlight areas of strengths and weaknesses for future development of the Board and its committees as well as to further improve performance.

The Nominating Committee feels that the financial indicators set out in the Code as guides for evaluation of directors are more for the measurement of management's performance and thus, less applicable to directors. The Nominating Committee recognises the contribution of directors who, over time, have developed deep insights into the Group's businesses and would exercise its discretion to retain the services of such directors.

### *Principle 6: Full Access to Information and Resources*

Directors at Sembcorp Marine have access to complete, adequate and timely information and resources. As a general rule, board papers are sent to directors three days before a board meeting so that they have the relevant information for consideration and deliberation at the meeting. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the Board meetings.

The management further provides monthly management and other financial statements to the Board on business issues that require the Board's decision in addition to ongoing reports relating to the Group's operational and financial performance. Where a physical board meeting is not possible, timely communication with members of the Board is effected through electronic means which include electronic mail, teleconferencing and videoconferencing. Alternatively, the management will arrange to meet and brief each director personally before seeking the Board's approval.

The Board has separate and independent access to the Group President, members of senior management and the Company Secretary at all times. Where necessary, independent professional advice and consultations will be made available to directors to ensure that full information and advice are available before important decisions are made by the Board. All issues are actively debated by the Board and properly recorded.

The Company Secretary assists the Chairman by preparing meeting agenda, attending, preparing minutes of board proceedings and ensuring good information flows within the Board and its committees. She assists the Board on compliance with the Company's Memorandum and Articles of Association, laws and regulations, including requirements of the Companies Act, Securities Futures Act, the Singapore Exchange Securities Trading Ltd (SGX-ST), the Accounting and Corporate Regulatory Authority and shareholders. The Company Secretary assists the Board to upkeep and implement good corporate governance and best practices across the Group.

### **Competitive Board Remuneration**

*Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

Sembcorp Marine believes that the remuneration of its directors is adequate and competitive, in line with market norms. The fee structure for the directors had been revised by the Board in 2006 after benchmarking the directors' fees against those in the public and private sectors.

The Group President, as Executive Director, does not receive any director's fees. As a lead member of the management, he draws a compensation consisting of a salary, allowances, bonuses, share-based incentives

conditional upon meeting certain performance targets (details are available on pages 140 to 143 of the Annual Report). Details on the share-based incentives and its fair value are available on pages 137 to 143 and page 212 of the Annual Report, respectively.

Non-executive directors have remuneration packages that consist of a directors' fee component according to Sembcorp Marine's Directors' Fee Policy, an attendance fee component and a share-based incentives component according to the Company's Employee Share Plan. Sembcorp Marine does not have a retirement plan for non-executive directors. The Directors' Fee Policy is based on a scale of fees divided into basic retainer fees as director and additional fees for attendance and service on Board committees (details are available on page 31 of the Annual Report). Details on share-based incentives granted and its fair value are available on pages 137 to 143 and page 212 of the Annual Report, respectively.

The basis of allocation of the share-based incentives takes into account a director's contributions and additional responsibilities at Board committees. The report on directors' remuneration is found on page 232 of the Annual Report.

The directors' remuneration for 2007 is S\$980,208 (S\$767,125 in 2006) which is derived from the following guidelines approved and adopted by the Board since Year 2006:

Type of appointment	Remuneration \$
(i) Board of Directors	
- Basic Fee	50,000
- Chairman's allowance	45,000
(ii) Audit Committee	
- Chairman's allowance	40,000
- Members' allowance	25,000
(iii) Risk Committee	
- Chairman's allowance	25,000
- Members' allowance	15,000
(iv) Executive Resource & Compensation Committee	
- Chairman's allowance	25,000
- Members' allowance	15,000
(v) Nominating Committee	
- Chairman's allowance	25,000
- Members' allowance	15,000

#### Notes:

- Mr Tan Kwi Kin, as an Executive Director, does not receive any director's fee.
- The Directors also receive attendance fee of S\$2,000 (in-country) and S\$5,000 (out-country) for each board meeting, S\$1,000 (in-country) and S\$5,000 (out-country) for each Committee meeting and S\$1,000 (in-country) and S\$1,000 (during office hour) or S\$2,000 (outside office hour) (out-country) for each teleconference.
- The chairman and members of the Special Committee have waived their allowances for their appointment to the Special Committee.

The detailed breakdown of Directors' remuneration is found on page 232 of the Annual Report.

### **Competitive Reward System and Disclosure on Remuneration**

*Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.*

*Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.*

A competitive reward system ensures good performance and retention of required talents and key executives. Sembcorp Marine adopts an incentive compensation plan for key executives tied to the creation of Economic-Value-Added (EVA), as well as the attainment of individual performance goals. An individual's incentive compensation is linked to the EVA created by Sembcorp Marine Group and its subsidiaries.

Key executives are rewarded based on actual performance relative to pre-agreed performance targets, which include financial and non-financial performance indicators such as EVA, total shareholder return and promoting and maintaining health, safety and environment issues. The Board believes that the current reward systems are in line with market norms and formulated to motivate executives to give their best to the Group. Rewards include long-term share-based incentives, which would further ensure that the retention of the most talented and high performing executives in the Group. In view of the evolving practices at major public listed companies and to enhance linkages between employee performance and long-term shareholder value creation, a review of the Group's share-based incentives was carried out in 2005. Following this review, the Company ceased to grant new share options in 2007. Instead, employees were awarded restricted stocks under the restricted stock plan. For further details on the share-based incentives and performance targets, please refer to pages 137 to 143 of this Report.

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Further, the Group has an incentive compensation plan for key executives that is tied to the creation of EVA as well as to the attainment of individual and Group performance goals. A “bonus bank” is used to hold incentive compensation credited in any year. Typically, one-third of the available balance is paid out in cash each year, with the balance being carried forward to the following year. The balances carried forward may be reduced or increased in future, based on the yearly EVA performance of the Group and its subsidiaries.

With respect to the executive remuneration, the Board has decided not to prepare a separate remuneration report as most of the information is found in the directors’ report. This Annual Report has indicated where the information required to be disclosed can be found.

Key executives include the Executive Director of Jurong Shipyard Pte Ltd, Managing and Executive Directors of Sembawang Shipyard Pte Ltd, Deputy Chairman of PPL Shipyard Pte Ltd, Managing Director of SMOE Pte Ltd, Group Human Resource Director and Director, Group Finance.

To provide a macro perspective of the remuneration patterns of key executives, while maintaining confidentiality, the following table shows the numbers of key employees in remuneration bands of S\$250,000 from S\$100,000.

### Remuneration Band for Key Executives

Remuneration Band	No. of Employees
\$1,750,000 and above	1
\$1,500,000 to \$1,749,000	-
\$1,250,000 to \$1,499,000	-
\$1,000,000 to \$1,249,999	1
\$750,000 to \$999,999	2
\$500,000 to \$749,999	1
\$250,000 to \$499,000	1
\$100,000 to \$249,999	1

### Internal Controls and Risk Management

*Principle 12: The Board should ensure that the management maintains a sound system of internal controls to safeguard the shareholders’ investments and the company’s assets.*

Sembcorp Marine’s controls are implemented through its enterprise risk management, risk assessment and evaluation processes and internal audit processes for key business activities. Whistle-blowing procedures have also been set up to add another avenue for controls.

The Sembcorp Marine Group implemented the Enterprise Risk Management (“ERM”) Programme in 2004. Since then, all the major shipyards in the Group have integrated this programme into their respective risk management systems.

Through the ERM programme, the Group identifies, assesses and responds to key risks on a continual basis. The Group has established policies, guidelines, systems, processes and procedures, including segregation of duties, risk assessment, compliance monitoring and reporting procedures across its business units.

To manage its exposure to such risks, the management has developed the risk mitigation and treatment plans and the status of the Group’s top risks profile is continually monitored and reported at the Board Risk Committee (“BRC”) meetings.

In the recent Sembcorp Marine Group top risks profile review, the top risk categories identified include:

- **Project management risks:**  
These are risks in the areas of engineering, procurement and construction, including contract and variation order management, which may result in unprofitable projects, if not properly managed.
- **Health, safety, security and environment risks (“HSSE”)**  
These are risks arising in the areas of HSSE, in particular, fire and explosion hazards, falling from height and pollution of environment, which may result in bodily harm and property damages, if not properly managed.
- **Human resource risks**  
These are risks in the areas of succession management and staff attrition, which may result in operation delays and inefficiencies, if not properly managed.
- **Financial risks**  
These are risks in the areas of credit-worthiness, foreign exchange, interest rates and guarantees, which may result in financial losses, if not properly managed.

In addition to the BRC proceedings, the Group President & CEO chairs the Project Risk Management (“PRM”) meetings which focus on the Group’s major projects, in particular, the engineering, procurement, construction performance, schedules and resource allocation. There were altogether 3 meetings held in 2007. The PRM meeting serves as a platform at the senior management level to address project management risks. A Standard Operating Procedure for “Variation Order Management” was established to formalise the procedures for this important component of project management.

For HSSE risks, the Group Safety Committee focused on five major programmes: Risk Management, Group HSE conference, Health Management programme, Fatigue Management and the Best Practice Manual. The targets set out in the work plans for all the above-mentioned programmes have been achieved. There were altogether 12 meetings held in 2007.

For Human Resource risks, there is a succession planning process in place to promote smooth management transition and minimise operational disruptions arising from changes in key personnel. Future generations of successors are identified and groomed to take over management positions. This is an active ongoing process, integrated with the Company’s strategic plans. Attractive terms including remuneration, benefits, career development opportunities etc will be offered in order to retain capable staff.

With respect to Financial risks, the focus continues to be on monitoring the rapidly depreciating US dollar and managing the net US dollar exposure. The Group has taken steps to ensure that the unauthorised forex transactions will not recur.

A new initiative in the form of a Group Procurement and Outsourcing Risk Committee (“SPORC”) aimed at addressing the specific risks and creating synergy in the Group’s procurement of bulk materials and equipment was started in 2007. There were altogether six meetings held in 2007. To date, the Group’s key risks in this area have been identified, assessed and responded to. A set of consolidated procurement best practice has also been collated for the Group and shared across the business units. The committee will be looking to achieve better economies of scale on the Group’s procurement and to expand and improve on the procurement best practices.

The Group’s risk management system and processes are constantly reviewed and updated to be current

with the dynamic business environment such as the U.S. sub-prime crisis and slowing economy, commodities and oil price hikes. These external environmental risks have been assessed and mitigation actions developed to address possible negative impacts on the Group’s businesses and operations. The plans also cover the impact to the Group’s customers, suppliers and contractors with the respective mitigation actions developed.

For effective mitigation actions, the various risk management initiatives are embedded into the work systems and processes of the Group, so that the related risks are detected and flagged out timely. This will enable the Group to remain on track to achieve its business objectives and growth plans.

### Whistle-Blowing Policy

*Principle 12: The Board should ensure that the management maintains a sound system of internal controls to safeguard the shareholders’ investments and the company’s assets.*

The Group has adopted a constructive whistle-blowing culture to detect and deter wrongdoing in preparing and implementing accurate and complete financial policies, reports and materials as well as the internal controls essential to support its financial and accounting systems.

Demonstrating its pledge to good corporate governance, the Group provides an avenue for employees to report any possible improprieties in matters of financial reporting or other matters that they may encounter to the Audit Committee or any other committees established by the Audit Committee for such purposes without fear of reprisal. The establishment of the whistle-blowing structure also augments the Group’s ability to detect potential fraud, providing another level of comfort and assurance to investors.

### Independent Internal Audit Function

*Principle 13: The company should establish an internal audit function that is independent of the activities it audits.*

Sembcorp Marine’s internal audit function is supported by the Internal Audit Department which reports on audit matters directly to the Audit Committee Chairman and administratively to the Group President. This department plans its internal audit schedules in consultation with, but independent of, the management. Its plan is submitted to the Audit Committee for approval at the beginning of each year.

## OUR COMMITMENT TO MEETING HIGH STANDARDS OF CORPORATE GOVERNANCE & TRANSPARENCY



To ensure that the internal audits continue to be performed by competent professionals, the Internal Audit Department continues to recruit and employ suitably qualified staff. The internal audit function provided by the department continues to comply with the standards set by the Institute of Internal Auditors.

### Communication with Shareholders

*Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.*

*Principle 14: Companies should engage in regular, effective and fair communication with shareholders.*

Sembcorp Marine strives to provide fair and accurate communication with shareholders on its affairs on an ongoing basis. Sembcorp Marine's shareholders are entitled to regular, timely and comprehensive reports on financial information, material developments as well as an understanding of business directions and prospects.

The Board provides shareholders with an assessment of the Group's performance, position and prospects on a quarterly basis via quarterly announcements of results and timely announcements of significant transactions and developments as required by the SGX-ST. All price-sensitive information on Sembcorp Marine is disseminated to its shareholders via the

SGXNET so as to ensure that all shareholders have access to material information at the same time. Financial and other performance information of the Group as a whole as well as by business segments are given at the release of quarterly results. This allows shareholders to gain better insight into the earning drivers within Sembcorp Marine.

During the release of earnings results, the announcement is first released by SGXNET onto the SGX-ST website. The management team then holds a briefing or teleconference for the media and analysts. All materials used at the briefing are made available on SGXNET and on the Group's corporate website at [www.sembcorpmarine.com.sg](http://www.sembcorpmarine.com.sg). Following any release of earnings or price-sensitive developments, investor relations personnel are available by email or telephone to answer questions from shareholders and the media as long as the information requested does not conflict with the SGX-ST's rules of fair disclosure.

Apart from the regular briefings provided to media and analysts, the management team also travels regularly to attend overseas road shows and exhibitions to reach out to foreign investors.

### Greater Shareholder Participation at General Meetings

*Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

Sembcorp Marine recognises that good corporate governance requires active participation of shareholders in the decision-making at the general meetings of shareholders and encourages such participation.

Information on meetings of shareholders are made through notices published in the newspapers and reports or circulars sent to all shareholders. All registered shareholders are invited to participate in shareholder meetings. If they do not wish to attend in person, they can issue instructions to accept, reject or abstain on each individual item on the meeting agenda by giving instructions to their proxy. He or she is allowed to appoint up to two proxies to vote on his or her behalf at the meeting through proxy forms sent in advance.

Sembcorp Marine also allows CPF Investors to attend General Meetings as observers. The Chairman, Group President as well as the Chairman of the Audit Committee will be present together with the Chief Financial Officer, the Company Secretary and external auditors to answer questions raised by shareholders. Minutes of shareholder meetings are available on request by registered shareholders.

To facilitate attendance of shareholders at the Annual General Meeting and Extraordinary General Meeting, Sembcorp Marine arranged for buses to transport shareholders from convenient MRT stations to its registered office at 29 Tanjong Kling Road. The Group has always preferred holding the meetings at its registered office to offer shareholders the opportunity to visit the shipyard and acquaint themselves with the

shipyard operations besides the opportunity to interact with the Chairman, Board of Directors and senior management of the Group. About 200 shareholders attended the AGM and EGM held on 20 April 2007.

For further details on Sembcorp Marine's communications with its shareholders, see the "Investor Relations" section of the Annual Report.

### Dealings in Securities

Sembcorp Marine has adopted a Code of Compliance on Dealing in Securities, which prohibits dealings in the company's securities by its officers during the period commencing two weeks prior to the announcement of its quarterly results. Directors and executives are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

### Interested-Person Transactions ("IPT")

Shareholders have adopted an IPT mandate relating to interested-person transactions of the Group. The IPT mandate sets out the levels and procedures to obtain approval for such transactions. Information regarding the mandate is available on the corporate website at [www.sembcorpmarine.com.sg](http://www.sembcorpmarine.com.sg). All strategic business units are required to be familiar with the IPT mandate and report any such transactions to the finance department. The finance department keeps a register of Sembcorp Marine's interested-person transactions. Information on interested-person transactions for 2007 is found in page 233.

# BOARD OF DIRECTORS



**Mr Goh Geok Ling**  
Chairman  
Non-Executive/  
Non-Independent Director



**Mr Tan Kwi Kin**  
Group President & CEO  
Executive/  
Non-Independent Director



**Mr Tan Pheng Hock**  
Non-Executive/  
Independent Director



**Mr Tang Kin Fei**  
Non-Executive/  
Non-Independent Director



**Mr Ron Foo Siang Guan**  
Non-Executive/  
Independent Director



**Mr Joseph Kwok Sin Kin**  
Non-Executive/  
Independent Director



**Mr Kiyotaka Matsuzawa**  
Non-Executive/  
Independent Director



**Mr Richard Tan Tew Han**  
Non-Executive/  
Independent Director



**Mr Ajaib Haridass**  
Non-Executive/  
Independent Director



**Mrs Lim Joke Mui**  
Non-Executive/  
Non-Independent Director



**Mr Wong Weng Sun**  
President & COO  
Executive/Non-Independent  
Alternate Director



**Mr Hirohiko Sakurai**  
Non-Executive/Independent  
Alternate Director

## BOARD OF DIRECTORS

### Mr Goh Geok Ling

Chairman

Non-Executive/Non-Independent Director

Mr Goh Geok Ling was appointed the Chairman and Director of Sembcorp Marine on 14 February 2006.

Mr Goh worked in the electronics industry for 29 years before retiring from active business management in October 1999. He last worked as the Managing Director of Micron Semiconductor Asia Pte Ltd. Prior to that, he was the Managing Director of Texas Instruments Singapore Pte Ltd where he worked for 28 years.

Currently the Chairman of Jurong Shipyard, Sembawang Shipyard and SMOE, Mr Goh also serves as a board member of DBS Bank Ltd, DBS Bank Holdings Ltd, Sembcorp Industries Ltd, Venture Corporation Ltd and O2Micro International Ltd. His past directorships between 2005 and 2007 were in Plato Capital and Tuas Power.

He is also a Member of the Board of Trustee of Nanyang Technological University. Mr Goh graduated from Sydney University with a Bachelor of Engineering Degree.

### Mr Tan Kwi Kin

Group President & CEO

Executive/Non-Independent Director

Mr Tan Kwi Kin, currently the Group President and Chief Executive Officer of Sembcorp Marine, has been a Director of the Board since 1 April 1990.

A veteran in the marine industry in Singapore, Mr Tan has 42 years of working experience in Jurong Shipyard. He started his career with Jurong Shipyard in 1966 as a Junior Engineer in the Design Department. He was promoted to Manager in charge of Production Control in 1975 and General Manager in 1981. In 1990, he was appointed Managing Director. When Sembawang Shipyard merged with Jurong Shipyard in 1997, Mr Tan was appointed President of the Jurong Shipyard group of companies.

Following a restructuring and a name change in November 1999, Mr Tan became the President

and Chief Executive Officer of Sembcorp Marine. Currently, Mr Tan is a Director of Jurong Shipyard, Sembawang Shipyard, PPL Shipyard, SMOE, Karimun Shiprepair & Engineering, Jurong Integrated Services, JPL Industries, JPL Concrete Products, Sembcorp Marine Technology and Zhen Hua (Singapore) Engineering.

Mr Tan graduated from Tokyo University, Japan, in 1965 with a Bachelor of Engineering (Mechanical).

### Mr Tan Pheng Hock

Non-Executive/Independent Director

Mr Tan Pheng Hock is the President & CEO of Singapore Technologies (ST) Engineering. He was appointed Director of Sembcorp Marine on 16 April 2001 and was last re-elected as Director on 28 April 2004.

Mr Tan is Chairman of the Nanyang Polytechnic Board of Governors and the Singapore Workforce Development Authority. He also sits on the Board of Neptune Orient Lines Limited. Mr Tan began his career with ST Engineering Group as an engineer in ST Marine in 1981. He held various senior appointments in the Group including that of Executive Vice President of ST Marine, President of ST Kinetics, President and Chief Operating Officer of ST Engineering and ST Engineering Group President.

Mr Tan holds a Bachelor of Science (First Class Honours) in Marine Engineering from the University of Surrey, UK and a Master of Science in Management from Stanford University, USA.

### Mr Kiyotaka Matsuzawa

Non-Executive/Independent Director

Mr Kiyotaka Matsuzawa was appointed Director of Sembcorp Marine on 30 September 2001. Mr Matsuzawa has had a distinguished career in IHI. He was the former General Manager of Ships & Offshore Department of IHI. He is presently the Director and General Manager of IHI Marine United Inc. Japan prior to his previous position as Managing Director of IHI Marine Engineering (Singapore)

since July 2001. In 1978, he was assigned to IHI's Brazilian subsidiary company ISHIBRAS as the General Manager for eight years where he initiated and promoted ship exports from Brazil to clients worldwide under the Brazilian Government Promotion Program.

Mr Matsuzawa graduated from the Hitotsubashi University, Japan, in 1971 with a Bachelor of Economics and holds a Diploma in Business Administration from the Federal University of Bahia, Brazil.

### Mr Richard Tan Tew Han

Non-Executive/Independent Director

Mr Richard Tan was appointed Director of Sembcorp Marine on 17 April 2003. He brought with him an impressive 25 years of banking experience.

He was a director in The Lexicon Group from 2005 to 2007 and has held several senior positions in Citibank, BNP Paribas, Bank of America, International Bank of Singapore and Overseas Union Bank. Prior to his retirement in 2001, he was the Executive Vice President and Head of Investment Banking and Corporate Finance Division in OUB since 1993. His other board appointments are at ST Asset Management, Full Apex (Holdings) Limited, Asia Water Technology Ltd, Lux King Group Holdings Ltd and C&O Pharmaceutical Technology (Holdings) Ltd.

Mr Tan graduated from the University of Singapore with a Bachelor of Science (Honours) in 1970 and obtained an MBA in 1978 from the University of British Columbia, Canada.

### Mr Ajaib Haridass

Non-Executive/Independent Director

Mr Ajaib Haridass was appointed a Director of Sembcorp Marine on 31 October 2003. He is currently the Managing Partner of Haridass Ho & Partners, a legal firm he set up in 1985. With more than 30 years of legal experience, Mr Haridass specialises in all admiralty matters, both litigious and non-litigious, from ship sale and purchase,

the financing aspects of such transactions, marine insurance, to general commercial and banking litigation.

Mr Haridass is also an accredited mediator of the Singapore Mediation Centre, a member of the Advisory Committee of the Singapore Chamber of Maritime Arbitration, an arbitrator of the Korean Commercial Arbitration Board, President of the Maritime Law Association of Singapore, a member of the Singapore Maritime Arbitrators Association and a panel member for Disciplinary Inquiries at the Public Service Commission. Mr Haridass is also member of the Board of Visiting Justices, Board of Inspection (Prisons Department) and Board of Visitors (Welfare Homes), Ministry of Community Development, Youth & Sports. In addition, he is the Vice Chairman of the Home Detention Advisory Committee, Ministry of Home Affairs in Singapore, Referee at Small Claims Tribunal and Mediator at Criminal Relational Disputes, Subordinate Courts and a Commissioner for Oaths, Notary Public and Justice of Peace.

Graduating from the University of London in 1974 with a Bachelor of Law (Honours), Mr Haridass was called to the English Bar at the Middle Temple in 1975 and admitted as an Advocate & Solicitor of the Supreme Court of Singapore in 1976.

### Mr Tang Kin Fei

Non-Executive/Non-Independent Director

Mr Tang Kin Fei was appointed a Director of Sembcorp Marine on 1 May 2005 and is currently the Group President and Chief Executive Officer of Sembcorp Industries. He leads Sembcorp with strong emphasis on its Utilities and Marine & Offshore Engineering businesses, while strengthening its Environmental Management and Industrial Parks businesses.

Mr Tang has been instrumental in Sembcorp's bold transformation into a focused utilities and marine group. A twenty-year veteran of the Sembcorp Group, he is credited with developing its Utilities business into a global water, energy and centralised utilities provider serving customers in Singapore, the UK, China, Vietnam and the UAE. Currently,



## BOARD OF DIRECTORS

Mr Tang has direct oversight over Sembcorp's Utilities and Environmental Management businesses. Going forward, his goal is to leverage Sembcorp's expertise in water and energy for new growth, while tapping synergies within the Group's businesses for greater business opportunities.

His board appointments in the Sembcorp Marine Group include chairing the board of PPL Shipyard and directorships in Jurong Shipyard, Sembawang Shipyard, SMOE, and Baker Marine. He also serves as director, Finance & Investment Committee Chairman and CSR Steering Committee Advisor of International Enterprise Singapore. In addition, he lends his expertise operating in overseas markets as a council member of several Saudi-Singapore, Abu Dhabi-Singapore, and China-Singapore business councils. Mr Tang is also a director of BIL International. From 2005 to 2007, he served as a director in Camerlin Group and Sembcorp Logistics.

He holds a First Class Honours degree in Mechanical Engineering from the University of Singapore and underwent the Advanced Management Programme at INSEAD.

### Mr Ron Foo Siang Guan Non-Executive/Independent Director

Appointed a Director of Sembcorp Marine on 30 June, 2006, Mr Ron Foo brings with him more than 35 years of extensive auditing, accounting and financial experience in Singapore and overseas.

Mr Foo has been a partner in PricewaterhouseCoopers, Singapore for 22 years before retiring from active service in December 2005. Mr Foo is presently a director of the Singapore Deposit Insurance Corporation and NTUC Income Insurance Co-Operative Limited, SIA Engineering Company and a member of the Competition Appeal Board.

Mr Foo has also been actively involved as a council member in the Institute of Certified Public Accountants of Singapore (ICPAS) and was awarded the ICPAS Gold Medal 2004 in recognition of his

outstanding contributions and distinguished service to the accounting profession and the community. Presently he is a Fellow of the Institute of Certified Public Accountants of Singapore and a member of the Canadian Institute of Chartered Accountants, Canada.

### Mr Joseph Kwok Sin Kin Non-Executive/Independent Director

Mr Joseph Kwok was appointed a Director of Sembcorp Marine on 30 June, 2006. Currently the CEO of Seacastle Inc., Mr Kwok's distinguished career in the marine industry includes several key appointments in the Neptune Orient Lines (NOL) Group from 1981 to 2003.

During his 22-year tenure with NOL, Mr Kwok had served as Group COO, CEO of Chartering & Enterprises Division, and Chairman of Neptune Shipmanagement Services Pte Ltd (NSSPL). Following that, he led AET (formerly known as American Eagle Tankers, Inc.), a wholly-owned subsidiary of MISC Berhad, as President & CEO between 2003 and 2005.

Mr Kwok is currently a council member of American Shipping Bureau (ABS) and member of the ABS South East Asia Regional Committee. His past appointments included directorships in MPA Venture Pte Ltd and various subsidiaries and associated companies of NOL and AET. He was previously an Executive Committee member of INTERTANKO and a board member of ABS, BIMCO, UK P&I Club, and International Tanker Owner Pollution Federation Ltd.

### Mrs Lim Joke Mui (nee Ngiam Joke Mui) Non-Executive/Non-Independent Director

Mrs Lim Joke Mui was appointed a Non-Executive Director (Non-Independent) of Sembcorp Marine on 24 November 2007. Currently the Group Chief Financial Officer of Sembcorp Industries, Mrs Lim is responsible for Group Corporate Finance & Treasury, Group Reporting & Policies, Group Accounts, Group Tax, Group Information Technology

and Group Risk Management and oversees these functions at Sembcorp Industries. She is also a director on the boards of various Sembcorp Group of companies, including Jurong Shipyard, Sembawang Shipyard, and SMOE.

Prior to joining Sembcorp Industries in 2002, Mrs Lim has more than 28 years of experience in corporate finance, accounting, tax and other corporate functions. During her career with DBS Land, she managed large financing transactions via the equity and debt markets and was involved in corporate exercises, such as the merger of Pidemco and DBS Land to form CapitaLand, takeovers and initial public offerings.

Mrs Lim holds a Bachelor of Accountancy degree from the University of Singapore.

### Mr Wong Weng Sun President & COO Executive/Non-Independent Alternate Director

Mr Wong Weng Sun was appointed Alternate Director to Mr Tan Kwi Kin on 3 May 2006. He is the President & COO of Sembcorp Marine and the Managing Director of Jurong Shipyard. Prior to this, he served as Deputy President of Sembcorp Marine from January 2005 to January 2006 and was the Executive Director of Jurong Shipyard from January 2002 to June 2004. Mr Wong joined the company in 1988 as an engineer and was later appointed General Manager in charge of project management.

Mr Wong graduated from the University of Technology, Malaysia, in 1986 with a Bachelor of Mechanical Engineering (Marine). He also obtained a Master in Business Administration from Oklahoma City University in 1993.

### Mr Hirohiko Sakurai Non-Executive/Independent Alternate Director

Mr Hirohiko Sakurai was appointed Alternate Director to Mr Kiyotaka Matsuzawa on 30 June 2006. He is currently the Managing Director of IHI Marine Engineering (S) Pte Ltd. Prior to that, he was the General Manager of Ship Sales, IHI Marine United,

from 2004 to 2006 and Ship Sales Manager of IHI Tokyo Head Office from 1999 to 2004.

Mr Sakurai joined Ishikawajima-Harima Heavy Industries Co. Ltd (IHI) in 1981 as a Business Administration Executive of IHI Aioi No. 1 Works before progressing on to the Ship Sales Department of IHI Tokyo Head Office in 1986. He moved on to become manager of IHI Europe's Marine Department in 1994, and was later appointed Marine Department General Manager and Chief Representative of IHI Greece Office between 1995 and 1999. Mr Sakurai graduated from the Yokohama National University of Japan with a Bachelor of Economics in 1981.



## KEY MANAGEMENT



**Tan Kwi Kin**  
Group President & CEO



**Wong Weng Sun**  
President & COO



**Ong Poh Kwee**  
Deputy President



**Wong Peng Kin**  
Director,  
Group Human Resource



**Lee Yeok Hoon**  
Executive Director,  
Jurong Shipyard



**Wong Lee Lin**  
Executive Director,  
Sembawang Shipyard



**Ho Nee Sin**  
Managing Director,  
SMOE



**Dr Benety Chang**  
Deputy Chairman,  
PPL Shipyard



**Maureen Leong**  
Director, Group Finance

### Tan Kwi Kin

#### Group President & CEO

Mr Tan was appointed the Group President and CEO of Sembcorp Marine in November 1999. His profile can be found on page 42.

### Wong Weng Sun

#### President & COO

Mr Wong has been President & COO of Sembcorp Marine since February 2006 and concurrently Managing Director of Jurong Shipyard since July 2004. His profile can be found on page 45.

### Ong Poh Kwee

#### Deputy President

Mr Ong has been Deputy President of Sembcorp Marine since March 2006 and concurrently Managing Director of Sembawang Shipyard since July 2004. He formerly held the positions of Executive Director of Sembawang Shipyard and General Manager and Managing Director of Karimun Sembawang Shipyard. He joined the company in 1987 as an engineer. Currently, Mr Ong serves as a director in Sembawang Shipyard, SMOE, PPL Shipyard, Jurong Marine Services and PT Karimun Sembawang Shipyard. He graduated from the University of Newcastle-Upon-Tyne, United Kingdom, with a Bachelor of Marine Engineering in 1987. He further obtained a Masters of Business Administration from the Sloan School of Management, Massachusetts Institute of Technology, United States in 2000.

### Wong Peng Kin

#### Director, Group Human Resource

Mr Wong has held the position of Director of Group Human Resource of Sembcorp Marine since July 2004. He joined the company in 1970 as an officer in the Personnel Department and became Senior Vice President of Human Resources in February 2000. Mr Wong also serves as director in Bulk Trade, JPL Corporation, Jurong Marine Contractors, Jurong Machinery & Automation, Jurong Integrated Services, and Sembawang Shipyard. He graduated from the University of Singapore with a Bachelor of Business Administration (Honours) in 1970. He was awarded the Public Service Medal in 2007.

### Lee Yeok Hoon

#### Executive Director, Jurong Shipyard

Mr Lee was appointed Executive Director of Jurong Shipyard in July 2004. He had joined the company as a design engineer in 1970, later assuming the role of General Manager in charge of production in Jurong Shipyard from February 2000 to June 2004. He also serves as director in Jurong Shipyard, Jurong Autoblaster Services, Jurong Marine Contractors, Jurong Marine Services, Jurong Machinery & Automation, JPL Services and JPL Industries. Mr Lee graduated from the Singapore Polytechnic with a Diploma in Mechanical Engineering.

### Wong Lee Lin

#### Executive Director, Sembawang Shipyard

Ms Wong has been Executive Director of Sembawang Shipyard since July 2004. She joined the company as an officer in 1975 and held the position of General Manager in Sembawang Shipyard from January 2002 to June 2004. She also serves as director in Sembawang Shipyard and PT Karimun Sembawang Shipyard. Ms Wong graduated from the University of Singapore with a Bachelor of Social Sciences (Honours) in 1974.

### Ho Nee Sin

#### Managing Director, SMOE

Mr Ho was appointed Managing Director of SMOE in October 2006 and also serves as director of SMOE and PT SMOE. He started his career at Jurong Shipyard in 1969 and was later transferred to Jurong Engineering in 1971 and promoted to the position of General Manager. From 2004 to September 2006, he was the CEO of Sembcorp Utilities China. He held other senior positions in several companies, including Pacific Dunlop Company in Australia in 1989, Sembawang Projects Engineering Company in 1991 and Oriental Petrochemical Corporation of Hong Kong in 2003. Mr Ho graduated from Imperial College, University of London with a Masters of Science degree.

### Dr Benety Chang

#### Deputy Chairman, PPL Shipyard

Dr Benety Chang is the Deputy Chairman of PPL Shipyard. He has been involved in the company since its inception and has a minority beneficial equity interest in the company. He sits on the board of several other companies. Dr Chang holds a MBBS degree from the University of Singapore.

### Maureen Leong

#### Director, Group Finance

Mrs Leong was appointed Director for Group Finance in Sembcorp Marine in October 2007 for an interim term of at least six months. She previously served as Chief Financial Officer at Sembcorp's former logistics business and utilities businesses. During her 10 years with the latter, she was the key driver behind the successful project financing of Sembcorp's centralised utilities and energy businesses. She has over 30 years of experience in finance, tax and treasury management in various industries. Until her secondment to Sembcorp Marine, Mrs Leong was responsible for performance management, mergers and acquisitions, project financing, corporate planning and economic-value-add policies of the Sembcorp Group. She also serves as director in Jurong Shipyard, Sembawang Shipyard, PPL Shipyard, SMOE, Jurong SML, Bulk Trade and Jurong Marine Contractors. She graduated from the University of Singapore with a First Class Honours degree in Accountancy and is a Fellow of both the Institute of Certified Public Accountants of Singapore and CPA Australia.

## OUR PROACTIVE APPROACH TO INVESTOR RELATIONS

Sembcorp Marine takes a proactive approach in reaching out to its institutional and retail shareholders. By providing shareholders access to management and adopting a policy of regular, fair, timely and open communications with investors, the Group aims to improve the investing community's understanding of its businesses and strategies.

### Investor Communications

The Group's investor relations programme continued to be an important and integral part of its commitment to high standards of corporate governance and transparency. A dedicated investor relations team, headed by the Senior Vice President of Investor Relations and Communications, maintains long-term relationships with the investors and analysts and addresses their queries on the Group's businesses.

In addition to the results conferences held as part of the mandatory reporting cycle, regular and post-results meetings were held at the requests of



the analysts and fund managers, both local and foreign, to understand the Group's financial results, the nature of the business, the strategy and the outlook of the industry.

In order to help analysts and the fund managers to get a better understanding of the nature of the business, the investor relations team organised periodic site tours to various shipyard facilities. For more in-depth views, the team also included analysts, media and fund managers to naming ceremonies, rig tours and management engagements.



The Group also met existing and potential investors including those visiting from overseas regularly to update them on developments. As the majority of the Group's minority shareholders are composed of investors outside Singapore, the Group's senior management team went on numerous international non-deal road shows and conferences to meet investors in Europe, USA, Hong Kong and Japan in 2007. These intimate and mostly one-on-one meetings gave overseas institutional investors first-hand insights into Sembcorp Marine's businesses and strategies. Apart from overseas roadshows, the management also participated in local conferences comprising one-on-one meetings and group presentations hosted by research securities houses based in Singapore.

### Shareholder Participation at Company Meetings

Encouraging the full participation of shareholders at the Annual General Meeting and Extraordinary General Meeting, Sembcorp Marine arranged for buses to transport shareholders from convenient MRT stations to its registered office at 29 Tanjong Kling Road. The Group has always preferred holding the meetings at its registered office to offer shareholders the opportunity to visit the shipyard and acquaint themselves with the shipyard operations besides the opportunity to interact with the Chairman, Board of Directors and senior management of the

Group. About 200 shareholders attended the AGM and EGM held on 20 April 2007.

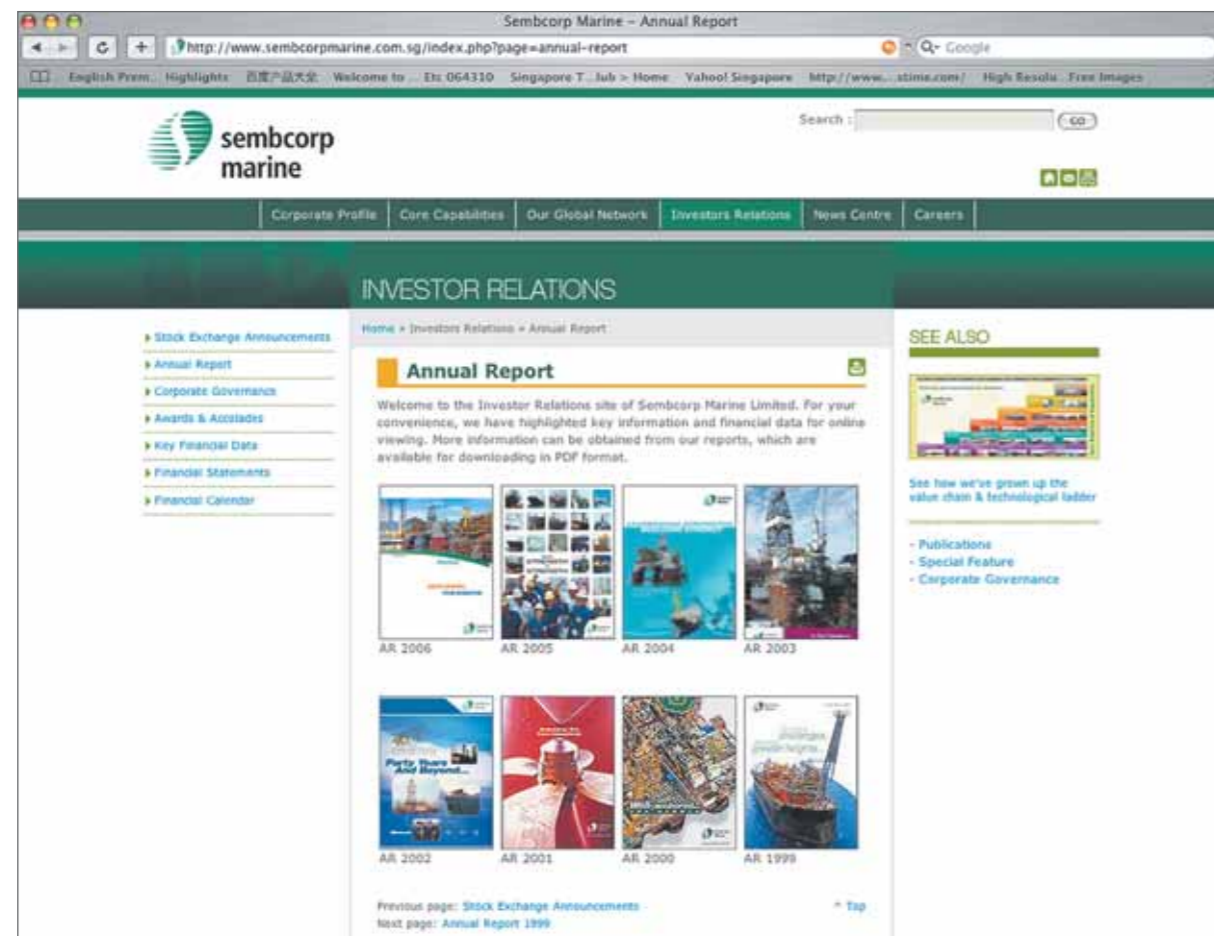
### Strong Online and Media Presence

Sembcorp Marine further strengthened its media and communications strategy to better connect with shareholders and the public. The Group's website [www.sembcorpmarine.com.sg](http://www.sembcorpmarine.com.sg) underwent a revamp and facelift to enhance its accessibility, information flow and user-friendliness.

To enable greater information access, the Group initiated the webcasting of its results briefings, providing stakeholders deeper insights into the company's operations and performance.

The Group also leveraged on the media to increase its brand awareness and equity. In the lead-up to the National Day Parade 2007 celebrations, Sembcorp Marine was featured in "Parade on the Bay – The Making of NDP07" info-tainment programme, the "Will You" music video and a specially commissioned "Happy Birthday Singapore!" commercial, which were aired across various media.

The Group also secured a strong feature in the opening episode of the second season of Public Insight II, a programme aired on Channel 5 and 8 targeting investor audiences.



Revamped user-friendly website: [www.sembcorpmarine.com.sg](http://www.sembcorpmarine.com.sg)

# SHAREHOLDERS' INFORMATION

## Statistics of Shareholdings as at 10 March 2008

### Share Capital

Issued and Fully Paid Up Capital : S\$443,090,306.90  
 Number of Shares : 2,071,194,405  
 Number of Shareholders : 14,570  
 Class of Shares and Voting Rights : Ordinary shares with equal voting rights<sup>@</sup>

### Shareholding Held in Hands of Public

Based on information available to the Company as at 10 March 2008, 38.48% of the issued ordinary shares of the Company (excluding ordinary shares held in treasury) is held in the hands of the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

### Substantial Shareholders

Substantial Shareholders	Number of Shares			
	Direct Interest	%**	Deemed Interest	%**
Sembcorp Industries Ltd (SCI)	1,260,323,764	61.12	-	-
Temasek Holdings (Private) Limited	-	-	1,268,512,663	61.52

Temasek is deemed to be interested in the 1,260,323,764 Shares held by SCI and 8,188,899 Shares held by other companies in the Temasek group.

### List of 20 Largest Shareholders

No.	Name	No. of Shares	%**
1	Sembcorp Industries Ltd	1,260,323,764	61.12
2	DBS Nominees Pte Ltd	295,408,018	14.33
3	Citibank Nominees Singapore Pte Ltd	118,071,406	5.73
4	HSBC (Singapore) Nominees Pte Ltd	71,288,092	3.46
5	DBSN Services Pte Ltd	55,123,732	2.67
6	Raffles Nominees Pte Ltd	28,391,062	1.38
7	United Overseas Bank Nominees Pte Ltd	24,623,922	1.19
8	DB Nominees (S) Pte Ltd	8,087,016	0.39
9	Morgan Stanley Asia (S'pore)	5,788,408	0.28
10	Merrill Lynch (S'pore) Pte Ltd	5,535,318	0.27
11	UOB Kay Hian Pte Ltd	5,305,200	0.26
12	Tan Kwi Kin	5,033,280	0.24
13	Societe Generale Singapore Branch	3,138,955	0.15
14	OCBC Nominees Singapore Pte Ltd	3,047,950	0.15
15	BNP Paribas Nominees S'pore Pte Ltd	2,801,500	0.14
16	IHI Marine United Inc	2,800,000	0.14
17	TM Asia Life Singapore Ltd - Par Fund	2,231,400	0.11
18	OCBC Securities Private Ltd	1,981,200	0.10
19	Lau Sing @ Liew Sing Hun	1,817,200	0.09
20	Phillip Securities Pte Ltd	1,469,258	0.07
<b>Total:</b>		<b>1,902,266,681</b>	<b>92.27</b>

\*\* The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Company as at 10 March 2008, excluding 9,301,000 ordinary shares held as treasury shares as at that date.

<sup>@</sup> Ordinary shares purchased and held as treasury shares by the Company will have no voting rights.

### Shareholders Distribution By Location

Location	No. of Shareholders	%	No. of Shares	%
Singapore	14,105	96.81	2,059,606,849	99.44
Malaysia	222	1.52	3,663,506	0.18
Hong Kong	30	0.21	349,200	0.02
Japan	4	0.03	2,850,000	0.14
US	25	0.17	252,600	0.01
UK	13	0.09	201,000	0.01
Europe	6	0.04	22,600	0.00
Australia/New Zealand	64	0.44	1,125,400	0.05
Others	101	0.69	3,123,250	0.15
<b>Total:</b>	<b>14,570</b>	<b>100</b>	<b>2,071,194,405</b>	<b>100</b>

### Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	449	3.08	216,239	0.01
1,000 - 10,000	11,139	76.45	42,717,238	2.06
10,001 - 1,000,000	2,957	20.30	113,832,597	5.50
1,000,001 and above	25	0.17	1,914,428,331	92.43
<b>Total:</b>	<b>14,570</b>	<b>100</b>	<b>2,071,194,405</b>	<b>100</b>

## Share Prices and Monthly Volumes

### Investor Data

	2003*	2004*	2005*	2006*	2007*
Earnings per share (cents)	3.96	4.73	6.03	11.71	11.72
Net Dividend per share (cents)	2.84	4.29	5.43	8.93	8.73
Share price (\$)					
High	0.81	0.97	2.29	2.56	4.64
Low	0.65	0.65	0.95	1.89	2.30
Close	0.69	0.73	1.69	2.27	3.54
Turnover					
Volume (Million share)	482	390	3,076	1,305	2,257
Value (\$Million)	336	285	1,718	2,906	7,936
Average P/E	14.50	17.80	27.80	19.80	17.60
Net Tangible Assets per share (cents)	46.14	48.00	52.30	64.64	80.76

\* Adjusted for two Bonus Shares for every five existing ordinary shares.

