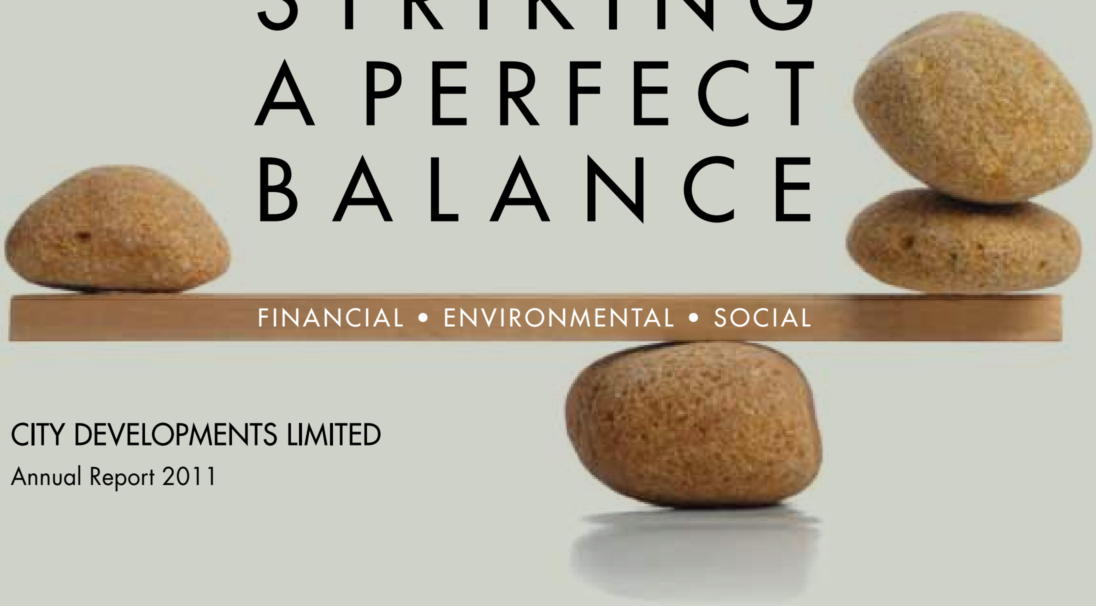
STRIKING A PERFECT BALANCE



FINANCIAL • ENVIRONMENTAL • SOCIAL

CITY DEVELOPMENTS LIMITED

Annual Report 2011

CONTENTS

8 10-Year Financial Highlights

Corporate

10 Chairman's Statement
20 Corporate Network
21 Corporate Structure
22 Board of Directors
24 Senior Management
26 Corporate Directory
27 Corporate Governance

Operations

41 Operations Review
42 Highlights of the Year
44 Human Resource Review
45 Corporate Social Responsibility Report
53 Risk Management
56 Singapore Market Review

Finance

25 Calendar of Financial Events
58 Financial Review
60 Property Portfolio Analysis
62 Major Properties
73 Statutory Reports and Accounts

Other Information

186 Statistics of Ordinary Shareholdings
188 Statistics of Preference Shareholdings
189 Share Transaction Statistics
190 Notice of Annual General Meeting
Proxy Form

Just as the world evolves, so must we. But to keep up with the emerging global economy is by no means an easy feat and beyond that, to achieve success a greater challenge. It requires the careful weighing of opportunity and risk in changing market conditions, which are in turn affected by the environment and communities where we operate.

At CDL, we remain committed to striking a perfect balance in all that we do. Our focus on the triple bottom line has spearheaded our efforts to develop the right mix between financial performance, environmental stewardship and social engagement. Yet it is success that can only be sustained through another testament of balance – the synergies fostered among our management, employees, customers, business partners and shareholders – which will pave the way for greater things to come.

BALANCING CONSTANT & CHANGE

As Singapore's property pioneer since 1963, CDL is well-positioned to seize growth opportunities and weather challenges that arise out of today's emerging global economy. Our strong values keep us grounded, while a sound financial structure ensures that we are capable of adapting our strategies where needed and maintaining a steady course despite changing market conditions.

Situated in prestigious District 11, Buckley Classique offers a rich heritage of exclusivity.

Well-located near Pasir Ris MRT and the Tampines Expressway, The Palette was one of the five distinctive projects launched in 2011.

FINANCIAL SNAPSHOT OF THE YEAR

Five Distinctive Projects Launched

Drawing strategically from its land bank, the Group launched five projects at appropriate times of the year: H_2O Residences, Hedges Park, Buckley Classique, Blossom Residences Executive Condominium and The Palette. These developments bear the mark of quality that is synonymous with the CDL brand and were well-received by the market.

Blossom Residences Executive Condominium

Five Sterling Developments Completed

The ever-evolving Singapore skyline saw the addition of iconic structures such as One Shenton, Shelford Suites, Cliveden at Grange, The Residences at W Singapore Sentosa Cove and Livia, all of which received their Temporary Occupation Permit (TOP) status in 2011.

Land Acquisitions

As part of its selective land replenishment strategy, CDL successfully acquired five prime land sites in well-established locales such as Robertson Quay, Choa Chu Kang*, Bartley Road/Lorong How Sun*, Serangoon Garden Way* and Alexandra Road*. The Group has already launched The Rainforest, a luxury Executive Condominium at Choa Chu Kang in January 2012. In line with the tender conditions, the Group intends to launch the other sites at the right timing to maximise the potential and value of these land parcels.

*Joint ventures

Overseas Ventures

Besides the Group's global presence of over 100 hotels under its hospitality arm – Millennium & Copthorne Hotels plc, CDL China Limited, the Group's wholly-owned subsidiary, continued to expand its presence in China with the acquisition of its second development site in Suzhou for RMB886 million. The mixed-use prime site will comprise about 750 units of high-end residential apartments, an office tower, SOHO apartments, a retail mall and a luxury hotel.

The Suzhou site boasts unobstructed views of the scenic Jinji Lake to its south.

1,818

units were sold in 2011 by CDL, along with its joint venture associates. This was a result of the Group's successful, well-timed launches.

$798.6m

achieved in terms of profit after tax and non-controlling interests for the full year ended 31 December 2011.

BALANCING NURTURE & NATURE

In our journey of nurturing the growth of our business, environment stewardship is always at the forefront of our mind, in particular, our commitment to green building. Our holistic, three-pronged corporate green strategy is centred around developing eco-friendly properties, managing them in a cost-effective and energy efficient manner, and influencing our stakeholders.

H_2O Residences is the first-of-its-kind development designed to integrate with its surrounding water bodies and parks.

Blossom Residences' Forest Oasis offers residents an escape from the bustle of the city into Mother Nature's embrace.

Global Recognition in Sustainability and Benchmarking

CDL is honoured to be selected as an index component on the Dow Jones Sustainability Indexes (DJSI World and DJSI Asia Pacific). This makes CDL the only Singapore corporation to be listed on both Dow Jones Sustainability Indexes and FTSE4Good Index Series. We are also recognised as one of the Global 100 Most Sustainable Corporations in the World.

Dow Jones Sustainability Indexes
Member 2011/12

FTSE4Good

Most Sustainable Corporations in the World
GLOBAL100

First and Only Recipient of BCA Green Mark Platinum Champion Award

In recognition of our sustained efforts in green building, CDL was conferred this inaugural accolade at the Building and Construction Authority (BCA) Awards 2011. CDL won seven Construction Excellence Awards, seven inaugural Construction Productivity Awards (including four Platinum) and one Universal Design Award.

Eco-themed, Nature Inspired Developments

Our commitment to green building results in eco-themed amenities and nature-inspired landscaping at our developments. For instance, H_2O Residences, a winner of the Active, Beautiful and Clean Waters certification awarded by the Public Utilities Board, successfully combines innovative urban planning with sustainability. It integrates with the surrounding water bodies and park, connecting residents to a riverfront lifestyle.

CDL 5-Star EHS Assessment System

Initiated in 2001 to provide CDL with an independent audit tool for assessment of its builders' Environmental, Health and Safety (EHS) performance, the System has evolved to include an annual Award to recognise its builders for excellent performance. The Assessment System and Award is a key initiative that encourages our stakeholders (builders) to achieve better EHS performance.

$19.7m

The approximate annual cost savings in electricity from our 37 Green Mark buildings (between 2008 and 2011).

22%

CDL pledges to reduce our carbon emissions by this amount (by 2020 from baseline year 2007), and 25% by 2030.

BALANCING
CAUSE & EFFECT

CDL seeks to effect lasting change for the betterment of the communities we reach out to, with focus on four areas: environment, youth development, the less fortunate and the arts. We remain committed to various engagement programmes such as supporting youth-initiated overseas community projects, the CDL E-Generation Challenge and inaugural CDL-Singapore Compact Young Corporate Social Responsibility (CSR) Leaders Award, and are confident that these efforts will go a long way to build a greater community and inspire a brighter future.

Students from Project Serve Cambodia who helped local villagers with construction of their houses.

Winning team of the inaugural CDL- Singapore Compact Young CSR Leaders Award.

Youth Development

CDL lent its support to many youth-initiated overseas community projects such as Project Serve Cambodia, Project An (Vietnam) and Project Fei Yue (China) that have measurable and sustained impact, in line with our focus on community development. These projects have clear developmental objectives and direct engagement with beneficiaries.

CDL E-Generation Challenge 2011

This annual eco-themed rally aims to provide youths (aged between 17 and 25 years old) a fun platform to foster eco-conciousness, reinforcing our efforts towards youth development and environmental outreach. 28 teams, comprising 280 participants took part in the rally in 2011.

CDL E-Generation Challenge 2011.

Assisi Hospice Charity Fun Day

In line with its strong culture of volunteerism, CDL and its subsidiary company, CBM once again co-organised the event. With its sister hotels, CDL took up a 36-metre pavilion to sell delicacies and hotel specialties. This event saw over 200 volunteers taking part and raising over $800,000 for the Hospice.

CDL-Singapore Compact Young CSR Leaders Award

The inaugural Award, a collaboration between CDL and The Singapore Compact for CSR, aims to nurture CSR consciousness amongst a new generation of business leaders. A total of 27 teams (143 participants) took part, out of which 10 teams were shortlisted. The teams were provided with practical attachments at supporting SMEs with mentorships from CSR consultants. The top three winning teams walked away with cash prizes and a deeper knowledge of CSR.

2,838

employee volunteer manhours achieved in 2011 through City Sunshine Club (CSC), CDL's employee volunteer platform that engages in a wide range of community programmes and events.

71%

of CDL employees participated in the community outreach programmes initiated by CSC in 2011.

10-YEAR FINANCIAL HIGHLIGHTS

Year	2002	2003	2004[3]
Revenue	$2,289m	$2,326m	$2,380m
Profit before tax	$243m	$214m	$503m
Profit for the year attributable to owners of the Company	$151m	$152m	$227m
Net gearing ratio	0.80	0.64	0.55
Return on equity	3.9%	3.3%	5.2%
Net asset value per share	$4.82	$5.56	$4.99
Basic earnings per share	18.9 cents	18.8 cents	25.3 cents
Dividends			
a) Ordinary dividend (gross) per share			
- final	7.5 cents	7.5 cents	7.5 cents
- special interim	–	–	–
- special final	–	50.0 cents	–
b) Preference dividend (net) per share	–	–	2.19 cents

Notes:
(1) Dividends declared were tax-exempt (one-tier).
(2) Final and special final tax-exempt (one-tier) ordinary dividends proposed for financial year ended 31 December 2011 will be subject to the approval of the ordinary shareholders at the forthcoming Annual General Meeting.
(3) Certain accounting policies or accounting standards had changed in the financial years 2005 and 2011. Only the financial information presented above for each of the years immediately preceding 2005 and 2011 had been restated to reflect the relevant changes in accounting policies or accounting standards.

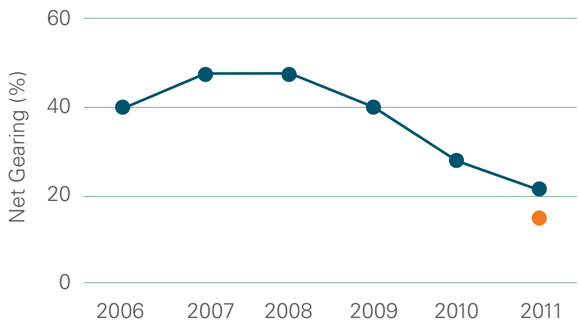
2005	2006	2007	2008	2009	2010[3]	2011
$2,374m	$2,547m	$3,106m	$2,945m	$3,273m	$3,103m	**$3,280m**
$404m	$692m	$955m	$834m	$832m	$1,067m	**$1,136m**
$200m	$352m	$725m	$581m	$593m	$784m	**$799m**
0.50	0.40	0.48	0.48	0.40	0.29	**0.21**
4.4%	7.4%	13.9%	10.7%	9.9%	12.5%	**11.7%**
$5.12	$5.21	$5.72	$5.97	$6.57	$6.89	**$7.51**
20.8 cents	37.0 cents	78.3 cents	62.5 cents	63.8 cents	84.8 cents	**86.4 cents**
7.5 cents	7.5 cents	7.5 cents[1]	7.5 cents[1]	8.0 cents[1]	8.0 cents[1]	**8.0 cents[2]**
–	7.5 cents	10.0 cents	–	–	–	**5.0 cents[1]**
5.0 cents	10.0 cents	12.5 cents[1]	–	–	10.0 cents[1]	**5.0 cents[2]**
3.90 cents	3.90 cents	3.90 cents	3.90 cents[1]	3.90 cents[1]	3.90 cents[1]	**3.90 cents[1]**

Capital Management

	As at 31/12/11	As at 31/12/10
Cash and cash equivalents	$2,603m	$1,874m
Net borrowings	$1,816m	$2,346m
Net gearing ratio[a]	0.21	0.29
Net gearing ratio if fair value gains on investment properties are taken in	0.15	0.21[b]
Interest cover ratio	21.8 times	21.3 times[b]

(a) Excludes fair value gains on investment properties as the Group's accounting policy is to state its investment properties at cost less accumulated depreciation and impairment losses.
(b) Restated to take into account the retrospective adjustments arising from the adoption of INT FRS 115 - *Agreements for the Construction of Real Estate.*

Net Gearing



If fair value gains on investment properties are taken in.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to report a profitable year for the City Developments Group. The Group has posted a sterling performance with strong earnings powered by property development and hotels, and pre-tax profits crossing the $1 billion mark for the second consecutive year.

GROUP PERFORMANCE

In spite of an uncertain global economy and overall market sentiments dampened by the deterioration of the Eurozone crisis in the second half of 2011, the Group is pleased to deliver a sterling set of results posting a profit after tax and non-controlling interests of $798.6 million for the year ended 31 December 2011 (Restated 2010: $784.0 million), without property fair value gains. Notably, this is the Group's second consecutive year to surpass $1 billion in its pre-tax profits.

The credible results were primarily due to better performance from the Group's property development business segment and increased contribution from its hotel operations. At the pre-tax profit level, property development business segment remains the biggest contributor. Hotel operations also reported a 37.8% increase in pre-tax profit contribution as compared to FY 2010. This was due to gain recognised from the sale and leaseback of Studio M Hotel to CDL Hospitality Trusts (CDLHT) coupled with the improved performance of hotels located in the Group's main gateway cities.

The basic earnings per share stood at 86.4 cents (Restated 2010: 84.8 cents).

For the fourth quarter ended 31 December 2011 (Q4 2011), the Group's attributable profit after tax and non-controlling interests was $163.2 million (Restated Q4 2010: $241.0 million). This was primarily due to lower profits recorded in the rental properties segment as compared to Q4 2010 which had included the gain recognised in Q4 2010 from the sale of the Group's strata units in Chinatown Point. Notwithstanding this, it should be noted that the pre-tax contribution of $143.3 million from the property development segment for Q4 2011 is five times that of the corresponding period last year (Restated Q4 2010: $28.8 million).

As at 31 December 2011, the Group's net gearing ratio improved to 21% (2010: 29%). Had the Group factored in the fair value gains on investment properties, the net gearing ratio would be driven down further to 15.0%. The interest cover of the Group had remained relatively constant at 21.8 times (Restated 2010: 21.3 times).

As a result of the solid performance achieved for 2011, the Board is pleased to recommend the payment of an additional special ordinary dividend of 5.0 cents per share, on top of its ordinary dividend of 8.0 cents per share. Together with the special interim ordinary dividend of 5.0 cents per share paid on 28 September 2011, the total dividend proposed and paid/payable by the Group to its ordinary shareholders for the year under review amounts to 18.0 cents per share.

Property

The Singapore economy grew 3.6% on a year-on-year basis in Q4 2011 as compared to 6.0% growth in Q3 2011. On a seasonally-adjusted quarter-on-quarter annualised basis, the economy contracted by 2.5% in Q4 2011, compared to the 2.0% gain in the previous quarter. For the whole of 2011, the economy expanded by 4.9%, as compared to the expansion of 14.8% in 2010.

The Singapore Government announced further measures on 7 December 2011 with the introduction of an Additional Buyer's Stamp Duty (ABSD) ranging from 3% to 10% on certain categories of residential property purchases made by different classification of buyers. The ABSD is imposed over and above the current Buyer's Stamp Duty, and will apply to the purchase price or market value of the property (whichever is higher). The measures are to pre-empt any possible escalation of property prices which may lead to a property bubble forming, so as to maintain a stable and sustainable property market. Following the introduction of ABSD, for residential sites purchased with effect from 8 December 2011, developers will need to satisfy certain conditions for the remission of ABSD, including the development and sale of all the units in the new project within 5 years, otherwise the ABSD becomes payable.

Demand for new homes moderated to 3,603 units in Q4 2011 compared to the 4,262 units sold in the previous quarter. In December, sales volume was the lowest as buying activity slowed in the run up to the festive season and in the wake of the new property cooling measures introduced.

Overall, for the year 2011, the Singapore residential market proved to be resilient due to several factors such as high Singapore dollar liquidity, a low interest rate environment, no shortage of housing loans, lack of more stabilised investment products in the market and property investment remaining a good hedge against inflation. Developers sold a total of 15,904 uncompleted and completed units, compared with an all-time high of 16,292 units in 2010.

Urban Redevelopment Authority (URA) data indicated that the Residential Property Price Index (PPI) of 206.2 continued to surpass the previous record of 205.7 set in the preceding quarter. Overall prices of private residential properties increased by 0.2% quarter-on-quarter in Q4 2011, compared with a 1.3% quarter-on-quarter increase in the previous quarter. This was the 9th consecutive quarter in which the rate of increase in private housing prices had moderated.

Numerous new private residential property launches in 2011 witnessed healthy take-up. During the year, the Group successfully launched five residential projects.

H_2O Residences, a 521-unit riverfront development nestled in the heart of Sengkang New Town, sold 85% of the 300 units launched during its preview in March 2011. To date, the whole project is about 73% sold.

In April 2011, Hedges Park, a joint venture 501-unit condominium located in the tranquil estate at Flora Drive, off Changi/Pasir Ris, received strong demand with over 130 units out of 200 units released sold during its weekend launch. To date, 343 units have been sold.

Situated in the heart of the prestigious District 11, Buckley Classique, the Group's exclusive 64-unit freehold development, with a uniquely conserved colonial bungalow as its clubhouse, was launched in June 2011. It is now over 90% sold.

Response to Blossom Residences – a 602-unit Executive Condominium (EC) located along Segar Road, just next to Segar LRT station which the Group launched in July 2011 has been good. To date, about 82% the project has been sold.

Similarly, The Palette, a joint venture 892-unit condominium, located in a residential enclave at Pasir Ris Grove and within walking distance of Pasir Ris MRT station and White Sands Shopping Mall, met with enthusiastic response with 80% of the 450 units released snapped up during its launch in November 2011. 530 units out of 600 units released have been sold to date.

Other ongoing projects continued to sell well. The 642-unit joint venture development – NV Residences in Pasir Ris is now 98% sold.

For the year 2011, the Group, along with its joint venture associates, sold a total of 1,818 units with sales value of $1.755 billion.

During the period under review, profits were booked in from several projects such as Hundred Trees, Volari and 368 Thomson. Profits were also booked in from joint venture projects such as NV Residences, Tree House and The Gale.

However, no profit was booked for The Glyndebourne, H_2O Residences, Buckley Classique, Blossom Residences and Hedges Park, even though these developments have been substantially sold as the construction of these projects are still in early stages.

The Group was recently successful in another two Government Land Sales (GLS) tenders. In December 2011, a joint venture comprising CDL, Hong Leong Holdings Limited and Hong Realty (Private) Limited, was successful in its bid of $396 million for a prime 99-year leasehold high-rise residential site located along Alexandra Road, near the Redhill MRT station.

In January 2012, a joint venture between CDL, Hong Leong Holdings Limited and TID Pte. Ltd., successfully bid $388 million for a 99-year leasehold high-rise residential site located along Mount Vernon Road, off Bartley Road. The consortium is familiar with this locale, having won an earlier tender site in March 2011, which is just diagonally across. This earlier site, located along Bartley Road and Lorong How Sun is adjoining the Bartley MRT station and will be developed into a 702-unit condominium known as Bartley Residences.

Overall, the Group was successful in a total of six public land tenders launched for sale through the 2011 GLS programme. It has since launched The Rainforest EC site at Choa Chu Kang Drive and Bartley Residences in January and February 2012 respectively. For 1H 2012, the Group is planning to launch the mixed hotel and residential development at Robertson Quay and a landed housing site at Serangoon Garden Way in the popular Serangoon Garden estate area. The Alexandra Road and Mount Vernon Road sites will be considered for launch later.

The Singapore office market continued to expand going into 2011, riding on the momentum from 2010. However, the office demand started moderating in 2H 2011 due to the economic and financial uncertainties in the global economy. URA statistics showed that the rental index for office space in Central Area increased by 0.5% quarter-on-quarter in Q4 2011, compared to 0.8% increase in Q3 2011. The islandwide price index for office space increased by 1.0% in Q4 2011, lower than the 3.7% increase in the previous quarter. Total available office space as at Q4 2011 remained stable at 7.23 million sq m.

The Group's office portfolio continues to enjoy healthy occupancy of 93.5% as compared to national average of 88.7%.

Hotel

Millennium & Copthorne Hotels plc (M&C), which the Group has a 55% interest, hit a record in terms of revenues and profits in 2011 largely due to a strong hotel operating performance and significant gains from asset management activities. M&C's net profit after tax and non-controlling interests was £40.4 million in Q4 2011 (Q4 2010: £31.5 million), an increase of 28.3% quarter-on-quarter, and £160.9 million (2010: £96.2 million) for FY 2011, a year-on-year increase of 67.3%. Basic earnings per share increased by 65.0% to 51.0p (2010: 30.9p).

M&C's global RevPAR (in constant currency terms) grew by 5.8% to £64.81, approximately S$130.31 (2010: £61.28, approximately S$123.22), driven primarily by an increase in room rate. On a like-for-like basis, RevPAR increased by 5.5% as hotels in gateway cities performed very well, 8.8% increase in London, 6.1% in Singapore (excluding Copthorne Orchid for the full year and Studio M for the first half of the year) and 6.1% in New York. With the exception of the UK hotels outside of London, RevPAR increased in every region. The Rugby World Cup in New Zealand also helped Australasia increase RevPAR by 5.3%, excluding the impact of three hotel closures in Christchurch due to earthquake damage in February 2011.

During the year, M&C's key asset management initiatives included the completion of the sale of Studio M in Singapore to CDLHT in May 2011 as well as the completed sale of land adjacent to the Grand Millennium Kuala Lumpur in August 2011, which contributed to a pre-tax profit of £17.4 million and £34.0 million respectively.

Additional considerations that affected year-on-year comparisons include the closures of Copthorne Orchid on 1 April 2011 for The Glyndebourne project and three Christchurch hotels following the New Zealand earthquake, consolidation of the results of the Grand Millennium Beijing since November 2010 (when M&C's stake increased from 30% to 70%), the opening of Studio M towards the end of the Q1 2010 and its subsequent sale and leaseback to the REIT in May 2011 as well as expiry of the lease in Stuttgart in August 2011 (which included a £10.1 million year-on-year impact of the release of a dilapidation provision).

M&C's financial position strengthened during the year with net debt falling to £100.2 million (2010: £165.7 million) while gearing reduced to 4.8% (2010: 8.5%). As at 31 December 2011, M&C had cash reserves of £332.2 million (2010: £251.9 million) and total undrawn committed bank facilities of £184.3 million (2010: £152.4 million). Most of the facilities are unsecured with unencumbered assets representing 87.3% of M&C's fixed assets and investment properties.

One of M&C's highlights of the year was its ability to seize a rare opportunity to secure a prime-location land in the Ginza district of Tokyo, Japan. The total cost for land site and development of this property is about ¥14.56 billion (approximately S$250.2 million based on S$1 = ¥58.2 as at 27 September 2011). There are plans to construct a 325-room deluxe hotel to be completed by 2014. An agreement has also been entered into with Mitsui Fudosan Co., Ltd (MFC) – Japan's largest real estate group in terms of revenue, setting out the indicative principal terms by which MFC is granted a fixed-term master lease of the hotel. Apart from M&C, the Group also took a minority stake in this prime project, through its wholly-owned subsidiary, Citydev Venture Holdings Limited. CDL's effective interest in the property is 29.99% (excluding the interest held through the M&C group), whilst M&C's effective interest in this property is 70.01%. The aggregate investment for CDL is about ¥1.12 billion (approximately S$19.2 million).

The development of The Glyndebourne (former Copthorne Orchid Hotel) started in Q2 2011. 144 of the 150 units released have been sold as at 20 February 2012 with a sales value of $522.5 million, representing a price of over $2,000 per square foot. Sales proceeds collected to date total $138.2 million, representing approximately 27% of the sales value.

As part of M&C's efforts to enhance its key assets for organic growth, it completed a number of hotel refurbishments in 2011. In Q2, the first phase renovation of 249 rooms at Millennium Seoul Hilton was completed, which resulted in its quarterly RevPAR increasing by 8.4% to £113.10 (approximately S$227.41) in the last three months of the year. The refurbishment of all 331 guestrooms at Orchard Hotel Singapore's Claymore Wing was also completed at the end of Q3. The renovation of the ballroom at Grand Hyatt Taipei has also been completed. It is now undergoing re-cladding of its facade and will commence renovation of the guest rooms in Q3 2012. M&C is also planning to reposition some of its key hotels. It is close to awarding construction contracts for the 153-room west wing refurbishment at the Millennium UN Plaza, with completion expected by September 2012. Plans to give Millennium Mayfair a complete makeover with major refurbishment and reconfiguration, leaving just the structural facade, are currently being developed, to establish this key asset as M&C's global flagship hotel.

As reported previously, the collective sales agreement with other unit-holders in the Tanglin Shopping Centre, Singapore expired on 26 September 2011 without any acceptable offer to the sales committee. Together with other unit-holders, M&C will re-consider its position at a later date.

In November 2011, First Sponsor Capital Limited (FSCL), in which M&C has a 39.3% effective interest, successfully tendered for two parcels of land (about 270,500 sq m) in Chengdu at an all in net cost of approximately US$130 million, which it plans to develop into a residential and commercial development, including a hotel and convention centre.

FSCL's City Spring project – its first development in Chengdu is almost sold out. As at 12 February 2012, 711 out of 726 residential units have been sold either under sale and purchase or option agreements. 98.6% of the sales proceeds have been collected for those residential units sold under sale and purchase agreements. In addition, 527 of the 709 commercial units launched for sale in July 2011 have been sold either under sale and purchase or option agreements with 65.1% of the sales proceeds having been collected. Revenue and profit recognition requirement for the residential units is expected to be taken into account in 2012. Proceeds from the residential and commercial sales will finance the development of a 195-room hotel.

On 3 May 2011, M&C completed the sale and leaseback of the Studio M Hotel to the REIT associate, CDLHT, in which it has 35.2% interest, for a cash consideration of $154.0 million. This gave rise to a total realised pre-tax profit from the disposal of $35.4 million. CDLHT is continuing its strategy to opportunistically pursue acquisitions while maintaining a disciplined approach to investment activities.

M&C opened two hotels in the Middle East – Millennium Plaza Hotel Dubai and Millennium Resort Mussanah, both under management contracts. Globally, M&C has in pipeline 30 hotels offering 6,607 rooms, which are mainly management contracts.

CURRENT YEAR PROSPECTS

Property

The Government anticipates that the Singapore economy will grow by between 1.0% and 3.0% in 2012. Challenging and volatile macroeconomic conditions stemming from the European debt crisis, partisan politics in the lead-up to the US presidential elections and fiscal austerity are likely to impact external demand.

In January 2012, the Group unveiled The Rainforest – the first EC launch of the New Year. This joint venture 466-unit premier development is ideally located along Choa Chu Kang Avenue 3, just 5 minutes' walk to Choa Chu Kang MRT station and amenities such as Lot One Shoppers' Mall. It provides an alluring option for homebuyers in search of quality affordable housing, near an MRT station. The launch was well received with over 75% of the project sold in about a month.

On 21 February 2012, the Group's joint venture development, the 702-unit Bartley Residences, was launched. Located next to Bartley MRT station, the project was well received with 170 units out of 240 units launched sold to-date.

The Group is planning to launch another two projects in the 1H 2012. The first is a mixed development at the trendy Robertson Quay along Singapore River. The project will accommodate a 300-room hotel and 70 exciting lifestyle apartments and loft units. The second project is a 96-unit terrace housing development at Serangoon Garden Way, located within a well-established mature landed estate with excellent amenities and services. Given the limited supply of landed homes in Singapore, we expect this development to be well received.

To continue to ensure that there is adequate supply of land for the private housing to meet demand from homebuyers, the Government had announced in December 2011 that the 1H 2012 GLS Programme will comprise 14 Confirmed List sites, which can yield about 7,000 residential units. This is slightly less than the 8,100 units in the 2H 2011 Confirmed List. Following two years of strong sales take-up and expectations of a slowing economy, developers will likely remain selective on land bids with keen interest in sites located at areas earmarked as future growth districts as well as those near existing or future MRT stations and other amenities which are expected to continue to attract buyers. More recently, residential properties within mixed-used developments which offer both transport convenience as well as a shopping centre at its doorsteps have gained popularity, commanding premium prices.

The South Beach development is making good progress and construction of the diaphragm wall and piling is now 90% completed. Sited on a prime location right next to Esplanade MRT station and close to City Hall MRT station, this iconic development designed by world-renowned firm Foster + Partners will feature two 45-storey and 34-storey towers plus four conserved blocks comprising hotel, residential, office and retail space. This mega mixed-use project will offer some 49,000 sq m of lettable office space, 7,900 sq m of retail/F&B area which will be integrated with the conserved buildings, a 2,700 sq m City Club at the former NCO club building, about 651 hotel rooms and 189 premier residential apartments.

Awarded the land tender in 2007 in part due to its revolutionary modern and environmentally-sustainable architectural design, this has been further articulated in the extensive incorporation of eco-features including solar panels, a unique canopy design for microclimate control and rainwater harvester for irrigation. This exceptional green development has just received two Green Mark Platinum Awards by the Building and Construction Authority (BCA) for both its commercial and residential components. This project is on track to be completed in 2015.

The 240-room W Singapore Sentosa Cove – Singapore's only marina hotel with berths at its doorstep, catering to guests with luxury crafts, is expected to open for business in 2H 2012. The debut of the renowned W hotel brand will complement the Cove's positioning as one of the most affluent lifestyle precincts. This new hotel concept is well positioned to tap into a growing market of well-heeled tourists and 'staycationers' in search of a unique hospitality experience. Sentosa – with its key attractions such as Resorts World Universal Studios theme park and upcoming developments like Marine Life Park (one of the world's largest oceanarium) have made the island an increasingly popular destination for tourists and locals. The new hotel will provide additional hospitality and F&B facilities on the island, to cater to the growing demand.

The Group had stopped marketing The Residences at W Singapore Sentosa Cove due to the subdued market sentiments for high-end developments. This is the only residences in the Cove that will have an adjoining retail element that will comprise of an exciting array of specialty shops and trendy F&B outlets. With no more residential land for sale or tender within the Cove and no more sites for hotels to be built on Sentosa, the Group is confident that its integrated Quayside Isle project (comprising the residences, the hotel and retail promenade), is a prized jewel in Sentosa Cove. It expects that once the hotel is operational and with the upcoming major developments in Sentosa completed, Sentosa and the Cove will be completely transformed with increased buzz and vibrancy, and the full potential of this integrated development with value appreciation will be realised.

Diversifications

Besides the Group's diversification through the ownership and management of its over 100 hotel portfolio, the Group continues with its expansion strategy in select markets globally where it views with good potential.

In January 2012, the Group acquired indirect interests in a retail and hotel development located in the commercial area of Patong, Phuket Island in Thailand, known as the Jungceylon Shopping Mall and Millennium Resort Patong, and the other, a retail development at Sukhumvit, Bangkok, Thailand with an estimated net lettable area of about 3,000 sq m (approximately 32,292 sq ft), known as Millennium Mall, which is currently under construction and expected to complete within the 1H 2012. The 4-storey Jungceylon Shopping Mall, with an estimated net lettable area of 63,000 sq m (approximately 678,000 sq ft), is the largest shopping complex on Phuket Island, within walking distance to Patong Beach and in the vicinity of other 4-star/5-star hotels in the Patong Beach area. Millennium Resort Patong Phuket comprises 418 rooms with complete facilities to support both corporate travellers and holidaymakers and is currently operated and managed by the Group's hotel arm, M&C. The retail is also enjoying good yields. With this acquisition, combined with the Group's Singapore retail assets, it has now amassed about 1.26 million sq ft of lettable retail space.

CDL China Limited, a wholly-owned subsidiary of the Group, is developing an iconic design for its 43,000 sq m (approximately 463,000 sq ft) luxury residential development at Eling Hill in Chongqing, western China. It is currently engaged in feedback sessions with the Chongqing planning authorities to further fine-tune the design, ensuring a world class project that will blend in with the historic and delicate surroundings of Eling Park. Construction of the planned luxury units is expected to commence in the later part of this year.

Following CDL China's successful land acquisition in July 2011 of a prime site in Suzhou with permissible GFA of 295,455 sq m (approximately 3.2 million sq ft), it has built up a strong team in Suzhou and is close to completing the land title transfer from the government. It will shortly be selecting an appropriate architect for this prized land parcel which will comprise about 750 high-end residential apartments, an office tower, SOHO units, a retail mall and a luxury hotel. Genway Housing Development Group Co., Ltd, an experienced China state-owned enterprise that has developed over 7 million sq m of projects in Suzhou, has since taken a 30% stake in this project and will play a valuable supporting role to CDL China's development efforts in Suzhou.

In early January 2012, CDL China successfully acquired a prime site with GFA of 108,686 sq m (approximately 1.2 million sq ft) in the heart of Yuzhong District, the central district of Chongqing municipality. The site, located in a prominent area known as Huang Huayuan, is zoned 80% residential and 20% commercial and was acquired for RMB540 million (S$112 million). It boasts unobstructed views of the scenic Jialing River and is right next to a major light rail station, which is only one stop away from the epicentre of Chongqing's Central Business District, Jiefangbei. Directly across the site is the top secondary school in Chongqing – Bashu Middle School. The initial plan is to build around 900 residential apartments and a commercial complex. This marks the third acquisition for CDL China in 13 months.

Urbanisation remains an important pillar of China's economy, especially in second-tier cities, and it is estimated by research analysts that this will generate several billion sq m of incremental demand over the next decade as over a 100 million people migrate to urban locations.

The property cooling measures in China have enabled the Group to find opportunities to enter the market by successfully tendering for prime land at reasonable prices. The Group believes that the cooling measures are temporary, aimed at helping to stabilise the property market.

The Group will continue to build its land bank in good locations as it is confident of the medium to long-term growth prospects in China. The Board has approved additional funds of $500 million (on top of the initial seed funding of $300 million allocated in August 2010) for CDL China to capitalise on further acquisition opportunities that may arise.

With a 49-year track record for being one of Singapore's premier developers, the Group intends to draw upon its expertise towards developing a premium and sustainable brand in China.

Hotel

M&C's 2011 performance clearly shows the success of the owner/operator strategy that has been its hallmark since 1996. M&C will continue to deploy this strategy in the current year, exploiting asset management opportunities and managing the operation of its hotels in a disciplined, analytical, entrepreneurial and profitable manner thereby optimising total short, medium to long-term returns for shareholders.

Improving customer service and driving sales through enhanced yield management and cross-regional collaboration will be the key focus in 2012. M&C is implementing plans to improve trading performance in hotels that are currently generating weaker returns, especially its hotels in the US that are not located in gateway cities.

Refurbishment of well located properties such as Millennium Seoul Hilton, which has already yielded trading benefits post its refurbishment work, will continue over the next two years, as M&C will enhance the yields of these hotels for organic growth. These and other asset management initiatives will help M&C sustain and build financial performance. M&C's strong balance sheet places it in an enviable position that will allow it to seize opportunities quickly.

Although there are signs that the US market is improving slowly, Europe still faces a difficult period ahead. However, M&C does not anticipate significant declines in trading. On a like-for-like basis, M&C's RevPAR in the first six weeks of this year increased by 3.4% with London increasing by 10.6%, Singapore (like-for-like excluding Copthorne Orchid) increasing by 8.9% and New York decreasing by 1.6%, although the performance in the first six weeks is not indicative for the year.

GROUP PROSPECTS

2012 is expected to be another challenging year for many businesses in light of a slowing economy and global economic uncertainties.

For property development, while the sales volume for new property launches is still relatively strong, the Group is cognizant that market conditions could be affected by the global economic conditions in the months ahead. With about 90% home ownership rate in Singapore, the real estate sector is an important fabric of the society and a pillar for the economy. The Group is confident that the Government will review its various property cooling measures when needed, with the aim of striking the necessary balance of achieving a sustainable property market, with a medium to long-term view.

The Group has always adopted a strategic land acquisition policy. Its healthy balance sheet and landbank provide the Group with greater flexibility in determining its project launches and pricing strategy. It will also carefully select the appropriate type of developments to launch in a timely manner, mindful of buyers' appetite and demand.

For the hotel operations, the Group will focus on generating income from its diversified portfolio of hotels. While some regions may face challenges due to austerity drives, hotels particularly in cities with key events such as London which is the host city of the upcoming Olympics, the Queen's Diamond Jubilee and Farnborough International Airshow, and M&C's Asia operations are expected to continue to perform well.

The office sector is expected to remain steady as Singapore continues to be a hub for this emerging region. Notwithstanding possible changes in the market conditions, the Group's rental properties are expected to remain stable, as it has a diversified portfolio of investment properties in various locations, catering to different price points. Overall, the yields for the Group's properties have been high, given its relatively low book cost.

In the current year, the Group's results are expected to remain profitable in view of its balanced portfolio of assets, strong balance sheet and prudent management.

APPRECIATION

On behalf of the Board of Directors, I would like to express our heartfelt appreciation to our stakeholders, including our shareholders, customers and business associates, for their continued support of the Group. I also take this opportunity to extend a warm welcome to Mr Tan Poay Seng who joined the Board on 2 February 2012 and to thank Mr Chee Keng Soon who agreed to take on the role of Lead Independent Director with effect from 28 February 2012. I also wish to formally place on record our sincere appreciation to Mr Han Vo-Ta, who will be retiring from the Board at the forthcoming Annual General Meeting, for his valuable contribution to the Group for more than 20 years. My appreciation also goes to my fellow Directors for their invaluable advice and guidance during the year and to the Management and staff for their unwavering dedication and commitment in the past year.

KWEK LENG BENG
Executive Chairman

29 February 2012

董事主席报告

本人谨代表董事部同仁，欣然呈报城市发展有限公司集团取得盈利的过去一年业绩报告。在房地产和酒店业务的推动下，本集团的亮丽业绩带来强劲的盈利，税前盈利连续第二年超越10亿元纪录。

集团表现

尽管在2011年的下半年，全球经济不稳定，整体市场情绪又受到欧元区危机恶化的拖累，本集团欣喜取得亮丽的业绩表现促使税后归股东净利达至7亿9860万新元(重述2010年为7亿8400万新元)，不含产业公平估值收益。令人瞩目的是，这是本集团连续第二年超越10亿元的税前盈利。

此佳绩主要来自本集团的房地产开发销售部份以及酒店营运收益增多所作出的贡献。就税前盈利方面而言，房地产出售业务方面仍然是最大的收益来源。酒店业务也取得与2010年财政年对比的税前盈利增长37.8%。这乃基于Studio M酒店售后回租给城市发展酒店服务信托(CDLHT)所取得的收益加上本集团位处主要城市的酒店业绩增长所达致。

本集团的每股基本盈利为86.4分(重述2010年为84.8分)。

截至2011年12月31日的第四季度，本集团取得可归属于股东的税后净利高达1亿6320万新元(重述2010年第四季度为2亿4100万新元)，这主要的原因是由于租赁产业的较少盈利对比2010年第四季度本集团因出售唐城坊的分层地契所纳入的收益。尽管如此，房地产销售业务在第四季度所贡献的税前盈利1亿4330万新元与2011年第四季度同比是涨了5倍(重述2010年第四季度为2880万新元)。

截至2011年12月31日，集团的净负债与资产比率退至21%(2010年为29%)。如果把投资产业的公平值收益计算在内，净负债与资产比率将进一步降至15.0%。集团的利息偿付率维持在平稳的21.8倍(重述2010年为21.3倍)。

有鉴于本集团2011年业绩取得稳建发展，董事局欣然建议派发普通股息每股8分之外，另加特别股息每股5分。连同2011年9月28日所派发的期中股息每股5分，每股总共为18分。

房地产业

2011年第四季度，新加坡经济年比增长3.6%，第三季度的增长为6.0%。按季节变化调整后的季度环比增长折合年率计算，新加坡经济在2011年第四季度其实萎缩了2.5%，对比上一季度的2.0%增长。整体上，新加坡经济在2011年全年增长4.9%，相对于2010年的14.8%增长率。

新加坡政府于2011年12月7日宣布额外措施，对不同类别的买家购买某些类别的住宅征收介于3%-10%之间的额外买方印花税(ABSD)。此ABSD是实施于原有的买方印花税上，按房产的交易价或市值(视何者为高)为准。此措施是预防出现因房地产价格再度飙升而导致房地产业泡沫的出现，以维持稳定和持续发展的房地产市场。随着ABSD实施的征收,从2011年12月8日开始，发展商所购买住宅地产都必须满足一些包括在5年内发展和出售新发展项目的所有单位的条款，以便获得豁免ABSD，否则就必须缴付ABSD。

2011年第四季度的新房需求放缓至3,603个单位，对比上一个季度售出的4,262个单位。12月的销售量是最低的,原因是受佳节影响而使交易缓慢下来以及受到实施新房地产降温措施的影响。

整体而言，2011年的新加坡住宅市场在一些有如新元资金高流动性、低利率环境、不缺房贷、市场上缺乏更稳定的投资产品以及房地产依然是最好的保值投资的条件下还显示坚韧。发展商在2011年总共售出15,904个在建筑中/竣工单位，对比2010年最高记录的总销售量16,292个单位。

市区重建局(URA)数据显示，私人住宅产业价格指数(PPI)继续以206.2超过上一个季度的205.7。整体上，2011年第四季度的住宅价格季对季相比增长0.2%，而对比第三季度则增长了1.3%。这是连续第九个季度私人住宅价格的上升率显示己经舒缓的迹象。

2011年推出市场的众多新房产项目，取得健全的购买回应。在2011年，本集团成功地推出5个住宅楼盘。

云水苑(H_2O Residences) 此滨河且位处盛港新镇中心地带的发展项目共有521个单位。在2011年3月的预售推介会上推出的300个单位中85%已售出。至今，整项目的大约73%已成交。

2011年4月，位于樟宜/巴西立边上的弗洛拉通道宁静住宅区而拥有501个单位的联营住宅项目--- Hedges Park共管公寓，推出后得到热烈的响应，在一个周末内，推出的200个单位中就有130个单位售出。至今已售出343个单位。

坐落于高尚的11区中心地带而仅有64栋永久地契的公寓---百丽经典(Buckley Classique)，外加一栋特加保留而富有殖民地时代建筑色彩的别墅为俱乐部设施。2011年6月推出以来，现已售出超过90%。

于2011年7月开盘而位于武吉班让实加路，毗邻实加轻轨列车站的执行共管公寓花盛园(Blossom Residences)的反应良好。至今超过82%已出售。

同样地，集团在巴西立地铁站与白沙购物中心咫尺之遥的巴西立林推出的联营项目梦彩苑(The Palette)。892个公寓单位受到买家的热烈响应，2011年11月开盘之际，80%的450个当时推出单位即已售出。至今已推出的600个单位已卖出530个单位。

其他的现行出售项目继续销售良好。位于巴西立的联营项目心怡苑(NV Residences)，642个单位中，98%经已售出。

在2011年间，本集团连同其联营企业总共售出1,818个单位，销售额达17亿5500万新元。

在受检讨的2011年间，好多个楼盘的收益也相继入帐，这包括百树园(Hundred Trees)、傲翔园(Volari)，以及汤申368(368 Thomson)。联营项目如心怡苑(NV Residences)、翠林屋(Tree House)以及The Gale的收益也已经入账。

不过，格林豪庭公寓(The Glyndebourne)、云水苑、百丽经典、花盛园以及Hedges Park 这几个楼盘尽管大部份己出售，但由于其项目尚处于建筑初期，其盈利收益还未纳入账目。

本集团近期在政府售地计划(GLS)的投标中，成功标得两幅地皮。在2011年12月，包括城市发展有限公司、丰隆

实业有限公司与丰实业私人有限公司也在一项联营计划下，成功以3亿9600万新元标得位于亚历山大路，红山地铁站毗邻的一幅拥有99年地契的显著高楼住宅地段。

在2012年1月，城市发展有限公司、丰隆实业有限公司与TID私人有限公司的联营集团成功以3亿8800万新元标得位于巴特礼路边上翡珑山路的一幅拥有99年地契地段。此地段将用于兴建高搂住宅单位。联营集团对此地区非常熟悉，早在2011年3月也曾在斜对面成功标得另一幅地。该地皮就在巴特礼路和罗弄禾山之间，与巴特礼地铁站相连，即将发展成拥有702个单位名为Bartley Residences的共管公寓。

整体而言，本集团在2011年间的政府售地计划中成功标得6幅公共地皮。得标以来，已分别于2012年1月和2月先后推出雨林阁(The Rainforest)执行共管公寓于蔡厝港通道和Bartley Residences。至于2012年上半年，本集团计划在罗伯森码头推出综合酒店和住宅的房产项目以及在广受欢迎的实龙岗花园住宅区内实龙岗花园道推出有地住宅。至于亚历山大路和翡珑山路的楼盘发展计划将考虑于稍后开盘。

新加坡的办公楼市场紧接2010年的动力继续在2011年扩大开来。然而，由于全球经济和金融市场的不稳定趋势，对办公楼的需求于2011年下半年开始趋缓。市区重建局的市中心地区办公楼租金数据显示，2011年第四季的办公楼租金率的季度同比上升了0.5%，对比第三季度的0.8%增长。2011年第四季的全岛办公产业价格指数微升1.0%，低过于前第三季的3.7%增长。截至2011年第四季的办公楼供应继续维持稳定的723万平方米。

本集团的办公楼出租率继续享有健全的93.5%出租率，对比全国88.7%的平均出租率。

酒店

本集团占有55%权益的千禧国敦酒店集团(M&C)于2011年的业绩收入与盈余创下纪录,主要原因在于酒店营运的强劲表现和资产管理方面取得显著的收益。2011年第四季，M&C税后归股东净利高达4040万英镑(2010年第四季为3150万英镑)，季度同比增长28.3% 以及2011年整财政年度的净利报1亿6090万英镑(2010年为9620万英镑)，年度同比增长67.3%。每股基本盈利达至51.0便士，涨幅为65.0%(2010为30.9便士)。

M&C全球客房平均收入(RevPAR) (按固定汇率计算)，增长5.8% 而达至64.81英镑，大约为130.31新元(2010年为61.28英镑，大约为123.22新元)，主要由于房租率的提高。按类似对等原则计算，集团在热门旅游城市的酒店业绩突出，客方平均收入增加了5.5%，其中，伦敦上升了8.8%，新加坡上升6.1%(国敦胡姬酒店(Copthorne Orchid Hotel) 全年业绩以及Studio M上半年的业绩除外)，纽约也上升6.1%。集团在各地区酒店的客房平均收入都好转了，除了在伦敦以外的英国酒店。在纽西兰，由于世界杯橄榄球赛的帮助改善了大洋洲(Australasia)酒店的客房平均收入升幅达5.3%，但基督城三家酒店因2011年2月遭受地震破坏而停业的冲击没有计算在内。

在是年,M&C的主要资产管理任务包括于2011年5月完成在新加坡的Studio M 售后回租给CDLHT的工作，同时于8月完成出售位于吉隆坡千禧大酒店(Grand Millennium Kuala Lumpur) 毗邻的地皮的转售程序，两项交易分别为集团带来1740万英镑和3400万英镑的税前盈利。

其他影响年度同比的考虑额外因素包括国敦胡姬酒店因改建为格林豪庭公寓于2011年4月1日结束营业；基督城地震后结业的三家酒店；北京千禧大酒店(Grand Millennium Beijing)自2010年11月以来的业绩也纳入集团综合账目(M&C的权益从30%提高到70%)；2010年第一季结束前开业的Studio M酒店与其后于2011年5月与REIT达成出售与回租程序；以及于2011年8月Stuttgart的租约期满(其包括释放一项损毁准备金，年与年冲击的数额为1010万英镑)。

M&C的财务状况在是年得到巩固，净负债减少到1亿20万英镑(2010年为1亿6570万英镑)，净负债与资产比率进一步递减至4.8%(2010年为8.5%)。截至2011年12月31日，M&C的现金储备高达3亿3220万英镑(2010为2亿5190万英镑)，而不动用的已承诺银行备用信贷总数为1亿8430万英镑(2010年为1亿5240万英镑)，大部分无抵押或无担保债务的资产占M&C固定资产和投资物业的87.3%。

M&C在这一年的重点就是抓住了罕见的机遇，在日本东京银座黄金地段获得地块。其土地价格和发展费用估计共达145亿6000万日圆(约新币2亿5020万元按2011年9月27日汇率1新元兑58.2日圆折算)。计划在此兴建一座拥有325间客房的豪华酒店，预定于2014年竣工。与日本盈利最高的房产公司三井不动产株式会社(Mitsui Fodosan Co.，简称MFC)已签署了协议，设定条款原则上同意将酒店租给该公司一段固定年限以换取收益。除了M&C，本集团也通过独资子公司城市发展投资控股有限公司(Citydev Venture Holdings Limited)成为此优质项目中的少数股东。因此，城市发展有限公司在这项资产中的实际权益为29.99%(通过M&C所拥有的权益除外)，而M&C对此投资的权益则为70.01%。城市发展有限公司对这项投资总共大约有11亿2000万日圆(大约为1920万新元)。

格林豪庭公寓楼盘(前国敦胡姬酒店旧址)的建筑工程于2011年第二季展开。截至2012年2月20日推出的150个单位已售出144个单位，销售额5亿2250万新元，相当于每平方英尺超过2000新元。至今收到的销售款额为1亿3820万新元，大约占销售总额的27%。

在作为M&C加强对其主要资产的有机增长的部份努力下，M&C于2011年完成了一些酒店的翻新工程。在第二季，首尔希尔顿千禧酒店(Millennium Seoul Hilton)的第一阶段249间客房的装修工程已完成了，致使其2011年最后一季的客房平均收入因而上升8.4%，达至113.10英镑(大约为227.41新元)。在第三季结束前,新加坡乌节大酒店(Orchard Hotel)的Claymore Wing翼内331间客房也全部装修完毕。此外，台北君悦大饭店(Grand Hyatt Taipei)的宴会厅的翻新工程也已峻工。该饭店的幕墙正在重新包装，而客房的重新装修也订于2012年第三季展开。M&C也计划为旗下一些主要酒店重新定位。纽约联合国广场千禧酒店(Millennium UN Plaza)西翼153间客房的翻新工程合约将近批下，估计于2012年9月完成。目前正策划为伦敦梅菲尔千禧酒店(Millennium Mayfair)作出庞大翻新与装潢计划(结构外观除外)，以塑造此资产为 M&C的全球旗舰酒店。

正如前此报告，M&C与新加坡东陵购物中心的其他业主集体出售合约于2011年9月26日期满，由于其他业主未能与销售委员会达致成可接受的开价。结合其他的单位业主，M&C将在日后重新考虑其立场。

2011年11月，M&C持有39.3% 有效权益的First Sponsor资本有限公司(FSCL)成功以大约1亿3000万美金的实价在中国四川成都投得两幅地(面积大约270,500平方米)，公司计划在此兴建住宅和商业中心，包括酒店和会议中心。

董事主席报告

FSCL在成都的第一个发展项目，城市春天(City Spring)，几乎全盘售罄。截至2012年2月12日，726个住宅单位中，711个单位已经在销售合约或选择权协议中售出。在销售合约下卖出的住宅单位，已缴付的销售款额达98.6%。商业单位方面，2011年7月所推出的709个单位，已有527个单位在销售合约或选择权协议中售出，其中已缴付销售款额达65.1%。有关住宅的销售额与利润预计可纳入2012年的财政报告中。住宅与商业单位出售所得将投入兴建一栋能提供195间客房的酒店发展费用。

2011年5月3日，M&C以1亿5400万新元完成将Studio M酒店出售然后回租给REIT联号公司，CDLHT。M&C本身持有CDLHT的35.2%权益。此举为M&C带来税前盈利共3540万新元。CDLHT将按目前的策略，继续趁机收购并同时稳健操作投资作业。

至于中东方面，M&C有两家酒店已经开张营业---迪拜千禧广场酒店(Millennium Plaza Hotel Dubai) 及穆桑纳赫千禧度假村(Millennium Resort Mussanah)。两者都是在管理合约下经营的。以全球计，M&C旗下共有酒店30家，供应和管理客房6,607间，大部分属于在管理合约下经营。

今年展望

房地产业

新加坡政府预测2012年本地经济增长幅度将介于1.0%-3.0%之间。欧洲债务危机、美国总统选举前的党派政治以及财政紧缩政策等令宏观经济环境充满变数，困难重重，估计外来需求难免不受影响。

2012年1月，本集团乘新年推出联营项目的执行共管式公寓雨林阁。此项目位于蔡厝港第三道，共有466个单位。由于地理环境优越，如步行5分钟即可抵达蔡厝港地铁站，并与Lot 1购物中心相邻，加上建筑品质优越，价格相宜，十分受买家青睐，一个月内就售出75%。

2012年2月21日，本集团的联营项目，拥有702个单位的Bartley Residences也发售。楼盘就在巴特礼地铁站旁，首批240个推介单位，反应良好，至今有170个单位已售出。

集团正计划在2012年上半年再推出两个新项目。首先是新加坡河畔罗伯森码头的综合房产项目。此项目拥有300间客房的酒店和70个生机盎然的生活套房和阁楼时尚公寓。其次要推出市场的是实龙岗花园道的96幢排屋， 位处发展完善、设备齐全的住宅区。有鉴于在新加坡的有地住宅供应有限，我们预计此发展项目将受到广泛回响。

新加坡政府为了继续确保有足够的土地应付住宅需求以满足购屋者的需要，于2011年12月宣布将于2012年上半年的政府售地计划中将发出包含14个固定名单，足够建造7,000个住宅单位，这略低于2011年下半年所提供的足已建造8,100个单位的固定名单。基于过去两年强大的销售与经济增长的放缓， 发展商将更谨慎选择土地竞标。对于发展潜能高的地区，以及靠近现有或待建地铁站或其他基础设施的地段而预计可继续吸引买家入场的，依然会踊跃参与竞投。近期发展显示，位处地点便利、设备完善的综合发展中的住宅单位颇受欢迎，统领较高的溢价。

South Beach 发展工程正在良好的进展中，地下隔墙的建造与打桩工程已完成了90%。此地与滨海中心地铁站接壤和邻近政府大厦地铁站的地标性发展项目乃由闻名遐迩的 Foster + Partners 设计公司负责制定蓝图。竣工后将有两栋摩天楼，分别高45层和34层，以及另外四栋保留楼宇供酒店、住宅、办公和零售业发展之用。此规模非常庞大的综合发展项目，将提供包括49,000平方米可出租的办公空间，7,900平方米的零售/餐饮空间，连接将被改建成城市俱乐部而拥有面积2,700平方米的保留建筑物---前武装部队士官俱乐部原址；此外另有651间酒店客房和189个高尚住宅单位。

South Beach 地段于2007年的部分得标原因乃在于其充满超现代化发展概念以及可贯彻长久的环保作用的建筑设计。这些概念充分落实为广泛应用太阳能板、独特的覆盖式设计以确保微调气候变化以及雨水收集站供灌溉之用。这一系列独特的环保设计得到肯定，商业和住宅两个部分最近都荣获新加坡建筑管理局(BCA)颁发绿色建筑白金大奖。工程将如期于2015年竣工。

拥有240间客房的W Singapore Sentosa Cove是新加坡唯一一家滨海酒店，设有近在门前泊艇处，专门服务乘精巧游艇而来的客人，预定于2012年下半年开门迎客。随着声誉卓越的W品牌在升涛湾登场，升涛湾成为名副其实的贵族宝地。本新酒店的定位独特，瞄准一个日益壮大的市场，为富贵旅客和喜欢独特享受的居家旅行者服务。圣淘沙这个离岛，凭着名胜世界的环球影城和即将开幕的海洋生物馆(名列其中一个世界最大的海洋水族馆)，已吸引了越来越多的旅客和本地人到访。本酒店将为岛上的住宿和餐饮提供多一个选择，以满足更大的游客需求。

至于 The Residences at W Singapore Sentosa Cove，本集团基于市场情绪不利于高价房产，已经停止推广活动。其实这是升涛湾住宅楼盘中唯一拥有与零售业务接轨的楼盘，有专卖店和时尚餐饮选择。由于升涛湾已经不会再有住宅地段出售或招标，圣淘沙也不会再有可建酒店的地段，本集团坚信其Quayside Isle综合发展楼盘(包括住宅、酒店和零售中心)将会成为升涛湾的至宝。预计一旦酒店业务准备就绪而开张营业时，加上在圣淘沙即将完成的建筑发展项目也一一登场后，圣淘沙和升涛湾的面貌将完全改观，届时将会转化为更多的人潮和活力 ， 致使此综合发展楼盘的潜能滚滚发挥出来和价值不断地高升。

多元化发展

本集团除了对其拥有和管理的超过100家酒店实行多元化策略外，也继续在其认为有良好潜能的全球精选市场中实行拓展策略。

2012年1月，集团在泰国普吉岛芭东(Patong)商业区收购了一些零售和酒店发展项目的间接权益，此包括Jungceylon购物中心和芭东千禧度假村(Millennium Resort Patong)，以及另一在曼谷素坤逸(Sukhumvit)区买下大约3,000平方米(约32,292平方英尺)的零售业发展地块，正在建造项目名为千禧商城(Millennium Mall)，预定于2012年上半年竣工。

楼高四层的Jungceylon购物中心乃是普吉岛上最大的商场，可租赁零售面积约为63,000平方米(约678,000平方英尺)，由此除了可以步行到芭东海滩，也与芭东海滩区的其他四星级/五星级酒店相距不远。另一方面，芭东千禧度假村拥有418间客房，设备方面完全可以满足企业与旅游者的需求。目前，度假村由本集团旗下负责酒店业务的M&C公司管理和经营。度假村的零售业务也有良好的回报。结合这项收购，加上本集团在新加坡拥有的零售产业，本集团旗下拥有约126万平方英尺的可租赁零售空间。

本集团独资子公司城市发展(中国)有限公司目前在中国西部城市重庆的鹅岭山开发的标志性奢华住宅，总建筑面积为43,000平方米(约463,000平方英尺)。目前公司正与重庆规划部门协商以期完善设计方案，确保这个世界级房产开发项目能与鹅岭山的浓郁历史氛围和特殊地理环境融汇贯通。此策划中的豪华单位预计今年的后半部份可展开建筑工程。

城市发展(中国)有限公司在2011年7月成功标得苏州的一块许可的总建筑面积为295,455平方米(约320万平方英尺)的优越地段，公司已经成立了一支精英团队负责苏州的发展项目，目前正与政府部门办理土地证转让手续，近期内就可以收到土地证。接下来，公司将挑选设计师人选来负责设计此拥有750个高档住宅单位、办公楼、SOHO单位、零售商场以及豪华酒店的综合发展项目。为协助公司在苏州开发，这个项目的30%权益由苏州工业园区建屋发展集团有限公司(Genway Housing Development Group Co., Ltd)所持有并对城市发展(中国)有限公司在苏州的产业发展努力提供可贵的支持。该公司是经验丰富的国有企业，在苏州已经开发了超过700万平方米的项目。

2012年1月，城市发展(中国)有限公司也在重庆市中心地带渝中区成功购得总建筑面积为108,686平方米(约120万平方英尺)的一幅优越地段。此位于重庆著名的黄花园区域而规划为80%住宅与20%商业用途的地段以人民币5亿4000万(1亿1200万新元)购得。有关地段把嘉陵河的美景尽收眼帘，而且就在轻轨站旁，距离重庆商业中心的解放碑只有一站路。地段正对面就是重庆顶尖的巴蜀中学。公司初步计划建筑大约900个住宅单位和一座商业中心。此项目成为城市发展(中国)有限公司成立13个月来的第三项收购。

城市化进程继续成为中国经济发展的一大支柱，特别是在二线城市。市场研究分析认为，未来10年，城市化进程将因上亿人口涌向城市而激发增加数十亿平方米土地的需求。

中国国内房地产降温措施令本集团找到机会通过合理价格竞投优秀地段而有所发展。本集团相信降温措施乃是为了稳定房产市场的短期措施。

本集团将继续瞄准优质地段，充实其库存土地，并对中国的中期、长期增长信心十足。董事部已经同意额外拨出5亿新元(即紧接2010年8月拨出的3亿新元投资基金)来支持城市发展(中国)有限公司未来的收购行动。

本集团作为新加坡首屈一指的发展商，过去49年来屡创业绩，集团希望凭借丰富经验在中国开创声誉卓越且持久不衰的房产品牌。

酒店

M&C1996年以来就奉行酒店持有/管理的策略，2011年M&C的业绩表现清楚说明此策略是可行的，公司也会继续按照策略来经营业务，充分利用资产管理机遇，并且在酒店管理上做到条理赏罚分明、市场分析独到、以创业和盈利的眼光运作，期望在短期、中期乃至长期都能为股东带来最大的回报。

2012年的营运重点在于提高客户服务水平，通过产出管理和跨区域合作来创收益。M&C目前正在检讨收益偏低的酒店业务，特别是不在热门旅游城市的美国酒店业务，希望通过落实一些计划来改善经营业绩。

未来两年则会通过装修地点优异的酒店来提高业绩。如首尔希尔顿千禧酒店的例子说明装修过后的业绩显著提高了。种种措施及资产增值管理方案将确保M&C继续巩固业绩。M&C的资产负债表数据说明公司的财务状况健全，令人羡慕，也意味着未来公司可以快速抓住发展机遇。

尽管有迹象显示美国市场正在缓慢复苏，欧洲却仍然面对眼前的困境，短期内难望改善。不过M&C并不预计销售额会显著下滑。 基于类似对等原则，公司今年首六个星期的客房平均收益上升了3.4%；伦敦上升10.6%，新加坡(基于类似对等原则，国敦胡姬酒店除外)则上涨了8.9%，纽约则下降1.6%，显然其首六周的营业表现并不能用来预估全年的业绩。

集团展望

对许多企业来说，在面临新加坡放缓的经济以及全球经济不稳定的情况下，2012年将是充满考验的一年。

在房地产业方面，尽管新开的楼盘销售额仍旧相当强劲，本集团意识到未来数月后，市场状况会随全球经济大势而变化。以新加坡约90%的居民拥有房产的数据来衡量，房地产业是重要的社会构成和经济支柱。本集团相信政府会在需要时以中期至长期的观点来检讨各项降温措施，以便在产业市场中取得应有的平衡来维系可持续的业务发展。

本集团一直运用一套土地收购政策的策略。由于资产负债表的数据十分健全，而本身的土地库也相当充裕，本集团在决定开新盘及其定价方面，有较大的弹性。本集团也会细心考虑到买家的购买能力和需求力度，在适当时机推出种类相宜的楼盘。

酒店营运方面，本集因将专注从其酒店多元化的作业中增加收益。当有些地区可能由于经济紧缩的关系会面对一些困难，而一些地区有如伦敦则会因为是将来临的大型节目的主办城市如奥运会、英女皇登基60周年庆典、以及凡保罗国际航空展而获益。至于M&C在亚洲的业务相信也会继续有出色的表现。

办公楼产业方面预计将持续稳定，基于新加坡将继续作为本区域新兴市场的商业中心。尽管市场情况可能发生变化，本集团的租赁产业预期继续维持稳定，此乃我们将多元化的投资产业分布于各不同地区，适应各不同价格阶层的需求。整体而言，本集团的物业在账目上的成本相对低的情况下，向来都取得高收益。

今年，本集团在平衡的资金组合、强劲的资产负债状况、加上慎重的管理措施下，业绩预计继续会有盈利。

致谢

本人谨代表董事部同仁，由衷感谢我们的股东、客户以及商业伙伴的强有力支持。本人对2012年2月2日加入本集团董事部的Tan Poay Seng先生表示欢迎，对Chee Keng Soon先生同意从2012年2月28日起担任首席独立董事表示感谢。本人也在此向即将于来届常年大会上卸任董事职责的Han Vo-Ta先生表示我们衷心的感谢，对他过去20余年来给予本集团的无价贡献致以崇高敬意。本人亦对董事部同仁一路来所提供的宝贵意见和指导，以及管理层和众员工于过去一年的竭诚服务与辛勤贡献深表谢意。

郭令明
执行主席

2012年2月29日

CORPORATE NETWORK (Over 80 locations in 20 countries)

as at 29 February 2012

Singapore's property pioneer since 1963, City Developments Limited (CDL) is a Singapore listed international property and hotel conglomerate involved in real estate development and investment, hotel ownership and management, facilities management and the provision of hospitality solutions.

With an extensive network of more than 300 subsidiaries and associated companies under its wings, CDL has 5 companies listed on notable stock exchanges in New Zealand, Hong Kong, London and Philippines. The Group currently owns and manages a solid portfolio of residential and investment properties, in addition to hotels, across Asia, Europe, Middle East, North America and New Zealand/Australia.

In Singapore, CDL has established a remarkable track record of having developed over 22,000 luxurious and quality homes catering to a wide range of market segments. As one of Singapore's biggest landlords, it owns over 7 million square feet of floor/lettable area of office, industrial, retail, residential and hotel space locally and globally. The Group possesses one of the largest land banks amongst private developers, with over 3.6 million square feet that has the vast potential of being developed into over 9 million square feet of gross floor area.

Beyond establishing a distinctive imprint on the Singapore cityscape, CDL's local presence is matched by the strategic growth of its international business. The Group's global presence is led by its diversification into hospitality management and the acquisition of hotel assets through CDL's London-listed subsidiary, Millennium & Copthorne Hotels plc (M&C). As one of the world's largest hotel groups, M&C owns, asset manages and/or operates over 100 hotels globally. Another subsidiary of CDL, the Hong Kong-listed City e-Solutions Limited provides management services and technology solutions for the hospitality industry.

CORPORATE STRUCTURE

as at 29 February 2012

HONG LEONG GROUP SINGAPORE

CITY DEVELOPMENTS LIMITED*

- 131 Subsidiary Companies
- 31 Associated Companies
- 5 Limited Liability Corporations

53% City e-Solutions Limited*
- 13 Subsidiary Companies
- 5 Associated Companies

55% Millennium & Copthorne Hotels plc*

99% Target Realty Limited
- 5 Subsidiary Companies

ASIA

Republic Hotels & Resorts Limited (100%)
- 25 Subsidiary Companies
- 1 Associated Company

Grand Plaza Hotel Corporation* (66%)#
- 1 Associated Company

- 25 Subsidiary Companies
- 11 Associated Companies

KIN Holdings Limited (61%)

Kingsgate International Corporation Limited (100%)
- 10 Subsidiary Companies

NEW ZEALAND/ AUSTRALIA
- 1 Subsidiary Company

CDL Hotels Holdings New Zealand Limited (100%)
- 1 Subsidiary Company

Millennium & Copthorne Hotels New Zealand Limited* (70%)

CDL Investments New Zealand Limited* (66%)
- 1 Subsidiary Company

EUROPE AND MIDDLE EAST
- 40 Subsidiary Companies
- 1 General Partnership
- 10 Subsidiary Companies

NORTH AMERICA
- 33 Subsidiary Companies
- 16 Limited Liability Corporations
- 14 Limited Partnerships
- 2 General Partnerships

MCHNZ Investments Limited (100%)
- 32 Associated Companies

Notes:

\# Held through a 60% subsidiary company of Millennium & Copthorne Hotels plc and a wholly-owned subsidiary company of Republic Hotels & Resorts Limited

* Listed Companies

BOARD OF DIRECTORS

Kwek Leng Beng

Kwek Leng Joo

Chee Keng Soon

Foo See Juan

MR KWEK LENG BENG, 71

Appointed as Director and Executive Chairman of City Developments Limited (CDL) on 1 October 1969 and 1 January 1995 respectively, Mr Kwek was last re-appointed on 20 April 2011 pursuant to Section 153(6) of the Companies Act, Chapter 50 (Section 153(6)). He also sits on the Nominating Committee of CDL.

Mr Kwek is the non-executive Chairman of Hong Leong Asia Ltd. (HLA) and Millennium & Copthorne Hotels plc (M&C). He is also the Chairman and Managing Director of Hong Leong Finance Limited (HLF) and City e-Solutions Limited (CES). There were no changes in Mr Kwek's directorships in listed companies in the preceding 3-year period.

Mr Kwek holds a law degree, LL.B (London) and is also a fellow of The Institute of Chartered Secretaries and Administrators. He has extensive experience in the finance business, having grown from day one with the original Hong Leong Finance Limited which has since merged its finance business with Singapore Finance Limited (now known as HLF). He also has vast experience in the real estate business, the hotel industry as well as the trading and manufacturing business.

Mr Kwek's other appointments include being a member of the East Asia Council of INSEAD since its inception in 2003 and a board member of Singapore Hotel Association. He was also conferred Honorary Doctorate of Business Administration in Hospitality from Johnson & Wales University (Rhode Island, US) and Honorary Doctorate from Oxford Brookes University (UK).

MR KWEK LENG JOO, 58

Appointed as Director and Managing Director of CDL on 8 February 1980 and 1 January 1995 respectively, Mr Kwek is also an Executive Director of CES and a non-executive Director of HLF. In the preceding 3-year period, he was a non-executive Director of M&C until May 2011.

Mr Kwek holds a Diploma in Financial Management and has extensive experience in property development and investment.

Mr Kwek contributes actively to the business community through several public appointments including Honorary President of the Singapore Chinese Chamber of Commerce and Industry and Chairman of the Board of Trustees of National Youth Achievement Award Council. He is also a member of the Board of Trustees of Nanyang Technological University and Board of Governors of S. Rajaratnam School of International Studies.

MR CHEE KENG SOON, 79

Appointed a Director of CDL on 29 March 1995, Mr Chee was last re-appointed on 20 April 2011 pursuant to Section 153(6). He is also the chairman of the Audit, Nominating and Remuneration Committees of CDL and was appointed as Lead Independent Director of CDL on 28 February 2012. There were no changes in Mr Chee's directorships in listed companies in the preceding 3-year period.

Mr Chee had previously held the position of Auditor General for more than 20 years and had served on the board of Inland Revenue Authority of Singapore. Mr Chee holds a Bachelor of Arts (Honours) degree in Geography from University of Malaya.

MR FOO SEE JUAN, 71

Appointed a Director of CDL on 2 June 1986, Mr Foo was last re-appointed on 20 April 2011 pursuant to Section 153(6). He also sits on the Audit and Nominating Committees of CDL. There were no changes in Mr Foo's directorships in listed companies in the preceding 3-year period.

Mr Foo holds a Bachelor of Law degree from the National University of Singapore and is a partner of a law firm. He presently sits on the boards of various companies in the CDL Group.

MR KWEK LENG PECK, 55

Appointed a Director of CDL on 1 August 1987, Mr Kwek was last re-elected on 20 April 2011. He is an Executive Director of HLA. Mr Kwek is also the non-executive Chairman of Tasek Corporation Berhad and a non-executive Director of HLF, M&C and China Yuchai International Limited. In the preceding 3-year period, he was an Executive Director of CES until April 2009.

Mr Kwek holds a Diploma in Accountancy and has many years of experience in trading, manufacturing, property investment and development, hotel operations, corporate finance and management.

MR HAN VO-TA, 63

Appointed a Director of CDL on 20 September 1988, Mr Vo-Ta was last re-elected on 28 April 2010. He also sits on the Audit Committee of CDL. Mr Vo-Ta, who will be retiring at the forthcoming Annual General Meeting of CDL pursuant to CDL's Articles of Association, will not be seeking re-election as a Director. There were no changes in his directorships in listed companies in the preceding 3-year period.

Kwek Leng Peck

Han Vo-Ta

Tang See Chim

Yeo Liat Kok Philip

Tan Poay Seng

Mr Vo-Ta holds Bachelor of Science and Master of Science degrees in Management from Massachusetts Institute of Technology. He was previously an international banker, having worked with Bank of Montreal in Montreal, Toronto, Manila and Singapore and was also the General Manager of Singapore Finance, acting CEO of Millennium & Copthorne International Limited, President of the Singapore Canadian Business Association, co-founder and past President of the MIT Club of Singapore, Senior Advisor of UBS AG and a member of the Governing Council of Singapore Institute of Management. He was also a member of the Board of Trustees of SIM University and Board of Directors of the Old Parliament House Ltd.

MR TANG SEE CHIM, 79

Appointed a Director of CDL on 28 August 1995, Mr Tang was last re-appointed a Director on 20 April 2011 pursuant to Section 153(6). He also sits on the Audit and Remuneration Committees of CDL.

Mr Tang, an Advocate & Solicitor of the Supreme Court of Singapore and a Barrister-at-law, Middle Temple, is presently the Consultant with the law firm of David Lim & Partners LLP, Singapore. He also holds a Bachelor of Science (Honours) degree in Economics (University of London).

Mr Tang also sits on the boards of G.K. Goh Holdings Limited, New Toyo International Holdings Ltd and Dutech Holdings Limited. In the preceding 3-year period, he was the non-executive Chairman of HupSteel Limited until his retirement in October 2010. Mr Tang's other appointments include being the honorary legal adviser to Ren Ci Community Hospital, Singapore Hospice Council and Nanyang Girls' High School and Trustee of Dover Park Hospice.

MR YEO LIAT KOK PHILIP, 65

Appointed a Director of CDL on 11 May 2009, Mr Yeo was last re-elected on 28 April 2010. He also sits on the Remuneration Committee of CDL.

Mr Yeo is the Chairman of SPRING Singapore, a government development agency with the mission of nurturing local enterprises especially small and medium enterprises. Mr Yeo serves as a member of the United Nations Committee of Experts in Public Administration (CEPA), established by the Economic and Social Council (ECOSOC) from 2010-2013 for the promotion and development of public administration and governance among Member States, in connection with the United Nations Development Agenda.

His other appointments include being an independent non-executive Director of United Overseas Bank Limited and a member of its Executive, Audit and Remuneration Committees. Mr Yeo is the Chairman of Accuron Technologies, MTIC Holdings Pte. Ltd., Singapore Aerospace Manufacturing Private Limited, Ascendas Property Fund Trustee Pte. Ltd., Hexagon Development Advisors Pte. Ltd. and SingBridge International Pte Ltd. He is also a non-executive Director of Vallar Plc. There were no changes in Mr Yeo's directorships in listed companies in the preceding 3-year period.

Mr Yeo holds a Bachelor of Applied Science (Industrial Engineering) and an honorary Doctorate in Engineering from the University of Toronto, an honorary Doctorate in Medicine from the Karolinska Institutet, Sweden, a Master of Science (Systems Engineering) from the University of Singapore, a Master of Business Administration from Harvard University, USA, and a Doctor of Science from Imperial College, London, an honorary Doctor of Letters from National University of Singapore and an honorary Doctor of Law from Monash University of Australia.

MR TAN POAY SENG, 45

Appointed a Director of CDL on 2 February 2012. Mr Tan will be standing for re-election as a Director at the forthcoming Annual General Meeting of CDL.

Mr Tan is the Managing Director of Magni-Tech Industries Berhad since 2000. He is also the Managing Director of Coronation Springs Sdn. Bhd. which is involved in niche property development. There were no changes in Mr Tan's directorships in listed companies in the preceding 3-year period.

Mr Tan holds a diploma in Hotel Management, Switzerland and has more than 20 years of experience in various business sectors which include manufacturing, housing development, marketing, retailing and healthcare services.

SENIOR MANAGEMENT

MR CHIA NGIANG HONG
Group General Manager

Mr Chia Ngiang Hong joined City Developments Limited (CDL) in 1981 and has over 30 years of experience in the real estate industry in Singapore and the region. He holds a degree in Bachelor of Science in Estate Management (Honours) from the University of Singapore and a Masters in Business Administration with distinction from University of Hull, UK. Mr Chia is a Fellow of the Singapore Institute of Surveyors & Valuers (SISV) and the current Second Vice President of Real Estate Developers' Association of Singapore. A much-respected contributor to the real estate industry of Singapore, Mr Chia is currently a member of the Workplace Safety and Health Council (WSHC) as well as a Board member of the Singapore Green Building Council. He also sits on the Advisory Panel in Building and Construction Authority (BCA) Academy and is a Certified Property Manager with Institute of Real Estate Management (USA).

MS GOH ANN NEE
Chief Financial Officer

Ms Goh Ann Nee was appointed as CDL's Chief Financial Officer in 2005. Prior to that, she was Vice President (Finance) at Millennium & Copthorne International Limited. A Chartered Accountant, Ms Goh graduated from the University of Glasgow and started her career with Coopers & Lybrand (now known as Pricewaterhouse Coopers) based in London. She has worked in several multinational companies over the course of an illustrious career in international financial management. Ms Goh is a member of the Institute of Chartered Accountants in England and Wales and the Institute of Certified Public Accountants of Singapore. She has also been appointed as a Council member of the Accounting Standards Council and as a Board Member of the Singapore National Library Board.

MS ESTHER AN
General Manager, Corporate Affairs
Head of Corporate Social Responsibility (CSR)

Ms Esther An joined CDL in 1995 to establish the Company's Corporate Communications department and subsequently CDL's CSR portfolio. A forerunner in CSR and a member of the management committee of Singapore Compact for CSR since 2005, Ms An was listed as one of the Global Sustain Ability 100 leaders in 2011, an international listing of noteworthy achievers who are making an impact in sustainability on behalf of their organisations. She holds a Bachelor of Arts degree from the University of Hong Kong and has over 20 years of experience in corporate and community communications, advertising as well as media and investor relations, in both the public and private sectors.

MR TAN SENG CHEE CITPM (Senior)
Chief Information Officer

Mr Tan Seng Chee was appointed as CDL's Chief Information Officer in 2000. Trained as an engineer, he has about 30 years of experience in the IT industry, working with many diverse applications and systems in both in-house IT departments and IT vendor environment. He graduated from the University of Singapore with a Bachelor of Engineering (Mechanical) degree, Master of Science (Industrial Engineering) and has a post graduate diploma in Computer Science from the British Computer Society. He has also served on the editorial advisory board of the MIS Asia magazine and the Raffles Institution IT advisory committee.

MR ANTHONY CHIA
Director (Projects)

Having directed the Design and Projects division in CDL for over 4 years, Anthony Chia has been instrumental in key projects such as South Beach, The Residences at W Singapore Sentosa Cove, in addition to other luxury residences and hotels, since he joined CDL in 2005. He also played a vital role in the Marina Bay Sands team for the Marina Integrated Resorts competition. Graduating from Harvard, Anthony has extensive experience in planning, architecture and construction, in both the public and private sectors, having worked for the Urban Redevelopment Authority (URA) and the Housing and Development Board. He is active in various URA and BCA panels and is a former member of the Board of Architects Singapore. Following his service with the Singapore government, he relocated to Hong Kong for the massive Cyberport project and was with PCCW for over 5 years.

HEADS OF DEPARTMENT

Deputy General Managers

ALLEN ANG
Projects & Head, Green Building

MARK FONG
Branding & Strategic Marketing

ANTHONY GOH
PFM (Investment Property)

LEE MEI LING
Marketing

LIM WHEE KONG
Treasury

CATHERINE LOH
Corporate Secretarial Services

SHARIFAH SHAKILA SHAH
Legal

SIM BOON HWEE
Business Development & Asset Management

KELLY TAN
Projects (Operations)

CORINNE YAP
Leasing

Assistant General Managers

FOO CHUI MUI
Customer Service

KWEK EIK SHENG
Corporate Development

BELINDA LEE
Corporate Communications

ONG SIEW TOH
Group Accounts (Group Reporting & Consolidation)

TAY CHEOW CHUAN
PFM (Development Property)

JENNIFER VAYDING
Internal Audit

JACQUELINE WONG
PFM (Development Property)

YIONG YIM MING
Group Accounts (Subsidiaries & Joint Ventures)

Senior Managers

DOMINIC CHEW
Marketing Communications

JOSEPHINE SEAH
Administration

CALENDAR OF FINANCIAL EVENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2011

Date	Event
	Announcement of Results:
11 May 2011	Announcement of First Quarter Results
12 August 2011	Announcement of Second Quarter and Half Year Results
10 November 2011	Announcement of Third Quarter and Nine-Month Results
29 February 2012	Announcement of Full Year Results
	Books Closure and Dividend Payment Dates:
10 June 2011	Books closure date for Preference Dividend^
30 June 2011	Payment of Preference Dividend^
6 September 2011	Books closure date for Special Interim Ordinary Dividend
28 September 2011	Payment of Special Interim Ordinary Dividend
9 December 2011	Books closure date for Preference Dividend^
3 January 2012	Payment of Preference Dividend^
4 May 2012	Books closure date for proposed 2011 Final and Special Final Dividends*
18 May 2012	Proposed payment of 2011 Final and Special Final Dividends*
	Shareholders' Meeting:
27 April 2012	49th Annual General Meeting

^ The Preference Dividend is paid semi-annually in arrears.

* The declaration and payment of the 2011 Final and Special Final Dividends is subject to approval of shareholders at the 49th Annual General Meeting.

FINANCIAL YEAR ENDING 31 DECEMBER 2012

Date	Event
	Announcement of Results:
May 2012	Proposed Announcement of First Quarter Results
August 2012	Proposed Announcement of Second Quarter and Half Year Results
November 2012	Proposed Announcement of Third Quarter and Nine-Month Results
February 2013	Proposed Announcement of Full Year Results
	Shareholders' Meeting:
April 2013	50th Annual General Meeting

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Executive Directors
Kwek Leng Beng, Executive Chairman
Kwek Leng Joo, Managing Director

Lead Independent Director
Chee Keng Soon

Non-Executive Directors
Foo See Juan, Independent
Kwek Leng Peck
Han Vo-Ta, Independent
Tang See Chim, Independent
Yeo Liat Kok Philip, Independent
Tan Poay Seng, Independent

BOARD COMMITTEE
Kwek Leng Beng
Kwek Leng Joo
Kwek Leng Peck
Han Vo-Ta
Tang See Chim

AUDIT COMMITTEE
Chee Keng Soon, Chairman
Foo See Juan
Han Vo-Ta
Tang See Chim

NOMINATING COMMITTEE
Chee Keng Soon, Chairman
Kwek Leng Beng
Foo See Juan

REMUNERATION COMMITTEE
Chee Keng Soon, Chairman
Tang See Chim
Yeo Liat Kok Philip

SECRETARIES
Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong

REGISTRARS AND TRANSFER OFFICE
M & C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906
Tel: +65 6227 6660
Fax: +65 6225 1452

REGISTERED OFFICE
36 Robinson Road
#04-01 City House
Singapore 068877
Tel: +65 6877 8228
Fax: +65 6225 4959
Email: enquiries@cdl.com.sg

INVESTOR RELATIONS
Primary IR Contact
Belinda Lee, Assistant General Manager
Head, Corporate Communications
Email: belindalee@cdl.com.sg

AUDITORS
KPMG LLP
Public Accountants and
Certified Public Accountants, Singapore
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
(Partner-in-charge:
Peter Chay, appointment commenced from the
audit of the financial statements for the year ended
31 December 2010)

PRINCIPAL BANKERS
Australia and New Zealand Banking Group Limited
Bank of America Merrill Lynch
BNP Paribas
CIMB Bank Berhad
Credit Agricole Corporate & Investment Bank
DBS Bank Ltd.
Deutsche Bank AG
Industrial and Commercial Bank of China Limited
KASIKORNBANK Public Company Limited
Malayan Banking Berhad
Mizuho Corporate Bank, Ltd.
Oversea-Chinese Banking Corporation Limited
Sumitomo Mitsui Banking Corporation
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
The Hongkong and Shanghai Banking Corporation Limited
The Royal Bank of Scotland plc
United Overseas Bank Limited

CORPORATE GOVERNANCE

City Developments Limited ("CDL" or the "Company") is committed to maintaining good corporate governance and business integrity in all its business activities.

To demonstrate its commitment to uphold the highest standards of corporate governance, CDL had joined the Securities Investors Association Singapore ("SIAS") and its partners since 2010 in making the following public Statement of Support, which was reiterated at the 2nd Singapore Corporate Governance Week 2011 (organised by the SIAS) in October 2011:

"As an Organisation we are committed to upholding high standards of corporate governance to enhance shareholder value. We believe practising good corporate governance is central to the health and stability of our financial markets and economy."

CDL has adopted a set of internal guidelines on corporate governance ("Internal CG Guidelines") based on the provisions of the Code of Corporate Governance 2005 (the "CG Code").

The following describes the Company's corporate governance policies and practices in its application of the corporate governance principles as set out in the CG Code.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Primary Functions of the Board

The Board oversees the Company's business and its performance. Its primary functions are to set broad policies, provide guidance on and approve strategic direction and plans for the Company, review the Company's performance and the adequacy and effectiveness of the framework and processes for internal controls, risk management, financial reporting and compliance, and assume responsibility for good corporate governance.

Independent Judgment

All Directors are required to exercise objective decision-making in the interests of the Company. Directors who are in any way, directly or indirectly, interested in a transaction or proposed transaction will declare the nature of their interests in accordance with the provisions of the Companies Act, Chapter 50, and also voluntarily abstain from deliberation on the same. The assessment criteria used by the Company's Nominating Committee in its annual evaluation of the Directors takes into account the individual Director's objectivity, independent thinking and judgment.

Delegation by the Board

The primary functions of the Board are either carried out directly by the Board or through committees established by the Board, namely, the Board Committee ("BC"), the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"), all collectively referred to hereafter as the "Committees". Specific terms of reference for the Committees are set out and approved by the Board and reviewed periodically. The composition of each Committee can be found under the 'Corporate Directory' section in this Annual Report 2011 ("AR").

The delegation of authority by the Board to the Committees enables the Board to achieve operational efficiency by empowering these Committees to decide on matters within their respective written terms of reference and/or limits of delegated authority and yet allow the Board to maintain control over major policies and decisions. Please refer to the sections on Principles 4, 5, 7 and 11 in this report for further information on the activities of the NC, RC and AC.

Board Meetings

Board and Committee meetings are held regularly, with the Board meeting no less than 4 times a year. The proposed meetings for each new calendar year are set out in a schedule of meetings and notified to all Board members before the start of the calendar year with a view to facilitate attendance by Board members. Additional meetings are convened as and when circumstances warrant. Records of all such meetings including key deliberations and decisions taken are maintained by the Company Secretary and the minutes of meetings are also sent to all Directors for their information. The Company's Articles of Association allow for the meetings of its Board and Committees to be held via teleconferencing. The Board and the Committees may also make decisions by way of circulating resolutions.

The attendance of the Directors at meetings of the Board and Committees, as well as the frequency of such meetings during the financial year under review, is disclosed below. Notwithstanding such disclosure, the Board is of the view that the contribution of each Director should not be focused only on his attendance at meetings of the Board and/or Committees. A Director's contribution may also extend beyond the confines of the formal environment of such meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company.

Directors' Attendance at Board and Committee Meetings in 2011

	Board	AC	NC	RC
	Number of Meetings held: 4	Number of Meetings held: 8	Number of Meetings held: 1	Number of Meetings held: 2
Name of Directors	Meetings attended	Meetings attended	Meetings attended	Meetings attended
Kwek Leng Beng	4	N.A.	1	N.A.
Kwek Leng Joo	4	N.A.	N.A.	N.A.
Chee Keng Soon	4	8	1	2
Foo See Juan	4	8	1	N.A.
Kwek Leng Peck	4	N.A.	N.A.	N.A.
Han Vo-Ta	4	5	N.A.	N.A.
Tang See Chim	4	7	N.A.	2
Yeo Liat Kok Philip	3	N.A.	N.A.	1
Tan Poay Seng[(1)]	N.A.	N.A.	N.A.	N.A.

(1) Mr Tan Poay Seng was appointed as a Director on 2 February 2012.

Board Approval

The Board has adopted an internal guide wherein certain key matters are specifically reserved for approval by the Board such as the setting of strategic direction or policies or financial objectives which are, or may have material impact on the profitability or performance of the Group, decisions to commence, discontinue or modify significantly any business activity or to enter or withdraw from a particular market sector, corporate or financial restructuring, decisions over new borrowings or significant amendments to the terms and conditions of existing borrowings other than in the ordinary course of business, material acquisitions and disposal of assets, adoption of corporate governance policies and any other matters which require Board approval as prescribed under the relevant legislations and regulations as well as the provisions of the Company's Articles of Association.

The BC comprises 5 Directors with the majority of its members being non-executive. The BC's principal responsibility as set out in its written terms of reference, approved and adopted by the Board, is to assist the Board in the discharge of its duties by deliberating on matters requiring Board review that may arise between Board meetings. Its duties include, in particular, assisting the Board in approving banking-related matters such as the opening, closing and maintenance of banking accounts of the Company and the acceptance up to certain limits of banking facilities extended to the Company, operational matters relating to property development activities and other matters determined by the Board from time to time.

Board Orientation and Training

Every newly appointed Director receives a formal letter, setting out his general duties and obligations as a Director pursuant to the relevant legislations and regulations. The new Director will also receive an induction pack containing information and documents relating to the role and responsibilities of a director, the Group's principal businesses, Board processes, Company's corporate governance practices and relevant policies and procedures, as well as a board meeting calendar for the year with a brief of the routine agenda for each meeting.

The Company also conducts an induction programme for newly appointed Directors and in respect of appointments of existing Directors to Committees, which seeks to familiarise Directors with the Group's principal businesses, the Company's board processes, internal controls and governance practices. The induction programme includes briefings by the Company Secretary on board processes and corporate governance practices, by the chairmen of the relevant Committees to which the Director is newly appointed to on the roles and responsibilities of the Committees, and by various key executives of the Management on key areas of the Company's operations.

The Directors are provided with updates and/or briefings from time to time by professional advisers, auditors, Management and the Company Secretary in areas such as directors' duties and responsibilities, corporate governance practices, risk management matters and changes in financial reporting standards. During 2011, the Board and the Committees (where applicable) were also briefed by the Company Secretary on the proposed amendments to the CG Code, as well as the amendments to the Listing Rules of Singapore Exchange Securities Trading Limited ("SGX-ST") ("Listing Rules"), and their implications for the Company. The Directors are regularly kept informed by the Company Secretary of the availability of appropriate courses, conferences and seminars such as those conducted by the Singapore Institute of Directors, and the Directors are encouraged to attend such training at the Company's expense. An in-house seminar was conducted by invited speakers in 2011 on the topics of anti-corruption and competition laws applicable to the Company and key proposed changes to the CG Code and the Listing Rules. In addition to the training courses/programmes, Directors are also at liberty to approach Management should they require any further information or clarification concerning the Company's operations.

Principle 2: Board Composition and Guidance

Board Independence

The Board currently comprises 9 members. All members of the Board, except for the Chairman and the Managing Director, are non-executive Directors ("NEDs"). Of the 7 NEDs, the Board considers 6 of them, being more than half of the Board, to be independent, thus providing for a strong and independent element on the Board capable of exercising objective judgment. No individual or small group of individuals dominates the Board's decision making. In addition to the annual review by the NC of the Directors' independence, each independent NED also submits an annual declaration regarding his independence.

The independent NEDs are Messrs Chee Keng Soon, Foo See Juan, Han Vo-Ta, Tang See Chim, Yeo Liat Kok Philip and Tan Poay Seng. Mr Foo See Juan is a partner of a legal firm which renders professional legal services to the Group from time to time. Nevertheless, the NC and the Board (excluding Mr Foo in respect of the deliberation of his own independence) have considered Mr Foo to be independent as he is capable of maintaining his objectivity and independence at all times in the carrying out of his duties and responsibilities as an independent Director.

All of the independent NEDs are also independent from the substantial shareholders of the Company, not being substantial shareholders themselves nor directly associated with any substantial shareholder.

Board Composition and Size

The NC reviews the size and composition of the Board and the Committees, and the skills and core competencies of the Board members annually. The Board comprises business leaders and professionals with real estate, hospitality, financial (including audit and accounting), legal and business management backgrounds. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction. Taking into account the scope and nature of the operations of the Group, the Board is satisfied that the current composition and size of the Board provide for sufficient diversity and allows for effective decision making.

NEDs' Participation

NEDs are encouraged to participate actively at Board meetings in the development of the Company's strategic plans and direction, and in the review and monitoring of Management's performance against targets. To facilitate this, they are kept informed of the Company's businesses and performance through monthly and quarterly reports from the Management, and have unrestricted access to the Management. They also sit on various Committees established by the Board to provide constructive input and the necessary review and monitoring of performance of the Company and Management.

Principle 3: Chairman and Chief Executive Officer

Role of Chairman and the Chief Executive Officer

The Chairman of the Board, Mr Kwek Leng Beng, is also the Executive Chairman. Mr Kwek Leng Beng plays an instrumental role in providing the Company with strong leadership and vision, assisting the Board to develop policies and strategies, and ensuring that these are implemented effectively. As Chairman of the Board, he bears primary responsibility for the workings of the Board, by ensuring effectiveness on all aspects of its role including setting agenda for Board meetings with input from Management, and exercising control over the quality, quantity and timeliness of information flow between the Board and Management. At annual general meetings and other shareholders' meetings, he plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management. As Executive Chairman, he is the most senior executive in the Company and bears executive responsibility for the Group's business.

Mr Kwek Leng Beng is assisted by his brother, Mr Kwek Leng Joo, the Managing Director of the Company, in charting broad direction, strategies and policies of the Group. The Managing Director also has charge of the overall co-ordination of the Management team for the effective implementation of business strategies and policies and is supported by the Group General Manager of the Company in the management of the day to day operations of the Group.

The Group General Manager, Mr Chia Ngiang Hong, is not related to the Chairman or the Managing Director.

The Board recognises that best practices of corporate governance advocate that the chairman of the board and the chief executive officer should in principle be separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the board for independent decision making. The Board also recognises that there may be instances where the two roles may be performed by one person for valid reasons, and that such a practice is not uncommon both locally and in other developed jurisdictions.

The holding of the role of Executive Chairman by Mr Kwek Leng Beng, together with the strengths brought to this role by a person of Mr Kwek's stature and experience, has been considered by the Board. With the establishment of various Committees with power and authority to perform key functions beyond the authority of, or without the undue influence from, the Chairman or the Managing Director, and the putting in place of internal controls to allow effective oversight by the Board of the Company's business, the Board is of the view that these enable the Board to exercise objective decision-making in the interests of the Company. The Board is further of the view that it is currently unnecessary to effect a separation of the roles of the Chairman of the Board from that of the Executive Chairman to facilitate the Group's decision-making and implementation process.

Lead Independent Director

Taking cognizance of the non-separation of the roles of the Chairman of the Board and the Executive Chairman, the Board has in the spirit of good corporate governance, appointed Mr Chee Keng Soon as Lead Independent Director ("Lead ID") in February 2012 to serve as a sounding board for the Chairman and also as an intermediary between the NEDs and the Chairman. The role of the Lead ID is set out under the written terms of reference of the Lead ID, which has been approved by the Board.

Principle 4: Board Membership

NC Composition and Role

2 out of the 3 members of the NC, including the NC chairman, are independent. Please refer to the 'Corporate Directory' section of this AR for the composition of the NC.

One of the NC's main roles as set out in its written terms of reference approved and adopted by the Board, is to recommend all Board and Committee appointments and re-appointments and determine the independence of each Director. The NC also reviews and recommends to the Board the appointment of key executive positions, including that of chief executive officer, chief operating officer and chief financial officer. The Company Secretary maintains records of all NC meetings including records of key deliberations and decisions taken and the minutes of meetings are also sent to all Directors for their information.

Re-nomination of Directors

The NC reviews annually the nomination of the relevant Directors for re-election and re-appointment as well as the independence of Directors. When considering the nomination of Directors for re-election and re-appointment, the NC takes into account their contribution to the effectiveness of the Board as well as their time commitment especially for Directors who have multiple board representations. The recommendation of the NC on the annual nomination of the Directors for re-election and re-appointment is submitted to the Board for decision and thereafter tabled at the annual general meeting of the Company for consideration and approval by shareholders.

The Articles of Association of the Company provide that not less than one-third of the Directors for the time being, other than the Managing Director, shall retire as Directors at each annual general meeting of the Company ("AGM"). All new Directors appointed by the Board shall hold office until the next AGM, and are eligible for re-election at the said AGM. The Managing Director is appointed by the Board for such period (except that where an appointment is for a fixed term, such term shall not exceed five years) and upon such terms as the Board thinks fit.

Excluding the Directors above 70 years of age who are subject to annual re-nomination, namely Mr Kwek Leng Beng, Mr Chee Keng Soon, Mr Foo See Juan and Mr Tang See Chim, the remaining Directors of the Company will retire about once in three years. The Managing Director is not subject to retirement by rotation. In accordance with the Articles of Association of the Company, Mr Han Vo-Ta is due to retire by rotation at the 2012 AGM. Mr Han Vo-Ta has expressed his desire not to seek re-election.

Annual Review of Directors' Independence

The NC reviews the independence of Directors annually according to the criteria on independence set out in the Internal CG Guidelines. In reviewing the independence of Directors for 2011, the NC also noted the definition of "independent director" in the final recommendation on the proposed amendments to the CG Code. Based on the review, 6 out of the current 9 Directors are considered by the NC to be independent. With the retirement of Mr Han Vo-Ta at the 2012 AGM, 5 out of the remaining 8 Directors on the Board are considered to be independent, which will be more than half of the Board, thus providing for a strong and independent element on the Board capable of exercising objective judgment.

When considering the independence of the Directors, the NC also reviews the Directors' other directorships, the annual declaration by the independent NEDs regarding their independence, the Directors' disclosures of interests in transactions, and any other relationships between the Group and the Directors which may interfere with the Directors' exercise of objective or independent judgment.

Directors' Time Commitments

When considering the nomination of Directors for appointment or re-election/re-appointment, the NC also takes into account the competing time commitments faced by Directors with multiple board representations. An analysis of the directorships held by the Directors is reviewed annually by the NC. Based on the analysis and the Directors' commitment and contributions to the Company which is also evident in their level of attendance and participation at Board and Committee meetings, the NC is satisfied that all Directors are able to carry out and have been adequately carrying out their duties as a Director of the Company.

Criteria and Process for Nomination and Selection of New Directors

Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from the Directors, Management or external parties including the Company's contacts in the finance, legal and accounting professions. The NC interviews the shortlisted candidates before formally considering and recommending them for appointment to the Board and where applicable, to the Committees.

In reviewing and recommending to the Board any new Director appointments, the NC considers: (a) the candidate's independence, in the case of the appointment of an independent NED; (b) the composition requirements for the Board and Committees (if the candidate is proposed to be appointed to any of the Committees) under the Internal CG Guidelines; (c) the candidate's age, track record, experience and capabilities and such other relevant factors as may be determined by the NC which would contribute to the Board's collective skills; and (d) any competing time commitments if the candidate has multiple board representations.

The NC had recommended the appointment of Mr Tan Poay Seng as an independent NED, taking into consideration, *inter alia*, his extensive work and business experience in the real estate and hospitality sectors. The Board accepted the NC's recommendation and Mr Tan was appointed on 2 February 2012. Mr Tan will submit himself for re-election at the 2012 AGM.

Key Information on Directors

Please refer to the 'Board of Directors' section in the AR for key information on the Directors, and the Notice of AGM for the list of Directors proposed for re-election and re-appointment at the 2012 AGM.

Succession Planning for the Board/Board Renewal

The Board believes in carrying out succession planning for itself and the Executive Chairman to ensure continuity of leadership. Board renewal is a continuing process and in this regard, the NC reviews the composition of the Board, which includes size and mix, annually and recommends to the Board the selection and appointment of new Directors, whether in addition to the existing Board members or as replacement of retiring Board members, with a view to identifying any gaps in the Board's skills set taking into account the Company's business operations. The Board will be able to function smoothly notwithstanding any resignation or retirement of any Director given the present number of members and mix of competencies on the Board.

Principle 5: Board Performance

Board Evaluation Process

The Company has in place a formal process for assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board. The NC assesses the Board's performance as a whole annually, using objective and appropriate quantitative and qualitative criteria which were recommended by the NC and approved by the Board. When assessing the overall Board performance, the NC takes into consideration the feedback from individual Directors on areas relating to the Board's competencies and effectiveness. The results of the overall evaluation of the Board by the NC including its recommendation, if any, for improvements are presented to the Board.

The annual evaluation process for the individual Directors' performance comprises three parts: (a) background information concerning the Directors including their attendance records at Board and Committee meetings; (b) questionnaires for completion by all individual Board members; and (c) NC's evaluation based on certain assessment parameters. The questionnaires and the assessment parameters were recommended by the NC and approved by the Board. The completed questionnaires are then reviewed by the NC before the NC completes its evaluation of the individual Directors. When deliberating on the performance of a particular Director who is also a member of the NC, that member abstains from the discussions in order to avoid any conflict of interests.

The results of the individual evaluation of the Directors are also used by the NC, in its consultation with the Chairman of the Board (who is also a member of the NC), to review, where appropriate, the composition of the Board and Committees, and to support its proposals, if any, for appointment of new members and its recommendations for the re-appointment and re-election of retiring Directors. Comments from the Directors, if any, concerning the Board as a whole and the general performance of the Directors, are also presented to the Board.

Board Evaluation Criteria

The qualitative criteria is set out in a questionnaire covering three main areas relating to board composition, roles and responsibilities, conduct of meetings and access to information.

The quantitative criteria used to evaluate the overall Board performance comprises quarterly performance indicators which include a comparison of the Company's performance (including segmental performance) for the financial period under review against the Company's performance for the corresponding period in previous years and also vis-à-vis industry peers and industry averages, and other indicators such as the Company's share price performance over a historical period and vis-à-vis industry peers.

Individual Director Evaluation Criteria

Factors taken into account in the assessment of Directors' performance include their abilities and competencies, their objectivity and their level of participation at Board and Committee meetings including their contribution to Board processes and the business strategies and performance of the Group.

Principle 6: Access to Information

Complete, Adequate and Timely Information and Access to Management

Prior to each meeting, members of the Board and the Committees are provided with the meeting agenda and the relevant papers submitted by the Management, containing complete, adequate and timely information to enable full deliberation on the issues to be considered at the respective meetings. Management, the Company's auditors and professional advisers who can provide additional insight into the matters for discussion are also invited from time to time to attend such meetings. Directors have separate and independent access to Management.

Draft agendas for Board and Committee meetings are circulated to the Chairman of the Board and the chairmen of the Committees respectively, in advance, for them to review and suggest items for the agenda. The Board and Committees are also furnished routine reports, where applicable, from the Management. Each of the chairmen of the AC, NC and RC provides an annual report to the Board of the respective Committees' activities during the year. The minutes of meetings of the Committees are circulated to all Board members.

Company Secretary

The Company Secretaries, whose appointment and removal are subject to Board's approval, attend all Board and Committee meetings and ensure that all Board procedures are followed. The Company Secretaries, together with Management, also ensure that the Company complies with all applicable statutory and regulatory rules. Together with the Management, the Company Secretaries also assist the Board Chairman, the Board and Committees to implement and strengthen corporate governance practices and processes, including facilitating orientation for newly appointed Directors and appointments to Committees, and continuing training and development for the Directors.

On an ongoing basis, the Directors have separate and independent access to the Company Secretaries. The duties and responsibilities of the Company Secretaries are set out in the Internal CG Guidelines.

Independent Professional Advice

The Directors, whether as a group or individually, are entitled to take independent professional advice at the expense of the Company, in furtherance of their duties and in the event that circumstances warrant the same. The Company has in place internal guidelines allowing the Directors to seek independent professional advice.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

RC Composition and Role

The RC comprises three NEDs, all of whom including the chairman of the RC are independent. The RC's principal responsibilities as set out in its written terms of reference approved and adopted by the Board are to review and recommend, for the endorsement of the Board, a framework of remuneration and the specific remuneration packages for each Board member, including the Executive Chairman, the Managing Director and also for the Group General Manager (who is the most senior member of the Management team outside the Board), which covers Directors' fees, salaries, bonuses, allowances and other benefits in kind. The Company has in place principles concerning the Board's remuneration. In reviewing remuneration packages, the RC also ensures that the remuneration policies are in line with the strategic objectives and corporate values of the Company. The Company Secretary maintains records of all RC meetings including records of key deliberations and decisions taken and the minutes of meetings are also sent to all Directors for their information.

Principle 8: Level and Mix of Remuneration

Directors' Remuneration

In reviewing the remuneration packages of the Executive Chairman, the Managing Director and the Group General Manager, the RC, with the assistance of the human resource advisors or consultants within and outside the Group, if required, considers the level of remuneration based on the Company's remuneration policy which comprises the following 3 distinct objectives:

- To ensure that the remuneration packages are competitive in attracting and retaining employees capable of meeting the Company's needs.
- To reward employees for achieving corporate and individual performance targets in a fair and equitable way.
- To ensure that the remuneration reflects the employees' duties and responsibilities.

When reviewing the structure and level of Directors' fees, the RC took into consideration the Directors' respective roles and responsibilities on the Board and Committees, changes in the business, corporate governance practices and regulatory roles and the impact of these changes on the Directors' roles and responsibilities. Other factors taken into consideration include the frequency of Board and Committee meetings, corporate performance for the financial year under review and the comparability of the Company's fee structure and level with other companies of comparable size.

No Director is involved in deciding his own remuneration.

Whilst the Company currently does not have a share option scheme in place, it will consider the establishment of other forms of longer term incentive schemes, as and when appropriate.

The structure of the fees paid or payable to Directors of the Company for FY 2011 is as follows:

Appointment	Per annum
Board of Directors	
- Base fee	$35,000
Audit Committee	
- AC Chairman's fee	$55,000
- AC Member's fee	$45,000
Nominating Committee	
- NC Chairman's fee	$6,000
- NC Member's fee	$4,000
Remuneration Committee	
- RC Chairman's fee	$6,000
- RC Member's fee	$4,000

Principle 9: Disclosure of Remuneration

Disclosure of Remuneration

The total compensation packages for employees including the Executive Chairman, the Managing Director and the Group General Manager comprise a fixed component (in the form of a base salary and fixed allowances) and a variable component (which includes year-end and variable bonuses, and benefits-in-kind, where applicable), taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices. Each of the Directors receives a base Director's fee. Directors who serve on the various Committees (other than the BC) also receive additional fees in respect of each Committee that they serve on, with the chairmen of the Committees (other than the BC) receiving a higher fee in respect of their service as chairman of the Committee.

The breakdown (in percentage terms) of the Directors' remuneration for FY 2011 is set out below.

Directors' Remuneration for FY 2011

	Base Salary* %	Variable Bonuses/ Allowances* %	Board/ Committee Fees** %	Other Benefits %	Total %
Above $9,500,000 and up to $9,750,000					
Kwek Leng Beng^	12	80	6	2	100
Above $8,000,000 and up to $8,250,000					
Kwek Leng Joo^	13	84	2	1	100
$250,000 and below					
Chee Keng Soon	–	–	100	–	100
Foo See Juan^	–	–	100	–	100
Kwek Leng Peck^	–	–	100	–	100
Han Vo-Ta	–	–	100	–	100
Tang See Chim	–	–	100	–	100
Yeo Liat Kok Philip	–	–	100	–	100

* The salary and variable bonuses/allowances are inclusive of employer's central provident fund contributions.

** These fees comprise Board and Committee fees for FY 2011, which are subject to approval by shareholders as a lump sum at the 2012 AGM as well as AC fees for FY 2011 that have already been approved by shareholders at the 2011 AGM.

^ Remuneration of these Directors includes remuneration paid or payable by subsidiaries of the Company.

The remuneration of the top 5 key executives (who are not Directors) is not disclosed in the AR as the Company does not believe it to be in its interest to disclose the identity of the top 5 key executives within the remuneration bands of $250,000 each or to provide a breakdown of each individual's remuneration, having regard to the highly competitive human resource environment, the confidential nature of staff remuneration matters and so as not to hamper the Company's efforts to retain and nurture its talent pool.

For FY 2011, both the Executive Chairman and the Managing Director each had an immediate family member who is an employee of the Company and whose personal annual remuneration exceeded or exceeds $150,000 set out as follows:

	Base Salary* %	Variable Bonuses/ Allowances* %	Board/ Committee Fees^^ %	Other Benefits %	Total %
Above $250,000 and up to $500,000					
Employee who is the immediate family member of:					
1) the Executive Chairman^	39	61	–	–	100
2) the Managing Director^	31	55	14	–	100

* The salary and variable bonuses/allowances are inclusive of employer's central provident fund contributions.

^ Remuneration of these employees includes remuneration paid or payable by subsidiaries of the Company.

^^ These fees comprise Board fees paid or payable by Millennium & Copthorne Hotels plc for FY 2011.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

Accountability of the Board and Management

The Board provides shareholders with quarterly and annual financial results. Results for the first 3 quarters are released to shareholders within 45 days of the end of each quarter whilst annual results are released within 60 days from the financial year end. In presenting the Group's annual and quarterly results, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance and financial position with a commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which it operates. For the financial year under review, the Chief Financial Officer provided assurance to the AC on the integrity of the quarterly financial statements and the Board in turn provided a negative assurance confirmation to the shareholders in respect of the unaudited financial statements for the first three quarters in accordance with the regulatory requirements.

The Management provides all Directors with monthly financial summary of the Group's performance.

Principle 11: Audit Committee

Composition of the AC

The AC comprises four NEDs, all of whom including the chairman of the AC are independent. The chairman of the AC and at least one other member of the AC has audit, accounting and finance background and experience, whilst the remaining members of the AC have legal backgrounds.

With the current composition, the AC believes that it has sufficient accounting and financial management expertise and experience to discharge its functions within its written terms of reference.

Powers and Duties of the AC

The AC is authorised by the Board to investigate any matters it deems appropriate within its terms of reference and has full access to and co-operation of Management. It may invite any Director, officer or employee of the Company to attend its meetings and is also authorised to seek external professional advice to enable it to discharge its responsibilities.

The principal responsibility of the AC is to assist the Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the Group's financial reporting process (including reviewing the accounting policies and practices of the Company and the Group on a consolidated basis) and key internal controls, including financial, operational, compliance and risk management controls. Other duties within its written terms of reference include:

- to review with Management and, where appropriate, with the external auditors the quarterly and full year financial statements to be issued by the Group before their submission to the Board to ensure their completeness, accuracy and fairness;
- to review and approve the audit plans of the external and internal auditors;
- to review, on an annual basis, the scope and results of the external audit and its cost-effectiveness and the independence and objectivity of the external auditors, and also to review on a periodic basis the nature and extent of any non-audit services provided by the external auditors to the Group;
- to review the effectiveness of the internal audit ("IA") function;
- to review annually with Management, the internal and external auditors the results of their review and evaluation of the Company's key internal controls, including financial, operational and compliance controls, and risk management policies and systems;
- to make recommendations to the Board on the nomination for the appointment, re-appointment and removal of external auditors, and to approve the remuneration and terms of engagement of the external auditors;
- to approve the appointment, resignation or dismissal of the Head of IA; and
- to review interested person transactions falling within the scope of Chapter 9 of the Listing Manual.

The AC held 8 meetings during the year and carried out its duties as set out within its terms of reference. The Company Secretary maintains records of all AC meetings including records of key deliberations and decisions taken and the minutes of meetings are also sent to all Directors for their information. The AC meets with the internal and external auditors, each separately without the presence of Management, annually.

For the financial year under review, the AC conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities. The assessment was facilitated through the use of a self-assessment checklist ("AC Self-Assessment Checklist") based on the guidance from the Guidebook for Audit Committees in Singapore issued in October 2008 ("ACGC Guidebook").

The AC Self-Assessment Checklist covered the AC terms of reference, composition, meetings, training and resources, financial reporting, internal financial controls and risk management systems, internal and external audit processes, whistle-blowing, relationships with the Board, communication with shareholders and contribution of AC members to the AC deliberations and decisions.

Based on the self-assessment, the AC believes that it has fulfilled its responsibilities and discharged its duties as set out in its terms of reference.

External Auditors

Taking cognizance that the external auditors should be free from any business or other relationships with the Group that could materially interfere with their ability to act with integrity and objectivity, the AC undertook a review of the independence of KPMG LLP ("KPMG") and gave careful consideration to the Group's relationships with them during 2011. In determining the independence of KPMG, the AC reviewed all aspects of their relationships with them including the processes, policies and safeguards adopted by the Group and KPMG relating to audit independence. The AC also considered the nature of the provision of the non-audit services in 2011 and the corresponding fees and was of the opinion that such non-audit services and fees did not impair or threaten the audit independence. Based on the review, the AC is of the opinion that KPMG is, and is perceived to be, independent for the purpose of the Group's statutory audit.

For details of the fees paid and/or payable by the Group in respect of audit and non-audit services for FY 2011, please refer to note 29 of the Notes to the Financial Statements.

In reviewing the nomination of KPMG for re-appointment for the financial year ending 31 December 2012, the AC had considered the adequacy of the resources, experience and competence of KPMG. Consideration was also given to the experience of the engagement partner and key team members in handling the audit of multi-listed entities under different jurisdictions and in the real estate and hospitality segments. The size and complexity of the audit of the Group, and the number and experience of the supervisory and professional staff assigned were taken into account. The AC had also considered the audit team's ability to work in a co-operative manner with Management whilst maintaining integrity and objectivity.

KPMG has confirmed that they are registered with ACRA in accordance with Rule 712(2) of the Listing Rules issued by Singapore Exchange Securities Trading Limited.

On the basis of the above, the AC has recommended to the Board the nomination of KPMG for re-appointment as external auditors at the 2012 AGM.

Interested person transactions

On 29 May 2003, the Company obtained shareholders' approval for the Company, its subsidiaries and its associated companies not listed on the SGX-ST or an approved exchange, over which the Company, its subsidiaries and/or interested persons have control, to enter into transactions within the categories of Interested Person Transactions set out in the Company's circular to shareholders dated 28 April 2003, with such persons within the class or classes of Interested Persons as described in the said circular, provided that such transactions are entered into in accordance with the review procedures set out in the said circular (the "IPT Mandate"). The IPT Mandate was last renewed by the shareholders on 20 April 2011 and given that such Interested Person Transactions are expected to occur with some degree of frequency and may arise at any time, and to allow the Group to undertake such transactions in an expeditious manner, shareholders' approval will be sought at the 2012 AGM of the Company for the renewal of the IPT Mandate.

The AC has confirmed that an independent financial adviser's opinion is not required for the renewal of the IPT Mandate as the methods and procedures for determining the transaction prices of the Interested Person Transactions conducted under the IPT Mandate have not changed since the IPT Mandate was obtained on 29 May 2003, and such methods and procedures continue to be sufficient to ensure that these Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

Particulars of interested person transactions required to be disclosed under Rule 907 of the Listing Manual of the SGX-ST are as follows:

Interested Persons	Aggregate value of all interested person transactions in FY 2011 (excluding transactions less than $100,000 and transactions conducted under the IPT Mandate pursuant to Rule 920) $'000	Aggregate value of all interested person transactions conducted in FY 2011 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than $100,000)	$'000
Hong Leong Investment Holdings Pte. Ltd. group of companies	514,473*	Property-related: (a) provision to interested persons of (i) managing agent services; (ii) cleaning services; and (iii) security services; and	1,301
		(b) leases of premises to and from interested persons	289
		Total:	**1,590**
Director	Nil		Nil

* The figure comprises:

(i) the aggregate value of shareholders' loans extended to unincorporated joint ventures and/or joint venture companies involving interested persons, and where applicable, interest accrued on shareholders' loans, in FY 2011, which were announced on 10 February 2012 pursuant to Rule 916(3). The shareholders' loans referred herein have been extended by all the joint venture parties or shareholders in proportion to their respective equity interest in the joint venture and on the same terms and conditions, including the interest rate, if any, accrued or to be accrued on the shareholders' loans; and

(ii) the aggregate value of joint ventures between the Company or its wholly-owned subsidiaries with interested persons for the joint acquisition of land parcels. These transactions were announced pursuant to Rule 916(2).

The above interested person transactions were carried out on normal commercial terms and were not prejudicial to the interests of the Company and its minority shareholders.

Principle 12: Internal Controls

Internal Controls

The Directors recognise that they have overall responsibility to ensure proper financial reporting for the Group and effectiveness of the Group's system of internal controls, including financial, operational and compliance controls, and risk management policies and systems. The boards of the Group's separately listed subsidiaries are responsible for the oversight of their respective groups' internal controls and risk management systems and the Directors rely on the Company's nominees to the boards of these listed subsidiaries to provide oversight together with the other board members on the adoption and implementation of appropriate corporate governance practices, internal controls and risk management systems.

The internal controls structure of the Group has been designed and put in place by the Group's business units to provide reasonable assurance against material financial misstatements, for the safeguarding of assets, for the maintenance of proper accounting records, for the provision of financial and other information with integrity, reliability and relevance, and in compliance with applicable laws and regulations. However, no internal controls system can provide absolute assurance in view of inherent limitations of any internal controls system against the occurrence of human and system errors, poor judgment in decision-making, losses, fraud or other irregularities.

The AC reviewed the adequacy of the Group's key internal controls that address the Group's financial, operational and compliance risks, with the assistance of the internal and external auditors and the Management.

Based on the work performed by IA during the financial year, as well as the statutory audit by the external auditors, and the assurance from Management, the Board, with the concurrence of the AC, is of the opinion that, in the absence of any evidence to the contrary, the system of internal controls in place is adequate to address in all material respects the financial, operational and compliance risks within the current scope of the Group's business operations.

Principle 13: Internal Audit

Reporting Line and Qualification

The IA function is independent of the activities it audits. The Head of IA's primary reporting line is to the chairman of the AC with an administrative line of reporting to the Managing Director of the Company. The appointment, resignation and dismissal of the Head of IA is reviewed and approved by the AC. The AC also provides input on the annual performance appraisal of the Head of IA. The AC meets the Head of IA at least once annually without the presence of Management. The Head of IA has unfettered access to the AC, the Board and Management.

IA operates within the framework stated in its Internal Audit Charter which is approved by the AC and reviewed on an annual basis. The standards of the Internal Audit Charter are consistent with the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The Head of IA and Audit Managers are all Certified Internal Auditors accredited by The Institute of Internal Auditors.

Role and Activities of IA

The primary role of IA is to assist the Board to evaluate the reliability, adequacy and effectiveness of the internal controls and risk management processes of the Company, reviewing the internal controls of the Company to ensure prompt and accurate recording of transactions and proper safeguarding of assets and reviewing that the Company complies with the relevant laws, regulations and policies established by the Company.

The AC approved the annual IA plan in February 2011 and received regular reports during 2011 on the progress of the audit work under the IA plan. All IA reports are given to the AC, the Chairman of the Board, the Managing Director, Group General Manager, Chief Financial Officer, Company Secretary and the heads of the relevant departments. IA findings and recommendations were also reviewed and discussed at AC meetings. The AC was satisfied that recommendations made were dealt with by the Management in a timely manner, with outstanding exceptions or recommendations being closely monitored and reported back to the AC.

The AC reviewed the effectiveness and adequacy of the IA function through a review of the IA activities on a quarterly basis as well as its annual assessment of the IA function. The assessment was facilitated through the use of an evaluation framework modeled on the framework recommended in the ACGC Guidebook. The evaluation framework is comprehensive and covers IA organisation, resources and continuing training, audit plans work scope, quality of reports and recommendations, IA Charter and IA internal control assessment. Based on the assessment, the AC is satisfied with the quality and effectiveness of the IA function and that the IA function is currently adequately resourced and has appropriate standing within the Group to perform its functions properly.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Communication with Shareholders

The Company announces its quarterly and full-year results within the mandatory period. The financial statements and other presentation materials presented at the Company's general meetings, including material and price-sensitive information, are disseminated and publicly released via SGXNET on a timely basis. All shareholders of the Company receive the annual report of the Company and the notice of the AGM, which notice is also advertised in the press and released via SGXNET. Shareholders and investors can access information on the Company at its website at www.cdl.com.sg which provides, *inter alia*, corporate announcements, press releases and the latest financial results as disclosed by the Company on SGXNET.

From time to time, the Company's senior management holds briefings with analysts and the media to coincide with the release of the Group's half-year and full-year results. Media presentation slides are also released on SGXNET and available on the Company's website. In addition, the Management takes an active role in investor relations, meeting local and foreign fund managers regularly as well as participating in roadshows and conferences both locally and overseas.

Principle 15: Greater Shareholder Participation

At general meetings of the Company, shareholders are given the opportunity to communicate their views and encouraged to ask the Directors and the Management questions regarding matters affecting the Company. The chairmen of the AC, NC and RC and the external auditors were present at the last AGM, and will endeavour to be present at the 2012 AGM to assist the Directors in addressing queries raised by the shareholders.

The Company provides for separate resolutions at general meetings on each substantial issue, including treating the re-election or re-appointment of each Director as a separate subject matter. Detailed information on each item in the AGM agenda is provided in the explanatory notes to the Notice of the AGM in the AR. The Company also maintains minutes of the AGM, which includes the key comments and queries raised by shareholders and the responses from the Board, Management and/or the external auditors.

In accordance with the Articles of Association of the Company, shareholders may appoint one or two proxies to attend and vote at general meetings in their absence. All shareholders are allowed to vote in person or by proxy. CPF investors of the Company's securities may attend shareholders' meetings as observers provided they have submitted their requests to do so through their agent banks within a specified timeframe. As the authentication of shareholder identity information and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means.

Pursuant to the Articles of Association of the Company, all resolutions put to the vote at a general meeting of the Company shall be decided on a show of hands unless before or upon the declaration of the result, a poll is demanded as follows:

(i) by the Chairman of the meeting;
(ii) by not less than five members present in person or by proxy and entitled to vote at the meeting;
(iii) by a member or members present in person or by proxy and representing no less than 10 per cent. of the total voting rights of all members having the right to vote at the meeting; or
(iv) by a member or members present in person or by proxy and representing no less than 10 per cent. of the total number of paid-up shares of the Company (excluding treasury shares).

In support of greater transparency and to allow for a more efficient voting system, the Company intends to provide electronic poll voting instead of voting by show of hands at the 2012 AGM in respect of all resolutions proposed at the AGM. With electronic poll voting, shareholders present in person or represented by proxy at the meeting will be entitled to vote on a 'one share, one vote' basis. The voting results of all votes cast in respect of each resolution will also be instantaneously displayed at the meeting and announced via SGXNET after the 2012 AGM.

Code of Business Conduct and Ethics

The Board and Senior Management are committed to conducting business with integrity and consistent with high standards of business ethics, and in compliance with all applicable laws and regulatory requirements. The Company has adopted an internal code of business conduct and ethics which sets out the Company's ethical values and business principles and provides a communicable and understandable framework for staff to observe these values and principles such as honesty, integrity, responsibility and accountability at all levels of the organisation. The code is available on the Company's intranet and is easily accessible by all employees.

The code provides guidance on issues such as:

- conflicts of interest and the appropriate disclosures to be made;
- the Company's stance against corruption and bribery;
- compliance with applicable laws and regulations including those relating to the protection of the environment and the conservation of energy and natural resources;
- compliance with Company's policies and procedures, including those on internal controls and accounting;
- safeguarding and proper use of Company's assets, confidential information and intellectual property rights, including the respect of the intellectual property rights of third parties; and
- competition and fair dealing in the conduct of the Company's business, in its relationships with customers, suppliers, competitors and towards its employees.

Whistle-blowing Policy

CDL has in place a whistle-blowing procedure where staff of the Company can raise in confidence, whether anonymously or otherwise, concerns on possible improprieties relating to accounting, financial reporting, internal controls and auditing matters as well as any breach of the Code of Business Conduct and Ethics, without fear of reprisals in any form. The AC has the responsibility of overseeing this policy which is administered with the assistance of the Head of IA. Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow up action to be taken.

The Company is committed to maintaining procedures for the confidential and anonymous submission of reports and the anonymity of the staff concerned will be maintained where so requested by the staff who lodged the report. Investigations of such reports will be handled on a confidential basis to the extent permissible or deemed appropriate under the circumstances, and involve persons who need to be involved in order to properly carry out the investigation and will, on a best efforts basis, be carried out in a timely manner.

In order to facilitate and encourage the reporting of such matters, the policy was amended in 2011 to provide for dedicated communication channels which include a whistle-blowing email account at cdl.ethics.hotline@cdl.com.sg and specific contact numbers which are secure.

The whistle-blowing policy is available on the Company's intranet and is easily accessible by all employees. Management also plans to make the whistle-blowing policy available on the Company's website during the year 2012.

Internal Code on Dealings in Securities

The Company has adopted an internal code on securities trading which sets out the implications of insider trading and provides guidance and internal regulation with regard to dealings in the Company's securities by its Directors and officers. These guidelines prohibit dealing in the Company's securities on short-term considerations and while in possession of unpublished material price-sensitive information in relation to such securities and during the "closed period", which is defined as two weeks before the date of announcement of results for each of the first three quarters of the Company's financial year and one month before the date of announcement of the full-year financial results, and ending on the date of the announcement of the relevant results. The Directors and employees of the Company are notified in advance of the commencement of each "closed period" relating to dealing in the Company's securities. The internal code on securities trading is available on the Company's intranet and is easily accessible by all employees.

12 March 2012

2011 kicked off on an exuberant note with the Singapore economy reporting a robust growth of 9.1% in the first quarter. However, the early positive outlook was muted with global difficulties such as the European debt crisis, concerns about the health of the US economy and economic slowdown in China, and the tragic calamity in Japan from its massive earthquake. For 2011, the Singapore economy expanded by 4.9% on a year-on-year basis.

During the year, the Government also introduced a series of property cooling measures aimed at ensuring a stable and sustainable property market, where prices moved in tandem with economic fundamentals.

STRONG SALES FOR CDL RESIDENTIAL DEVELOPMENTS

Despite the challenges, CDL's performance in the property development segment for 2011 remained healthy with its strategic and timely residential launches, which were very well-received. CDL, along with its joint venture associates, achieved a commendable sales volume of 1,818 homes, which translates to a sales value of $1.755 billion.

The first quarter was marked by the successful launch of the nature-inspired 521-unit H_2O Residences. Well-positioned in the heart of Sengkang New Town, 75% of the 200 units released during the private preview weekend were quickly snapped up. To date, the whole project is about 73% sold.

The Group launched a joint venture project in April known as Hedges Park, a 501-unit condominium nestled amongst tranquil surroundings at Flora Drive off Changi. The launch was well-received and to-date, 343 units have been sold.

In June, the luxurious freehold 64-unit Buckley Classique was launched. About 70% of launched units were sold during the private preview weekend. To date, it is over 90% sold.

There was overwhelming response for Blossom Residences, a 602-unit Executive Condominium (EC) sited within the Bukit Panjang locale and 150 units were sold on the first day of launch in July to eligible buyers. Nestled amongst lush greenery with panoramic views of nearby nature parks, 492 units have been sold to date.

The Palette also received a similar response from buyers when launched in November. In fact, 200 of the 300 units released were sold during the weekend preview. The 892-unit joint venture development is within walking distance of Pasir Ris MRT station and close to White Sands Shopping Mall. 530 units have since been sold.

ACCOLADES AND BUSINESS ACHIEVEMENTS

2011 was a defining year for CDL as efforts to measure its financial, environmental and social performance received both local and global recognition. Its key achievements include it being the only Singapore corporation listed in all three of the world's top sustainability benchmarks – the Dow Jones Sustainability Indexes, the FTSE4Good Index Series and the Global 100 Most Sustainable Corporations in the World. Regionally, CDL was recognised for its tireless contributions to Corporate Social Responsibility (CSR), winning the ASEAN Business Award for "Most Admired ASEAN Enterprises" in CSR under the "Large Company" category.

ACQUISITIONS AND INVESTMENTS

As part of its selective land replenishment strategy to procure quality sites at opportune times, many acquisitions in varied locations were made in 2011. In Singapore, these include a $127.76 million 4,518.1 square metre 99-year leasehold site at Robertson Quay, a $170.1 million 17,589.8 square metre 99-year leasehold EC site at Choa Chu Kang Drive*, a $413.27 million 22,094.4 square metre 99-year leasehold residential site at Bartley Road/Lorong How Sun*, a $105 million 28,401.5 square metre 99-year leasehold landed housing site at Serangoon Garden Way* and a $396 million 99-year leasehold 9,952.6 square metre residential site at Alexandra Road*.

**Joint ventures*

In July 2011, CDL China Limited, the Group's wholly-owned subsidiary, acquired its second development site in Suzhou, China for RMB886 million. The mixed-use prime site will comprise about 750 units of high-end residential apartments, an office tower, SOHO apartments, a retail mall and a luxury hotel.

HALLMARKS OF HOSPITALITY EXCELLENCE

With their sights on continued expansion, Millennium & Copthorne Hotels plc (M&C) and CDL acquired a land site in Ginza, Tokyo, Japan, with plans to build a 325-room deluxe hotel. The development will be project-managed by one of Japan's biggest integrated real estate developers, Mitsui Fudosan Co. Ltd, under a co-branding arrangement between the "Millennium" and "Mitsui Garden Hotel" brands.

New additions to the M&C family include the Millennium Resort Mussanah in Oman which offers guests a panoramic view of a private marina in the pristine Gulf of Oman and the Millennium Plaza Hotel Dubai in the United Arab Emirates, strategically located in the heart of the city's business district.

Locally, CDL Hospitality Trusts announced the acquisition of the Group's newest Singapore hotel property, Studio M Hotel for $154 million. The sale was completed in May 2011.

Please refer to Highlights of the Year for key milestones and events.

HIGHLIGHTS OF THE YEAR

JANUARY

- CDL ranked as one of the Global 100 Most Sustainable Corporations in the World for the second consecutive year.

FEBRUARY

- CDL recorded the highest pre-tax profit surpassing $1 billion and a profit after tax and non-controlling interests of $749.0* million for the full year ended 31 December 2010.
- The sale of The Corporate Office for $215.0 million was completed.

True to its name, residents of H_2O Residences can delight in an array of water-themed recreational facilities.

MARCH

- The nature-inspired 521-unit H_2O Residences, nestled in the heart of Sengkang New Town, was launched with positive response. A total of 150 apartments out of the 200 units released were sold over the private preview weekend.
- Through its wholly-owned subsidiaries, Novel Developments Pte. Ltd. and New Vista Realty Pte. Ltd, CDL was successful in its bid of $127.76 million for a 4,518.1 square metre hotel site at Robertson Quay.
- A joint venture entity between CDL and TID Pte. Ltd. won the bid for a 17,589.8 square metre Executive Condominium (EC) site at Choa Chu Kang Drive, with a tender price of $170.1 million.
- A consortium comprising CDL, Hong Leong Holdings Limited and TID Pte. Ltd. emerged top bidder for a 22,094.4 square metre 99-year leasehold residential site at Bartley Road/Lorong How Sun for $413.27 million.
- One Shenton received its Temporary Occupation Permit (TOP).

Well-located in the existing and new Central Business District, One Shenton offers trendy city-living with chic designer fittings.

APRIL

- The second annual CDL E-Generation Challenge 2011, a national eco-themed rally, was held with increased participation of 280 youths (compared to 260 in 2010).
- Shelford Suites, Cliveden at Grange and The Residences at W Singapore Sentosa Cove received their TOPs.
- The Grand Millennium Beijing bagged top honours at the annual TTG Awards, beating over a hundred other hotels to be named 2010's "Best Business Hotel in Beijing".
- Hedges Park, a 501-unit condominium located at Flora Drive off Changi, was launched. It was well-received with 343 units sold to-date.

Mr Kwek Leng Joo, Managing Director of CDL, receiving the BCA Green Mark Platinum Champion Award from Mr Mah Bow Tan, former Minister for National Development.

MAY

- CDL was conferred the inaugural Green Mark Platinum Champion Award by the Building and Construction Authority (BCA) at the BCA Awards 2011. In addition, CDL received 33 Awards for its developments.
- 7 & 9 Tampines Grande emerged the winner in the Sustainable Development category at the FIABCI Prix d'Excellence Awards 2011 while City Square Mall, Singapore's first eco-mall, was named runner-up in the Retail category. The mall also received the FuturArc Green Leadership Award 2011 for Commercial Architecture.
- CDL was named one of the winners of Singapore's BCI Asia Top 10 Developers Award 2011.
- CDL Hospitality Trusts acquired the Group's newest Singapore hotel property, Studio M Hotel for $154 million. The sale was completed in May 2011.

JUNE

- Buckley Classique, an exclusive 64-unit freehold luxury condominium along Buckley Road was unveiled at a private weekend preview whereby about 70% of the units launched were sold.
- CDL was the first Singapore company to address and align ISO 26000:2010 Guidance on Social Responsibility framework in its Sustainability Report 2011, titled "Evolve".

* This figure has been restated to $784.0 million in 2011 to take into account the retrospective adjustments arising from the adoption of INT FRS 115 – *Agreements for Construction of Real Estate*.

JULY

- Blossom Residences, a 602-unit EC located within the Bukit Panjang locale was launched. It was met with enthusiastic response with 150 units sold on the first day of launch to eligible buyers.
- CDL China Limited, the Group's wholly-owned subsidiary, acquired its second development site in Suzhou, China for RMB886.0 million.
- CDL was conferred the distinguished Developer Award by the Workplace Safety and Health (WSH) Council for the fifth year at the Annual WSH Awards. In addition, five of its project sites were accorded the WSH SHARP (Safety and Health Award Recognition for Projects) award.
- Livia received its TOP.

AUGUST

- CDL presented its annual 5-Star Environmental, Health and Safety (EHS) Excellence Awards to its builders with the inauguration of the CDL Productivity Excellence Award, signaling CDL's focus towards promoting higher productivity at its worksites.
- CDL and Hong Realty (Private) Limited (a subsidiary of the Hong Leong Group) successfully bid $105.0 million for a 28,401.5 square metre 99-year leasehold landed housing site located at Serangoon Garden Way, under their wholly-owned subsidiaries, Sunmaster Holdings Pte. Ltd. and Garden Estates (Pte) Limited respectively.
- CDL Hotels (Malaysia) Sdn. Bhd., a wholly-owned subsidiary of Millennium & Copthorne Hotels plc (M&C), completed a sale of a land parcel measuring 29,127 square feet adjacent to the Grand Millennium Kuala Lumpur, for an aggregate amount of RM215.1 million.
- At the Singapore Human Resources Institute Awards, CDL garnered two accolades: Leading HR Practices in Corporate Social Responsibility (CSR) Award and Leading HR Practices in Quality Work-Life, Physical & Mental Well-Being Award.

SEPTEMBER

- City Square Mall emerged as the first runner up (in the New and Existing category) for Energy Efficiency and Conservation Best Practices Competition for Energy Efficient Buildings, at the ASEAN Energy Awards 2011.
- CDL was selected as an index component on the Dow Jones Sustainability Indexes (DJSI World and DJSI Asia Pacific). It is the only Singapore developer to be listed on both FTSE4Good Index Series (since 2002) and Dow Jones Sustainability Indexes.
- In the Asian Sustainability Rating™ 2011, CDL was the highest ranked company in Singapore and emerged first in the real estate sector amongst 62 companies from ten countries.
- The Distinguished Patron of the Arts Award was presented to CDL by the National Arts Council for its sustained, outstanding contributions to the promotion and development of the arts.
- M&C and CDL acquired a prime land site in Ginza, Tokyo with plans to build a 325-room deluxe hotel. This will be M&C's first hotel in Japan.
- In collaboration with the Singapore Compact for CSR, CDL launched the inaugural Young CSR Leaders Award. The Award aims to promote thought leadership amongst the youths and foster greater awareness of embracing CSR principles into a company's operations. A total of 27 teams (143 participants) took part, out of which 10 teams were shortlisted. The teams were provided with practical attachments at supporting SMEs with mentorships from CSR consultants. The top three winning teams walked away with cash prizes and a deeper knowledge of CSR.

City Square Mall – Singapore's first eco-mall – was honoured at both the FIABCI Prix d'Excellence Awards and the ASEAN Energy Awards in 2011.

OCTOBER

- 11 Tampines Concourse, the first CarbonNeutral® development in Singapore and Asia Pacific, emerged the winner in the Sustainable Development category in the Inaugural Singapore Property Awards introduced by FIABCI Singapore.

NOVEMBER

- The Palette, located within walking distance of Pasir Ris MRT station, was launched. 200 out of the 300 units released were sold during its weekend preview, with four out of a total of ten penthouses available for sale, snapped up.
- CDL was conferred the ASEAN Business Award 2011 for the "Most Admired ASEAN Enterprises" in CSR under the Large Company category.

DECEMBER

- The Millennium Plaza Hotel Dubai was unveiled. The 413-room hotel is strategically located along one of Dubai's major roads, offering fine luxury at the heart of the Central Business District.
- CDL, together with Hong Leong Holdings Limited and Hong Realty (Private) Limited, was the highest bidder for a 99-year leasehold 9,952.6 square metre residential land parcel located at Alexandra Road at a tender price of $396.0 million.

HUMAN RESOURCE REVIEW

We value our employees as they contribute to the continued and sustained growth of CDL. We are committed to being an employer of choice through our three-pronged approach – developing, engaging and caring for employees.

DEVELOPING OUR EMPLOYEES

People development is essential to the success of the organisation. CDL conducts annual training needs analysis (at individual and corporate levels) to determine the types of training interventions that can be implemented to address learning gaps. Taking into account CDL's strategic directives, a Company-wide learning plan is implemented to ensure that all staff are equipped with skill sets that will align them to the Company's objectives. Our staff are encouraged to be proactive in upgrading their knowledge and skill sets and their supervisors foster an environment that promotes continual learning. In 2011, there was a 10.5% increase in the average annual training hours clocked by each staff as compared to the previous year.

Apart from training, CDL also encourages employees to move laterally across various departments to gain exposure and better understanding of the different operational functions. This offers new opportunities for professional growth and career development. The cross-pollination of knowledge and expertise creates innovation and productivity gains for CDL, especially where there are synergies in the job transfers.

In developing and attracting young talents, CDL offers undergraduate scholarships to those who excel in their academic studies and are keen to pursue a career with us after graduation. To date, CDL has offered seven local undergraduate scholarships. Furthermore, CDL also provides internship opportunities to students who wish to find out more about the property industry. By giving meaningful holiday assignments to interns, CDL reaches out to young talents and showcases itself as a potential employer, thereby enlarging its pool of prospective recruits. In 2011, CDL offered 19 internship opportunities to promising young talents.

ENGAGING OUR EMPLOYEES

CDL places high emphasis on engaging our employees, ensuring that they remain satisfied, committed and motivated. Employee Engagement Surveys are conducted annually to acquire insights into areas of potential employee-related concerns in order to proactively address them so as to improve employee engagement and effectiveness. Head of Departments are required to play a positive role in engaging their employees and develop concrete post-employee survey action plans to address existing gaps.

CDL's success in employee engagement is evident from the length of their service. More than 50% of our employees have been with CDL for more than 5 years.

Children of CDL employees having fun during Little Ones @ Work Programme.

CDL's management also believes in maintaining regular communication channels with employees. Through Townhall meetings, dialogue sessions with senior management, and internal platforms such as "eVoiceBox" (an electronic suggestion portal for employees to provide feedback), employees' views are always heard.

CARING FOR OUR EMPLOYEES

The emotional and physical well-being of employees are essential in our efforts towards performance excellence. By providing a healthy work-life culture, CDL employees can better integrate their personal and professional commitments. Flexi-work hours arrangements allow employees to manage their family time more effectively. In 2011, a 1-month "Parenting Campaign" was held, with a series of activities such as lunch-time parenting talks and the "Little Ones @ Work" Programme, allowing employees to bring their children to the office for a better appreciation of their workplace.

In line with CDL's commitment to Corporate Social Responsibility (CSR), CDL encourages and provides opportunities for employees to participate in community service programmes during their official work hours through our employee volunteer platform, City Sunshine Club.

CDL regularly conducts a series of programmes to promote employees' health and well-being. In addition to the complimentary annual health screenings, fresh fruits are given to all employees on monthly Fruit Days to remind them about maintaining a balanced diet.

CDL also cares for our "silver employees" who are nearing retirement. Since 2005, CDL has been extending employment at full pay to employees who have reached retirement age and are still able to contribute meaningfully to CDL. In fact, we formalised our re-employment policy with effect from 1 July 2011, six months ahead of government legislation.

In recognition of CDL's sustained efforts in caring for employees, in August 2011, the Singapore Human Resource Institute (SHRI) conferred CDL with two awards – "Leading HR Practices in CSR Award" and "Leading HR Practices in Quality Work-Life, Physical & Mental Well-Being Award".

CORPORATE SOCIAL RESPONSIBILITY REPORT

On behalf of the Board, I am pleased to present CDL's Corporate Social Responsibility (CSR) Report for 2011.

The world economy remains uncertain as the financial turmoil in Europe continues to be pervasive, dampening global efforts to restore market confidence. In Singapore, the engagement landscape has shifted as social media played a pivotal role in the social and political awakening during the General and Presidential Elections 2011. In addition, the year saw more sustainability-related policies and guidelines introduced by the Singapore Government across various sectors, clearly signalling the Government's growing priority in this arena.

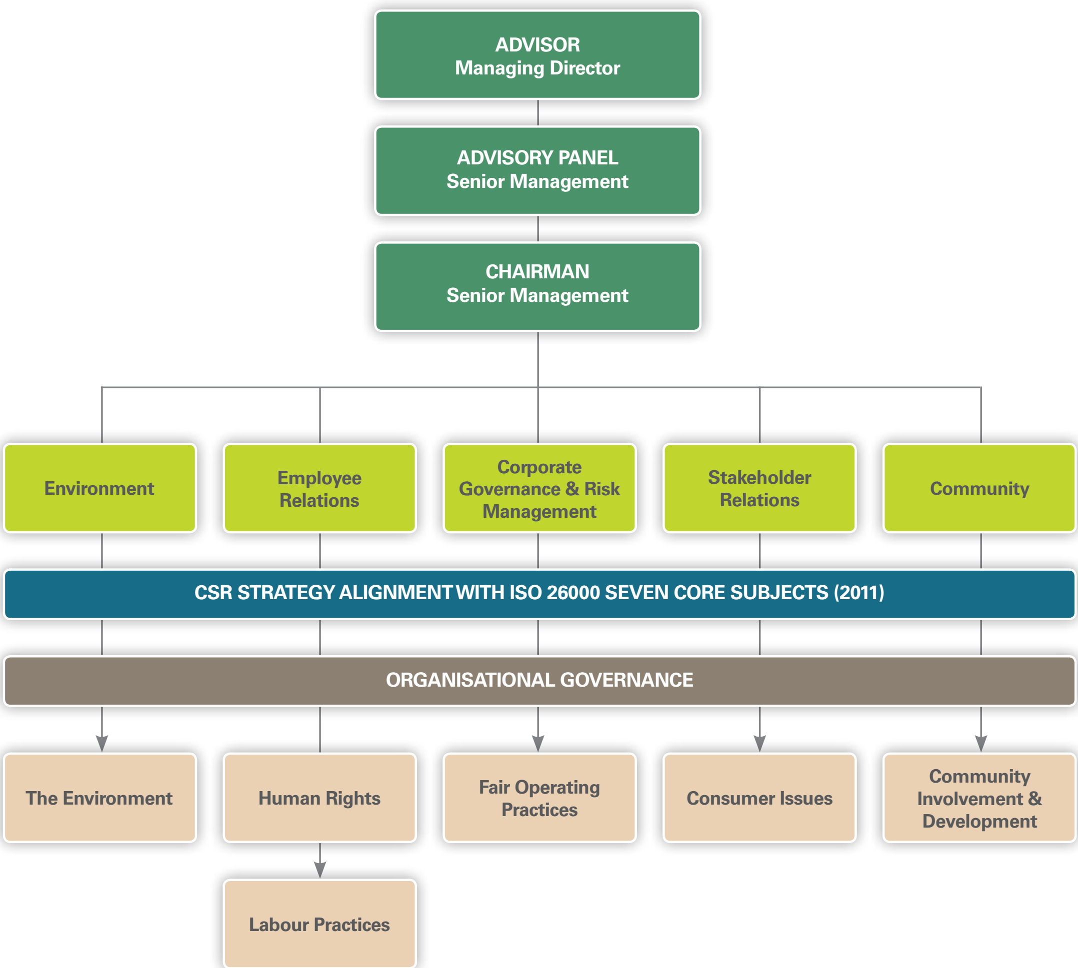
It is becoming more apparent that companies who have yet to embrace the significance of sustainability issues have placed themselves in an increasingly vulnerable position, putting their operations at risk, if they have limited expertise and contingency plans to manage the fast emerging social, political and economic scenarios. For years, CDL has been proactively engaging the business community in sustainability matters, and we are heartened to see increased interest and acceptance from our business peers, cognizant of the need to address their triple bottom line. Hopefully with a changing business environment and mind-set, greater action will soon follow suit.

In 2011, CDL continued to leverage on our core business to set new benchmarks in sustainable development by doubling our efforts to meet stakeholders' expectations and the global standards in sustainability through innovation, rigorous assessment and communication of the outcomes. Our steadfast commitment to embrace CSR has accorded us local and global recognition as a corporate beacon in sustainability.

STRENGTHENING THE CSR MANAGEMENT SYSTEM

CDL continued to refine our management approach to adapt to the changing CSR landscape and align ourselves with international best practices. A company-wide CSR Committee, first established in 2008, was aligned with the ISO 26000:2010 Guidance on social responsibility, to address the seven core subjects of ISO 26000. The committee initiates, drives and monitors various aspects of the Company's CSR practices that are integrated with our business operations.

CSR COMMITTEE STRUCTURE



CORPORATE SOCIAL RESPONSIBILITY REPORT

CDL'S CSR MILESTONES IN 2011/2012

REGIONAL AND INTERNATIONAL ACHIEVEMENTS

Global 100 Most Sustainable Corporations in the World 2012

2010 (81st), 2011(100th) & 2012 (62nd)

CDL was once again included in this prestigious global ranking announced annually at the World Economic Forum, Davos. As the only Singapore company to have been listed for three consecutive years since 2010, CDL's ranking on this stringent global listing also improved from 100th to 62nd position.

FTSE4Good Index Series since 2002

Amongst an elite group of companies worldwide that meets globally recognised corporate responsibility standards

Dow Jones Sustainability Indexes

CDL was selected as an index component on the Dow Jones Sustainability Indexes (DJSI World and DJSI Asia Pacific) in September 2011. DJSI is one of the most creditable reference points in sustainability investing for investors and companies globally.

This achievement made CDL the only Singapore developer to be listed on both the Dow Jones Sustainability Indexes and FTSE4Good Index Series.

Asian Sustainability Rating™ 2011

CDL ranked top amongst 62 companies in the Real Estate Sector and top in Singapore amongst 60 companies in the Asian Sustainability Rating™ 2011 which examined the publicly available ESG information of the leading listed companies in 10 Asian countries.

ASEAN Business Awards (ABA) 2011

ABA honours outstanding and successful ASEAN enterprises that have contributed to ASEAN's economic growth and prosperity. During the ASEAN Business and Investment Summit 2011 organised as a part of the annual ASEAN Summit, CDL was conferred "Most Admired ASEAN Enterprises" in Corporate Social Responsibility under the Large Company category.

LOCAL ACHIEVEMENTS

Building and Construction Authority Green Mark Platinum Champion Award 2011

CDL was the only developer to be accorded the inaugural Green Mark Platinum Champion Award by Building and Construction Authority (BCA) for our sustained commitment to green buildings.

Since the launch of BCA Green Mark certification scheme in 2005, CDL has maintained its leadership in green building and has received over 50 Green Mark Awards, the highest number amongst private developers to-date, with the most number of Green Mark Platinum Awards.

Inaugural CDL Productivity Excellence Award for Builders

In line with the national productivity drive, CDL introduced this new award to recognise the efforts of our builders who have made a concerted effort to drive productivity on site through the adoption of technology, innovative methods of construction, efficient designs, etc.

Singapore Human Resources Institute Awards 2011

- Leading HR Practices in Corporate Social Responsibility Award
- Leading HR Practices in Quality Work-Life, Physical & Mental Well-Being Award

Sustainability Report 2011

The CDL Sustainability Report 2011 titled "Evolve" continued to be successfully checked at Level B+ by Global Reporting Initiative (GRI) and externally assured using AA1000 Assurance Standard. Following the launch of ISO 26000:2010 Guidance on social responsibility on 1 November 2010, CDL was the first Singapore corporation to address the ISO 26000 framework in its latest sustainability report.

Distinguished Patron of the Arts Award 2011

CDL was conferred the Distinguished Patron of the Arts Award in recognition of continuous and generous contributions to Singapore's vibrant arts and culture scene.

Royal Society for the Prevention of Accidents (RoSPA)

CDL is the only private property developer in Singapore to be conferred the RoSPA Gold Medal Award for excellence in Occupational Health and Safety management in the workplace. The Gold Medal Award is presented to organisations who have achieved six consecutive Gold Awards. CDL has been a recipient of the RoSPA Gold Award since 2006.

Workplace Safety and Health Awards 2011

The first private property developer to receive the Developer Award in 2006, CDL was accorded the honour for the 5th time.

ENGAGING ITS STAKEHOLDERS

Building trust, credibility and respect amongst stakeholders is CDL's utmost priority. To structure a coherent and timely response to the material concerns and expectations of stakeholders, CDL adopts various initiatives and communication platforms on an on-going basis.

STAKEHOLDER	CDL'S ACTION
Customers	• Universal Design Policy formalised to create an inclusive built environment that caters to the needs of all age groups and people with different abilities • Distribution of Green Living Kit which contains a Green Living Guide during the special Welcome Party for homebuyers • Innovative green features in buildings to help reduce water and energy consumption • Safeguarding customer information • After-Sales Customer Satisfaction monitored for all our projects • Regular survey amongst homebuyers and tenants for improvement of the service levels
Employees	• Employee Assistance Programme (Counselling Service) and a Grievance Platform • Adherence to the guidelines on the Tripartite Alliance for Fair Employment Practices • Constantly seeks to offer fair and competitive remuneration packages based on the potential and capabilities of the employees • Flexible working hour arrangement • 34.3 training hours per employee/year (2011) • Continual self-assessment with strong emphasis on training and development • Work-Life Committee, a committee comprises of Human Resource Department and staff from various departments, formed to formulate policies and programmes for employees or to discuss on the feedback received on work-life issues or initiatives • Significantly lower turnover rate compared to the national average • Workplace Safety Guidelines for employees to cultivate good safety habits and create a strong safety culture in our workplace
Builders & Suppliers	• Green Procurement Guidelines for project managers, consultants and contractors including green design considerations, features, products and practices to be incorporated in CDL's developments • Environment, Health and Safety (EHS) standards ensured through quarterly 5-Star EHS Assessment System and 5-Star EHS Excellence Award • Disallows builders to erect workers sleeping quarters at the work site which does not offer conducive living environment • Workers are to be given clean and presentable attire at all times • Builders are to provide clean and proper rest areas, toilets and other site facilities
Government & Regulators	• Sustained partner of the National Environment Agency's (NEA) Corporate & School Partnership since 2005 supporting five schools • Supporter of NEA-MediaCorp Semakau Run, an annual fund-raising event since its inception in 2007 • BCA-CDL Green Sparks Competition to raise awareness and engage tertiary students in the greening of the built environment • Senior management represented on boards of various industry bodies and sustainability-related public discussions • Regulatory readiness to the Singapore Government's commitment to manage carbon emissions • Hosted two visiting delegations from overseas as a part of a sustainable urban town planning and housing management programme organised for overseas government officials by Associate Professor Robert Tiong of Nanyang Technological University (NTU)'s School of Civil and Environmental Engineering • Shared our sustainability reporting journey at the Launch of Sustainability Reporting Guide for Listed Companies organised by the Singapore Exchange (SGX)

<table>
<tr><th>STAKEHOLDER</th><th colspan="2">CDL'S ACTION</th></tr>
<tr><td>The Youths</td><td colspan="2">• Commitment to nurturing the new generation of leaders in society and advocating sustainability amongst the youths
• Proactively engaging the youth through various platforms including CDL E-Generation Challenge, BCA-CDL Green Sparks Competition, CDL Young Photographer Award and CDL-Singapore Compact Young CSR Leaders Award
• Support for youth-led developmental projects in Singapore and abroad</td></tr>
<tr><td>Investors & Media</td><td colspan="2">• Timely release of quarterly financial results
• Commitment to maintaining good corporate governance and business integrity in all business activities
• Amongst 17 founding signatories of the Anti-Corruption & Compliance Declaration, Southeast Asia's first anti-corruption declaration in 2009
• Semi-annual briefings for analysts and media
• Investing more resources in the engagement of the larger investor community which includes sustainability analysts, rating agencies and the socially responsible investment community in forms of dialogue, participation in interviews, surveys, reports and one-on-one meetings</td></tr>
<tr><td rowspan="12">NGOs & Communities</td><td colspan="2">Active participation in sharing CDL's CSR journey to a wide range of stakeholders</td></tr>
<tr><td>Organiser</td><td>Key Platforms in 2011</td></tr>
<tr><td>SPRING Singapore</td><td>Launch of ISO 26000:2010 Guidance on social responsibility</td></tr>
<tr><td>Singapore Institute of Directors</td><td>Seminar on CSR and Sustainability Reporting</td></tr>
<tr><td>Singapore Business Federation</td><td>Asia Pacific Sustainability Leadership Forum</td></tr>
<tr><td>CPA Australia</td><td>Annual CPA Congress</td></tr>
<tr><td>Nanyang Technological University (NTU)</td><td>Symposium on Accounting, Reporting and Assurance for a Sustainable Future</td></tr>
<tr><td>Singapore Management University (SMU)</td><td>International Conference of Society of Global Business and Economic Development</td></tr>
<tr><td>National University of Singapore (NUS)</td><td>10^{th} Anniversary Conference on Sustainable Environmental Management in Urban Asia</td></tr>
<tr><td>Social Enterprise Association</td><td>Annual Flagship Conference "Investing in Businesses with a Difference"</td></tr>
<tr><td>Institute of Public Relations of Singapore</td><td>Seminar on Sustainability</td></tr>
</table>

* This table lists only key approaches and is non-exhaustive.

CULTIVATING OUR PEOPLE

CDL strives to be an employer of choice and create a conducive environment which empowers, nurtures and values our employees. More information can be obtained in the Human Resource Review on page 44.

RISK MANAGEMENT

Since 2002, CDL has established a formal risk management framework to enable significant business risks to be identified, assessed, monitored, managed and reviewed regularly. More information on the risk management framework can be obtained from pages 53, 54 and 55.

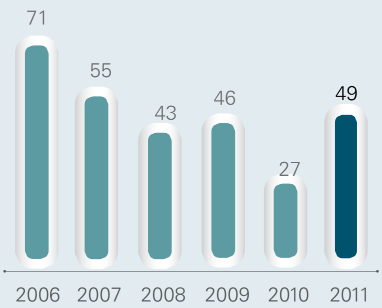
DEVELOPING A SMART AND SUSTAINABLE BUILT ENVIRONMENT

15 CDL commercial buildings, including Republic Plaza and City Square Mall, successfully attained the OHSAS 18001 Health and Safety Management System in Property Management certification in January 2011. OHSAS 18001 is an Occupation Health and Safety Assessment Series for health and safety management systems to help organisations control occupational health and safety risks. These 15 buildings also received the re-certification of the ISO 14001 (Environment Management System) and ISO 9001 Quality Management systems which were first awarded in 2007.

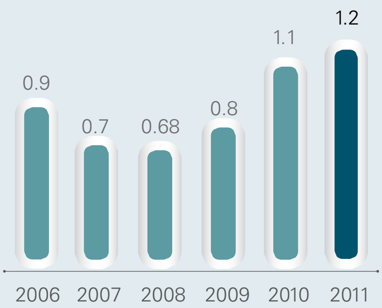
In line with CDL's Corporate EHS Policy, CDL is committed towards mitigating the impact of our business on the environment and striving to apply environmentally-friendly practices in our operations.

In 2011, CDL continued to monitor and drive improvements in our environmental performance across our worksites, investment buildings and corporate office.

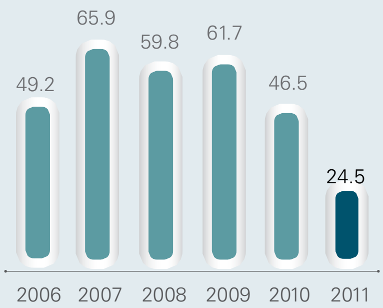
Projects Division



Energy (kWh/m²)



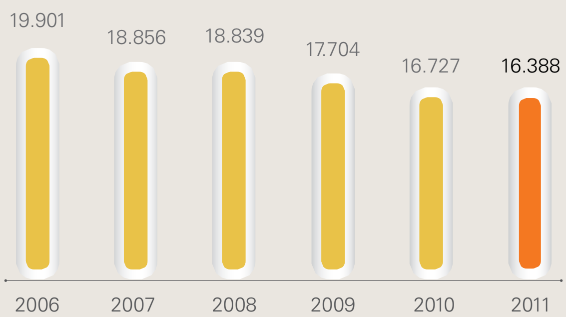
Fresh water (m³/m²)



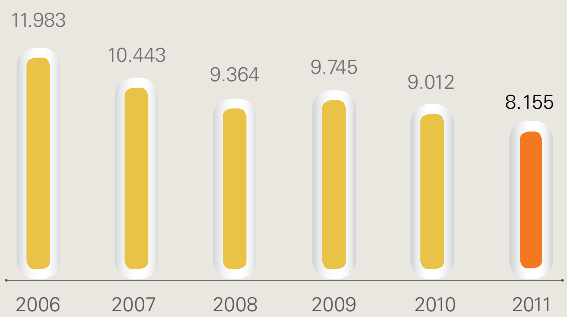
Construction Waste Generated (kg/m²)

Note: In 2011, 8 out of 16 development projects were at full- swing construction stage and 5 were near completion, which required higher electricity for essential tests and commissioning works before handing over to buyers.

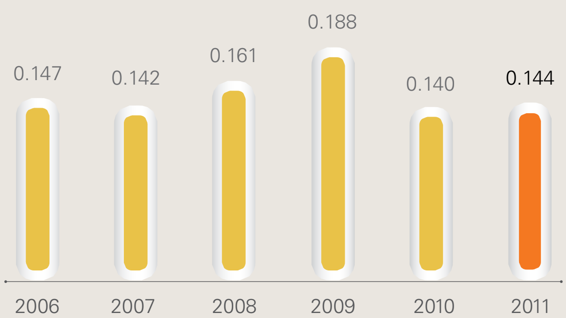
Property & Facilities Management Division



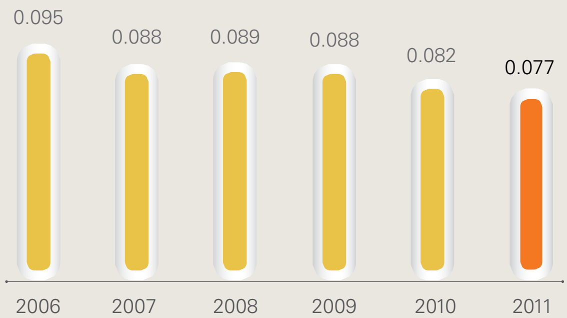
Energy Used at CDL Commercial Buildings
(kWh/month/m²)



Energy Used at CDL Industrial Buildings
(kWh/month/m²)

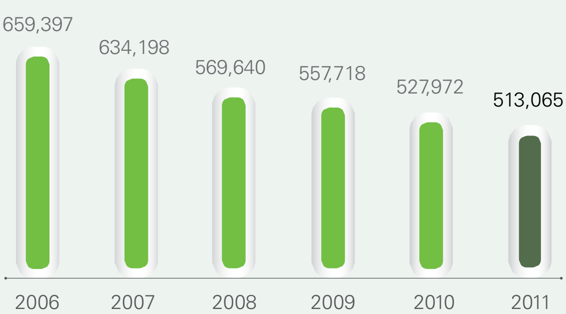


Water Used at CDL Commercial Buildings
(m³/month/m²)

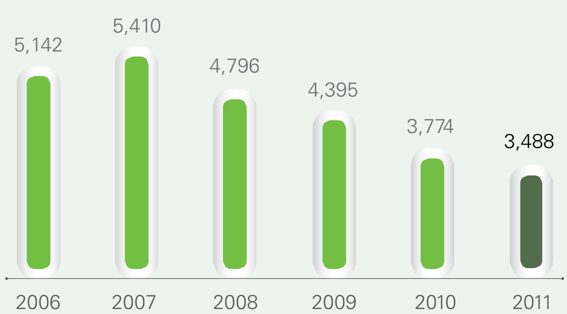


Water Used at CDL Industrial Buildings
(m³/month/m²)

Corporate Office



Energy (kWh)



Paper (Number of A4 Reams)

CORPORATE SOCIAL RESPONSIBILITY REPORT

TRANSFORMING THE COMMUNITY

In 2011, CDL continued to support and initiate numerous cross-sector projects with developmental objectives, direct engagement with beneficiaries, dialogues with stakeholders for a sustained impact.

CDL's four key areas of the environment, youth development, the less fortunate and the arts remained central in all its community investment.

Raising Awareness for the Environment

CDL sustained our commitment to raise environmental awareness and conservation, in partnership with Non-Governmental Organisations (NGOs) and Government agencies.

A committed partner of the NEA's Corporate & School Partnership since 2005, CDL has remained in partnership with all five adopted schools and helped them to nurture environmental interest and action through the environmental projects that each school embarks on each year for the annual Clean and Green Singapore Schools' Carnival which attracted over 10,000 visitors in 2011. CDL also sponsored the Climate Change Photography Competition at the Carnival.

Back for the second year, CDL E-Generation Challenge drew 280 youths from over 10 tertiary institutions to CDL's annual green rally which aims to provide youths a fun platform to foster eco-consciousness. Participating students faced various green challenges in the form of tasks, quizzes and activities which focused on six sustainability topics, namely Energy, Water, Shelter (Buildings), Biodiversity, Waste and Food. This annual event was supported by NEA.

In 2011, CDL continued to support environmental conservation by working with many partners on various programmes and events.

Initiated by CDL and our NGO partner Singapore Environment Council (SEC) in 2002, Project: Eco-Office has been targeting office workers in Singapore to adopt eco-friendly practices in the office. Through the wide distribution of the Eco-Office Kit, launch of an online Eco-Office Audit, Eco-Office Label certification and numerous awareness campaigns, some 110 offices have received the Eco-Office certification to date, a commendable number from just four awardees (including CDL), when it was first launched in 2005.

We have been supporting World Wildlife Fund (WWF)'s Earth Hour campaign through engaging various stakeholders since its launch in Singapore in 2008. In addition to 98% participation rate at 13 CDL buildings during the Earth Hour 2011, we initiated "Half-Hour Off" to encourage our tenants to turn off their air-conditioners for half an hour on Friday, 25 March in the same 13 buildings. On average, 75% of our tenants in these buildings participated in this initiative, with 100% from 3 buildings. CDL also organised awareness raising activities at City Square Mall, and encouraged our employees and their families to be part of the Earth Hour.

Other organisations CDL has engaged and supported include China Exploration & Research Society (CERS), Eco-business.com, ECOplosion, Environmental Challenge Organisation Singapore (ECO Singapore), Nature Society (Singapore) and Singapore Institute of International Affairs (SIIA).

Inspiring The Young

CDL believes in the importance of youth development and nurturing the new generation of business leaders.

In March 2011, CDL launched the inaugural CDL-Singapore Compact Young CSR Leaders Award. A total of 27 teams, made up of 143 students, submitted their CSR proposals on Singapore-based Small, Medium-sized Enterprises (SMEs) representing a diverse range of industries. 10 short-listed teams were assigned to their respective SMEs for the short work attachments and mentored by CSR consultants who helped refine and improve their proposals. The winners were presented their awards during the opening ceremony at the Singapore Compact CSR Summit attended by some 300 delegates representing the government, business, NGOs, media and academic institution sectors.

A group of 14 undergraduate students from the Singapore Management University (SMU) at work, as part of Serve Cambodia.

CDL also continued our support for youth-led developmental projects in Singapore and abroad in 2011.

KEY PROJECTS	IMPACT
Serve Cambodia	**Housing & Education** 14 undergraduate students helped the local villagers on Widow's Colony (Koh Kor Island), Cambodia, and improved their quality of life through the construction of three houses and conducted children's programmes comprising of art sessions, English classes, planting sessions and games.
Project An	**Housing & Literacy** 21 students helped children living below the poverty line in Ben Tre Province, Viet Nam, and served approximately 185 young pupils at the Loang Hoa Primary School, situated in the Loang Hoa Commune through building a day-care centre and a cookhouse and conducting two week-long English lessons.
Project Pangarap	**Education** CDL's support contributed to equipment of village computers with educational tools for slum communities in the Philippines, identified by an established local NGO, Gawad Kalinga Community Development Inc.
Project Fei Yue	**Health & Safety** Partnered Mercy Relief, the Singapore National Youth Council (NYC) and the China Foundation of Poverty Alleviation (CFPA), 21 students constructed safety fences and conducted hygiene education classes for about 500 students at the Heng Miao Xiang Jiu Yi school in Sichuan, China. An 80-metre long and 2-metre high fence was erected to prevent students from falling into a deep ditch caused by the 2008 Sichuan earthquake.
Project Young @ Heart	**IT Literacy for the Elderly** Partnering People's Association and the Singapore Action Group for Elders (SAGE), 8 undergraduate students conducted IT lessons to 42 senior citizens and published a guide booklet pertaining E-services in Singapore such as the Central Provident Fund (CPF) portal, entertainment and transportation information.
Sit Exercise!	**Active Ageing** Partnering with NGOs Lions Befrienders, Filos, SAGE and Thye Hua Kwan Moral Society, a group of youths created an exercise routine suitable for senior citizens in Singapore. A nation-wide event attended by some 450 senior citizens was followed by production of exercise instruction DVDs to ensure the sustainability of the exercise programme.
Project Sprout	**Access to Clean Water** Endorsed by NYC and Mercy Relief, 18 youths installed a communal water filtration system in Da Nang, Viet Nam, to provide clean and accessible drinking water for the villagers.

PROMOTING THE ARTS AND HERITAGE

CDL has long been a strong supporter of local arts scene in Singapore. We have initiated two signature arts projects, namely, the CDL Singapore Sculpture Award in 2002 and the Singapore Youth Photographer Award (SYPA) in 2006 to nurture artistic talents in Singapore.

In 2011, SYPA 2012 was launched, offering new categories and exciting themes. This biennial award has evolved to cast a larger net to capture more young and budding photographic talents. Its aim remains to nurture young photographers as well as elevate the standard of photography in Singapore.

CORPORATE SOCIAL RESPONSIBILITY REPORT

To commemorate the milestone railway land swap between Singapore and Malaysia and preserve the historical significance of the railway in Singapore, CDL's Managing Director Kwek Leng Joo, teamed up with established watercolourist, Ong Kim Seng and presented a joint photo-cum-water painting exhibition titled "Tracking Memories" at the National Museum of Singapore.

CARING FOR THE LESS FORTUNATE

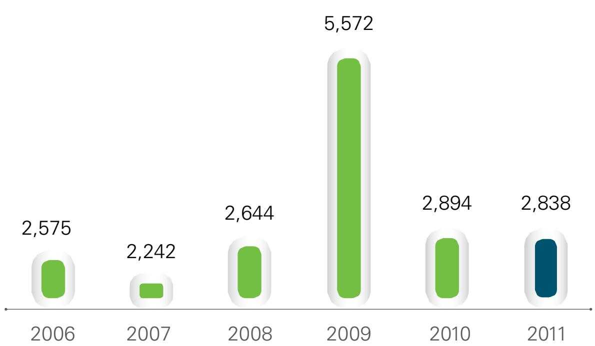
CDL has sustained our corporate volunteering culture through City Sunshine Club (CSC). Since 1999, CSC has provided a pro-giving platform for employees and their families to contribute to the community through various forms of support for the sick, elderly, the disadvantaged children and youth-at-risk on a sustained basis.

In recognition of CDL's long-term commitment in community engagement and contributions, we were conferred the Merit Award by the Lions Befrienders Service Association (Singapore). Its Befriending Programme reaches out to about 2,500 lonely seniors through weekly visitations by 1,200 volunteers nation-wide. CDL has been involved in the monthly food distribution and befriending programme since 2005.

As a long-standing partner of Assisi Hospice since 1999, CDL and its subsidiary company, CBM Pte Ltd, once again co-organised the annual Charity Fun Day held on 19 June 2011, for families to revel in a day of fun and to engage in the spirit of giving. While CBM Pte Ltd provided services in the areas of cleaning management as well as carpark and traffic control, CDL together with our sister hotels took up a 36-metre pavilion to sell delicacies.

With over 200 volunteers and a plethora of stalls ranging from delectable cuisines, handicraft, games, apparel to jumble sales, the Assisi Charity Fun Day raised over $800,000 for the expansion and improvement of the Hospice's three core services of in-patient care, home care and day care centres, relieving the Hospice of a huge bulk of expenses especially with a rising number of adult and pediatric patients requiring hospice care.

Total Number of Volunteer Hours



In November 2011, volunteers from CDL participated in a unique sleepover programme at Jurong Bird Park with a group of 30 children from Dreams @ Kolam Ayer, organised by CSC as part of the club's ongoing character development activities for these less-privileged children. The programme involved a sumptuous buffet spread for everyone, Night Walk of Confidence where the children learnt to overcome their fear as they were guided in pitch darkness by our volunteers and games. CSC also organised, for different groups of children and youths, outings to City Square Mall such as a Sesame Street colouring and green handicraft workshop.

Beyond the activities of CSC, CDL also supported numerous worthy fundraising events, campaigns and long-term projects in collaboration with partners including the Arc Children's Centre, Boys' Brigade, Children's Aid Society, Asian Women's Welfare Association, Henderson Senior Citizens' Home, Man Fut Tong Nursing Home and Viriya Community Services.

In addition, the sale of 60 copies of the latest edition of "Heart Voyage" photo art book series raised some $300,000 for President's Challenge in 2011. Collectively, this initiative has raised over $550,000 for President's Challenge through the sale of the three volumes of "Heart Voyage" art book.

LOOKING AHEAD

This report illustrates the importance CDL has placed and promptly acted upon matters involving environmental, social and governance concerns in 2011. For more detailed information on our CSR efforts, please visit www.cdl.com.sg/csr.

In an era where business growth requires much more than just large-scale expansion and short-term profitability, CDL, with 49 years of proven track record, will further strengthen the trust with stakeholders as we seek new business opportunities through infinite product and service innovation.

We continue the journey towards a sustainable future, where our business (生意), people (人) and nature (自然) grow together in harmony (和谐).

KWEK LENG JOO
Managing Director

RISK MANAGEMENT

Risk management continues to play an important part in the Company's business activities and is an essential component of its planning process. The Board has overall responsibility to ensure that the Company has the capability and necessary framework to manage risks in new and existing businesses and that business plans and strategies accord with the risks appetite that the Company undertakes to achieve its corporate objectives. To assist the Board in its risk management oversight, the Audit Committee has been authorised by the Board to provide oversight and review on matters relating to the risk management policies and systems of the Company.

The Audit Committee's risk management function is assisted by a Risk Management Committee ("RM Committee"), whose members comprise senior management. The RM Committee is responsible for ensuring the effectiveness of the risk management framework of the Company, the objective of which is to provide an enterprise-wide view of the risks involved in property investment, development and management activities and a systematic process for identification, assessment, management and reporting of such risks on a consistent and reliable basis. The RM Committee is mandated to focus on key strategic risks whilst also ensuring that the business units are responsible for the day-to-day tracking, monitoring and control of risks within their operations.

The designated Risk Coordinator assists by providing the RM Committee with the quarterly status of the key strategic risk exposures and the Senior Management with a timely assessment of key risk exposures and any new emerging risks that may require assessment. The RM Committee reports quarterly to the Audit Committee on the overall strategic and operational risks positions, including mitigating measures, treatment plans and the occurrence or potential occurrence of significant risk events.

The RM Committee had, since 2002, established a formal risk management framework. Within this framework, significant business risks are identified, assessed, evaluated, monitored, managed, and reported on a regular basis. The risk governance structure of the Company is regularly reviewed against international standards and best practices in risk management. The Company recognises that the risk management process is an ongoing process and aims under its risk governance structure to continue to look for ways to improve in the following areas:

- increase monitoring and control capabilities in its review of significant strategic business risks;
- review the effectiveness of the systems of internal controls to limit, mitigate, manage and monitor identified risks;
- ensure that the operating systems deliver adequate and timely information required for effective risk management; and
- build on and integrate into its existing governance and management systems the appropriate tools for effective management of strategic business risks which are reflective of changes in markets, products and emerging best practices.

The Company's risk management framework has categorised its risks into the following main risk types:

OPERATING RISKS

The risk management framework is integrated into the management processes at operational levels, with the respective management at divisional and departmental levels being responsible for identifying, assessing, mitigating and managing the operating risks within each of their functional areas. The implementation and use of a system of internal controls, and operating, reporting and monitoring processes and procedures (including processes involving due diligence and collation of market intelligence and feedback), supported by information technology systems and constant development of human resource skills through recruitment and training, are important elements of the risk management framework, to mitigate risks relating to product and service quality assurance management, costs control management, design and product innovation, market intelligence, marketing/sales and leasing management, financial control management and regulatory compliances in the Company's operations.

The maintenance of adequate insurance coverage for the Company's assets, and the protection of and continued investment in the security and integrity of its information technology systems and database which are highly integrated with its business processes, are also part of the Company's control processes for the protection of its assets. The Company also maintains close working relationship with its business partners and relevant authorities to keep abreast of political developments and changes in the regulatory framework and business environment.

INVESTMENT AND PORTFOLIO RISKS

Risk evaluation forms an integral aspect of the Company's investment strategy. Balancing risk and return across asset types and geographic regions are primary considerations to achieve continued corporate profitability and portfolio growth. This risk assessment includes macro and project specific risks analysis encompassing rigorous due diligence, feasibility studies and sensitivity analysis on key investment assumptions and variables. Each investment proposal is objectively evaluated to fit the corporate strategy and investment objective. Potential business synergies including collaboration risks assessments are identified early to ensure business partnership objectives and visions are well-aligned and collaboration partners are like-minded and compatible.

RISK MANAGEMENT

TREASURY AND FINANCIAL RISKS

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risks, liquidity risks and market risks, including interest rate risks and foreign currency risks.

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken for speculative purposes except for the use as hedging instruments where appropriate and cost efficient.

Credit Risk - The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of these financial assets.

Transactions involving financial instruments are entered into only with counterparties that are of acceptable credit quality. Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Liquidity Risk - The Group monitors its liquidity risk and maintains a level of cash and cash equivalents, and credit facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Interest Rate Risk - The Group's exposure to market risk changes in interest rates relates primarily to its interest-bearing financial assets and debt obligations. The Group adopts a policy of managing its interest rate exposure by maintaining a debt portfolio with both fixed and floating rates of interest. Where appropriate, the Group uses interest rate derivatives to hedge its interest rate exposure for specific underlying debt obligations.

Foreign Currency Risk - The Group is exposed to foreign currency risks on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of the Group's entities.

The Group manages its foreign exchange exposure by a policy of matching receipts and payments, and asset purchases and borrowings in each individual currency. Forward foreign exchange contracts are used purely as a hedging tool, where an active market for the relevant currencies exists, to minimise the Group's exposure to movements in exchange rates on firm commitments and specific transactions.

Wherever necessary, the Group finances its property, plant and equipment purchases by using the relevant local currency cash resources and arranging for bank facilities denominated in the same currency. This enables the Group to limit translation exposure to its balance sheet arising from consolidation of the Group's overseas net assets.

HUMAN RESOURCE RISKS

The Company recognises human resource as an important contributing factor towards the stable growth of the Company, and accordingly efforts are taken to enhance the processes for recruitment, compensation, training and development of employees. Identification of core competencies is critical in the employee selection and development processes, and the implementation of performance assessment and management programs, coupled with career development and training programs, are part of the Company's human resource strategy to improve work performance, maximise competencies, increase staff commitment and retention, and develop further an effective succession planning program within the organisation.

The management also supports work-life harmony programs and family-friendly policies as part of its efforts to help employees achieve a balanced life between work and family and at the same time create a quality workplace.

CRISIS RISKS

Operating in an environment with potential threats of terrorism, epidemic outbreaks and information systems failure, the management has put in place a company-wide Business Continuity Plan ("BCP") to mitigate the risks of interruption and catastrophic loss to its operations and information database arising from such potential threats.

The RM Committee is responsible for overseeing the maintenance of the BCP. Procedures and processes of the BCP include identification of alternate recovery centers, operational procedures to enable communication, continuity of critical business functions and recovery of database in the event of a crisis incident. Periodic incident management drills are conducted to familiarise employees with the emergency response and crisis management plans of the Company. The plans to carry out periodic tests on BCP, results of the tests, as well as recommendations and corrective actions are reviewed by the RM Committee annually and reported to the Audit Committee. Further enhancement during the year included the alignment of corporate BCP to various operating departments' environmental emergency procedures.

ENVIRONMENTAL, HEALTH AND SAFETY (EHS) RISKS

As a developer with extensive operations, strategic and concerted efforts have been put in to mitigate the impact of our operations on the environment. The Company's EHS Policy (established in 2003) sets the strategic direction for all departments, employees and stakeholders to take practical effort to ensure effective EHS management in its operations.

To manage its EHS risks, the Company has since 2003 integrated an EHS Management System within its operations, certified against the international ISO 14001 Environmental Management System and OHSAS 18001 Occupational Health and Safety Management System on an annual basis.

Through this system, the Company evaluates its key EHS risks, determining the risk level based on a risk assessment technique consisting of the likelihood of the occurrence and severity of the impact. Control measures are promptly applied to mitigate all significant EHS risks. This is done through setting objectives and targets, establishing programmes and/or putting in place work procedures and work instructions. The guiding principle of the mitigating measures is to follow the hierarchy of control, starting with elimination, and then moving to substitution, isolation, use of engineering control, use of administrative control and last of all, use of personal protective equipment.

The Company addresses climate change in its business operations and has set a target to reduce its carbon intensity emissions by 22% by 2020 from baseline year 2007 and 25% by 2030.

The Company's EHS targets and performance are measured and regularly tracked by internal and external auditors. Gaps and possible risks are identified for prompt rectification and continual improvement.

MILLENNIUM & COPTHORNE HOTELS PLC ("M&C")

The risk management activity of M&C, the Group's hotel arm, is directed by its Executive Management Committee led by its Chief Executive Officer, who undertake regular reviews of (i) the risk registers, compiled and updated to map the nature of the risks relative to their likelihood of occurrence and severity and associated trends, and (ii) the progress of the risk treatment plans devised to eliminate, minimise or transfer risks. Overall responsibility for the risk management process of the M&C group lies with the board of M&C, and the audit committee of M&C reviews, on behalf of the board, the effectiveness of the group's risk management processes and other internal controls. Information on M&C's principal risks can be found in its annual report for FY 2011.

On the EHS front, in 2011, M&C's European region received formal accreditation to the OHSAS 18001 standard for its health and safety system and achieved formal accreditation to the ISO 14001 standard for its environmental management system. M&C intends to implement these systems progressively in its other operating regions.

Whilst M&C continually assesses its environment impact and actively seeks ways to reduce it through improvements in its hotel's operating infrastructure and by modifying work practices, the hotel management also works with its suppliers to minimise the environment impact of their activities. Environmental performance is also being integrated into the operational objectives of the hotel staff. The M&C group monitors the carbon footprint for all of its owned and managed properties, and the board of M&C has set a target for the group's energy consumption.

SINGAPORE MARKET REVIEW

From a record expansion of Gross Domestic Product (GDP) growth of 14.8% recorded in 2010, the Singapore economy paced itself and achieved an expansion of 4.9% in 2011. The economic growth was in line with the Ministry of Trade and Industry's (MTI) growth forecast of around 5% for the year.

For the whole of 2011, the manufacturing sector expanded by 7.6%, down from 29.7% in 2010. The construction sector grew by a modest pace of 2.6% in 2011, down from 3.9% in 2010. Services producing industries grew by 4.4%, on a year-on-year basis, in 2011, compared to the 11.1% growth in the preceding year.

RESIDENTIAL

Singapore's private residential market in 2011 continued to strengthen on the back of healthy demand amid a robust economy, positive job prospects and a low interest rate environment. According to the Urban Redevelopment Authority's (URA) real estate statistics, developers sold 18,787 units (including executive condominiums) of new homes in 2011, an all-time high and 8.3% more than the 17,344 units sold in 2010. In 2011, prices of private residential properties increased by 5.9% as compared with 17.6% in 2010.

In 2011, prices of private apartments increased by 4% in the Core Central Region (CCR) while those in the Rest of Central Region (RCR) and Outside Central Region (OCR) increased by 4.5% and 7.7% respectively. CCR comprises the prime districts 9, 10, 11, Downtown Core and Sentosa Cove, while RCR refers to the area within the Central Region that is outside CCR.

Singapore's residential market saw strong take-up response for several new private residential project launches in 2011. For example, H_2O Residences, a 521-unit project, sold 85% of the 300 units launched during its preview in March 2011. Similarly, The Palette, a 99-year condominium jointly developed by CDL, Hong Leong Holdings and Hong Realty (Private) Limited, met with enthusiastic response with over 80% of the 450 units snapped up during the launch in November 2011.

According to URA real estate statistics, rentals of private residential properties rose by 3.8% in 2011. In view of Government's commitment to attract a vibrant and forward-looking workforce so as to maintain economic vitality and strengthen Singapore's core, leasing activity is expected to remain steady in 2012.

In view of the robust demand for private housing and buoyant conditions in the property market, the Government announced the following measures in January 2011 – the holding period for imposition of Seller's Stamp Duty (SSD) would be increased from three years to four years. The SSD rates were also raised to 16%, 12%, 8% and 4% of consideration for residential properties which are bought on or after 14 January 2011,

The Palette is well-located near Pasir Ris MRT, amenities and outdoor recreational facilities.

and sold in the first, second, third and fourth year of purchase respectively. Simultaneously, Loan-to-value (LTV) limit for non-individuals was lowered to 50% and LTV limit for individuals with one or more outstanding housing loans at the time of new housing purchase was reduced to 60%.

To maintain a stable and sustainable property market, the government imposed an Additional Buyer's Stamp Duty (ABSD) over and above the current Buyer's Stamp Duty on certain categories of residential property purchases in December 2011. Foreigners have to pay an ABSD of 10% for any residential property while Permanent Residents and Singaporeans have to pay an ABSD of 3% for their second and third, respectively and subsequent residential properties.

The MTI anticipates that the growth forecast for the Singapore economy is at 1% to 3% for 2012. Singapore's external demand is likely to be impacted by the deteriorating macroeconomic conditions stemming from the European debt crisis, partisan politics in the lead-up to the US presidential elections and fiscal austerity measures.

With a more sustainable economic growth conditions, coupled with a low interest rate environment, as well as Singapore's reputation as a world-class global city that remains attractive to professionals and high net worth individuals, demand fundamentals are expected to remain healthy for Singapore's residential property market in 2012.

OFFICE

2011 was a year of contrasting halves for the Singapore office market as it expanded strongly in 1H 2011, and the demand for office space moderated in 2H 2011 due to the financial uncertainties in the global economy.

Overall, the Singapore office market rode on the high growth momentum from 2010 and turned in a positive performance in 2011, as shown by the market data. URA statistics showed that the rental index for office space in Central Area increased by 8% for the year of 2011, compared to 12.4% increase in rental for 2010. The islandwide price index for office space increased by 13.8% year-on-year in 2011, lower than the 18.9% increase in 2010. The island-wide occupancy rate of office space as at end of 2011 increased to 88.7% year-on-year, rising from 87.9% as compared to 2010. Total available office space as at end of 2011 remained stable at 77.8 million square feet. Against the backdrop of a steady economic growth, Grade A office space turned in a good performance in 2011. According to a CB Richard Ellis (CBRE) market report, Grade A office space rents in the Central Business District (CBD) posted an increase of 11.1% year-on-year to $11 per square per month in 2011.

According to URA statistics, about 9.7 million square feet of new supply of office space is expected between 2012 and 2016. However, there would be relief to supply as it will also come in the form of removal of stock from the market for redevelopment. There was about 1.8 million square feet completed in 2011, which represented a 2.5% increase in the total stock. The impending supply in the next 4 years would help to improve the overall quality of the office stock and this would attract international companies who are eyeing to start up operations in Asia. According to CBRE, certain global industries are viewing Singapore favourably for expansion give the prospect of tax increase and with political uncertainties in the West.

RETAIL

2011 was an eventful year where retailers and consumers experienced significant events such as the grand opening of Marina Bay, one of Singapore's two Integrated Resorts (IRs), and the annual Great Singapore Sale and Formula One night races. Consumers enjoyed more shopping choices with several new and prominent retail malls completed in 2011, including Scotts Square, Changi City Point, ARC, Greenwich V and Rochester Mall.

The complete opening of the integrated developments at Marina Bay Sands and Resorts World Sentosa not only introduced many luxury and new-to-market labels, F&B offerings and entertainment concepts locally, but also enriched the local retail arena by providing a multi-faceted retail experience and setting new benchmarks in shopping expectations.

According to figures compiled by the Singapore Department of Statistics, the retail sales index (excluding motor vehicles, at constant prices) – which indicates the health of the retail industry – increased in November 2011, rising 6.4% year-on-year.

According to URA statistics, the island-wide occupancy rate of shop space for 2011 increased to 94.7% year-on-year, rising from 94.2% as compared to 2010. The overall rentals for shop space had increased by 2.5% year-on-year, with median rental for retail space in Orchard Planning Area reaching $10.74 per square foot per month. A separate report by CBRE indicated that the average monthly gross rents for prime retail space in Orchard was about $31.60 per square foot at the end of 2011.

2012 is expected to be a good year for Singapore's retail property market, as employment and wage levels are likely to remain high. Retailers are likely to continue to open new outlets and source for more business opportunities. The enhanced tourist traffic generated by the two IRs, the rejuvenation of Orchard Road and the expanded suite of retail offering have strengthened Singapore's attractiveness as an investment destination for both new-to-market and established brands, some of which are also using Singapore as a springboard into the region. More fine dining establishments are also expected to open in 2012, such as Pollen (Gardens by the Bay) and Sushi Ichi (Scotts Square). According to a market report by CBRE, prime Orchard Road rents are expected to be stable with a combination of factors, such as healthy retail sales projections, increased tourist arrivals, limited prime stock and continued demand from various retail trades.

HOTEL

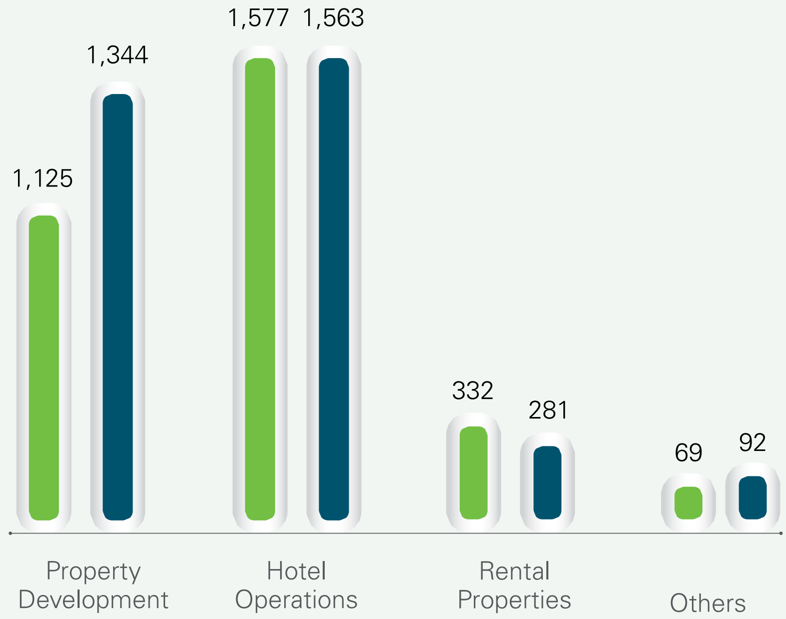
The Singapore tourism industry recorded a stellar performance in 2011, registering significant growth in both visitor arrivals and tourism receipts. According to Singapore Tourism Board (STB) statistics, visitor arrivals to Singapore in 2011 totalled 13.2 million, an increment of about 13.7% when compared to 2010. About 76% of total tourist arrivals last year came from Asia while roughly a third of all visitors were business travellers. Tourism receipts for 2011 are estimated at S$22.2 billion, rising 17% year-on-year. Tourist arrivals maintained at above 1 million for every month of 2011, except February reporting a lower monthly figure of 0.99 million. The tourist arrival for July 2011 of 1.27 million was the highest-ever recorded thus far for any single month.

STB's hotel statistics showed that overall hotel average room rate in 2011 was about $245, registering an increment of about 13% when compared to 2010. The room rates for all hotel tiers have increased, with the Upscale tier posting the highest growth rate of 14%. Average occupancy rate reached 86% in 2011.

Attractions that opened recently include the Maritime Experiential Museum & Aquarium at Resorts World Sentosa. Looking ahead, tourism product offerings in the pipeline include the Wildlife Reserves Singapore's River Safari, the Marine Life Park at Resorts World Sentosa, the Gardens by the Bay and the National Arts Gallery. These projects will augment Singapore's exciting repertoire of attractions and leisure precincts, thereby drawing new and repeat visitors.

FINANCIAL REVIEW

Revenue by Activity ($ million)



Profit before Income Tax by Activity* ($ million)

* Includes share of after-tax profit of associates and jointly-controlled entities.
** Restated due to the adoption of INT FRS 115 – *Agreements for the Construction of Real Estate.*

PROPERTY DEVELOPMENT

Revenue increased by $218.9 million to $1,343.7 million (Restated FY 2010: $1,124.8 million) for FY 2011. Pre-tax profits increased by $114.9 million to $536.0 million (Restated FY 2010: $421.1 million) for FY 2011.

The increase in revenue for FY 2011 was due to maiden contribution from NV Residences, 368 Thomson, Cube 8, Hundred Trees and Tree House in 2011, increased contribution from One Shenton and Volari as well as sale of development land in Q3 2011 at £44.2 million (approximately $88.9 million) in Kuala Lumpur by the Company's 55% owned subsidiary, Millennium & Copthorne Hotels plc (M&C). However, the absence of contributions from Tribeca and The Arte which obtained their Temporary Occupancy Permits (TOP) in 2010 and reduced contributions from Wilkie Studio, Livia, Shelford Suites and The Residences at W Singapore Sentosa Cove had partially offset the increase in revenue.

The increase in pre-tax profits for FY 2011 was in tandem with the increase in revenue coupled with a net write-back of allowance for foreseeable losses for development projects. This was partially offset by the absence of profit contributions from The Oceanfront @ Sentosa Cove, a joint venture project, which obtained its TOP in 2010.

HOTEL OPERATIONS

Revenue decreased by $13.9 million to $1,563.5 million (FY 2010: $1,577.4 million) for FY 2011, despite improvement in the Group's RevPAR in main gateway cities. This was due to the closure of the Copthorne Orchid Hotel on 1 April 2011 for redevelopment to residential property and closure of three hotels in New Zealand due to the February 2011 earthquake in Christchurch. In addition, the refurbishment work at the Millennium Seoul Hilton and Orchard Hotel Singapore in 2011 had also negatively impacted the full year revenue.

Though revenue for FY 2011 decreased, pre-tax profit increased by $77.5 million to $282.2 million (FY 2010: $204.7 million). This was due to a gain of £17.4 million (approximately $35.4 million) on the sale and leaseback of Studio M Hotel to CDL Hospitality Trusts (CDLHT) recorded in Q2 2011 and a release of £6.6 million (approximately S$13.3 million) dilapidation provision for Millennium Hotel & Resort Stuttgart whose lease expired on August 2011.

RENTAL PROPERTIES

Revenue decreased by $51.7 million to $280.8 million (FY 2010: $332.5 million) for FY 2011 primarily due to the disposal of North Bridge Commercial Complex, The Office Chamber, Pantech 21, several strata units in GB Building and all strata units in Chinatown Point in 2010 as well as sale of The Corporate Office in Q1 2011.

Pre-tax profit decreased by $96.9 million to $325.6 million (FY 2010: $422.5 million) for FY 2011. The decrease in FY 2011 was due to gains recognised in 2010 from the sale of North Bridge Commercial Complex, The Office Chamber, all strata units in Chinatown Point, Pantech 21, several strata units in GB Building and New Tech Park, held by a jointly-controlled entity, partially offset by lower impairment loss of $14.1 million (2010: $23.9 million) made in 2011. Included in pre-tax profits for FY 2011 were gains accounted on the disposal of The Corporate Building, The Corporate Office and a strata unit in GB Building. In addition, a gain was also recorded for the dilution of investment in CDLHT following a CDLHT private placement issue in Q3 2010.

OTHERS

Revenue, comprising mainly income from building maintenance contracts, project management, club operations and dividend income, increased by $23.8 million to $92.5 million (FY 2010: $68.7 million) primarily due to higher management fee income earned and dividend income received for FY 2011.

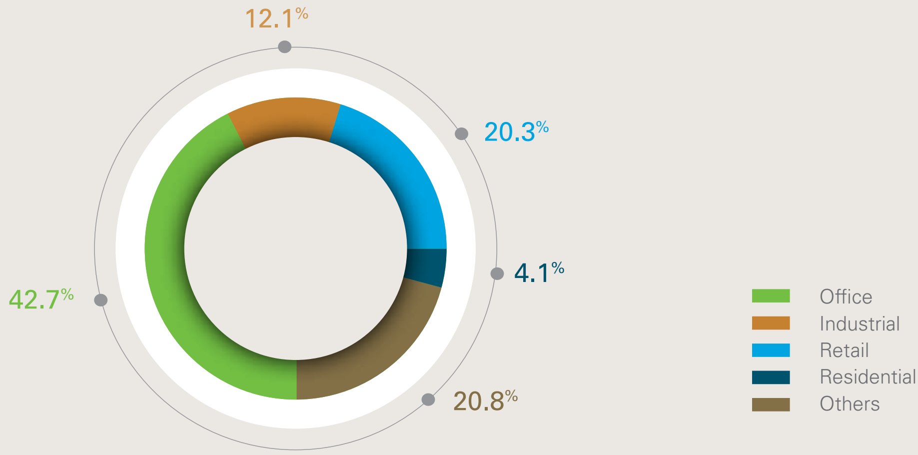
Though revenue had increased, pre-tax loss of $7.4 million (FY 2010: pre-tax profit of $19.2 million) for FY 2011 was reported. This was mainly due to higher professional fees incurred and exchange losses arising from translation of foreign denominated loans, particularly Hong Kong dollars denominated loans. Fair value losses recognised on financial assets held for trading in FY 2011 vis-à-vis net fair value gains recorded in FY 2010 had also negatively impacted the full year performance for this segment.

PROPERTY PORTFOLIO ANALYSIS

Investment Properties as at 31 January 2012

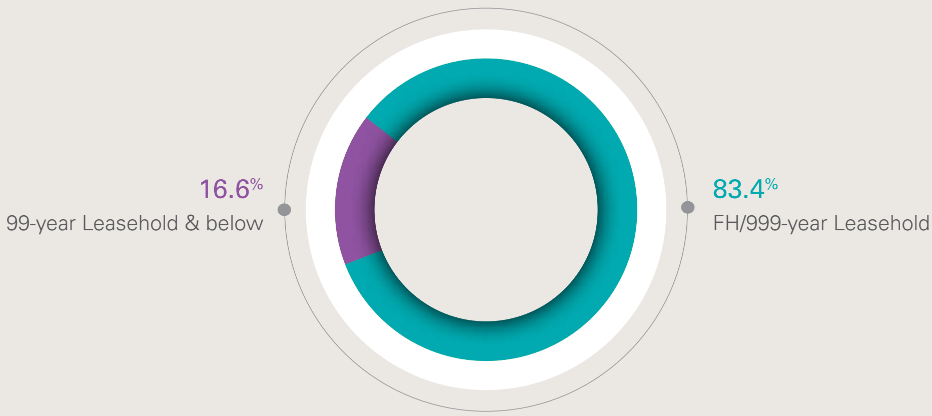
Analysis by Sector

Total lettable: 7.7 million square feet

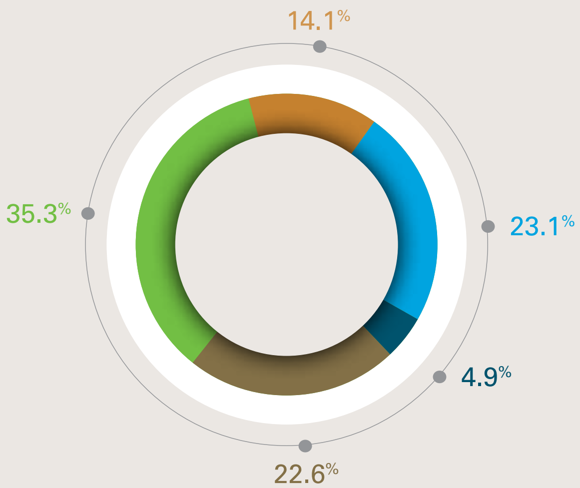


Analysis by Tenure

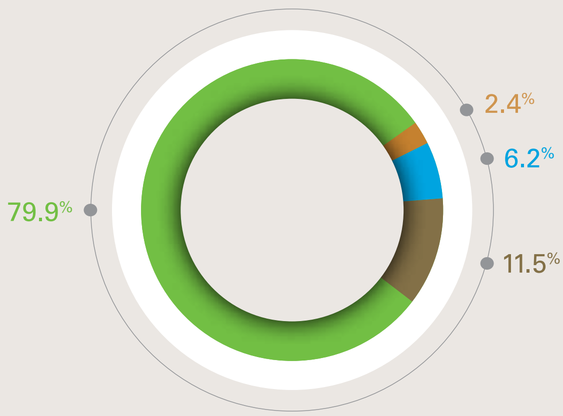
Total lettable 7.7 million square feet



FH/999-year Leasehold
Breakdown by Sector
Total lettable area:
6.4 million square feet



99-year Leasehold & below
Breakdown by Sector
Total lettable area:
1.3 million square feet

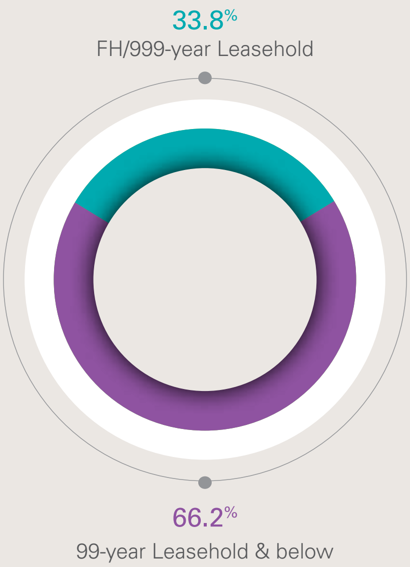


PROPERTY PORTFOLIO ANALYSIS

Land Bank as at 31 January 2012

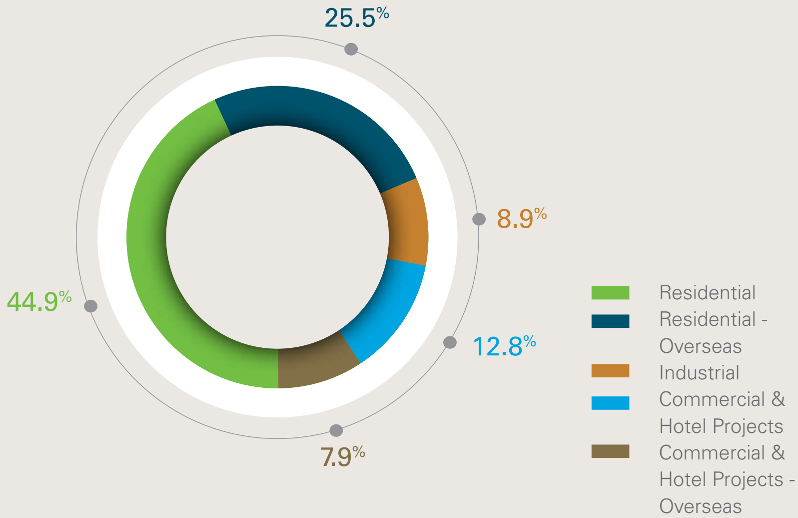
Analysis by Tenure

Total: 3.6 million square feet



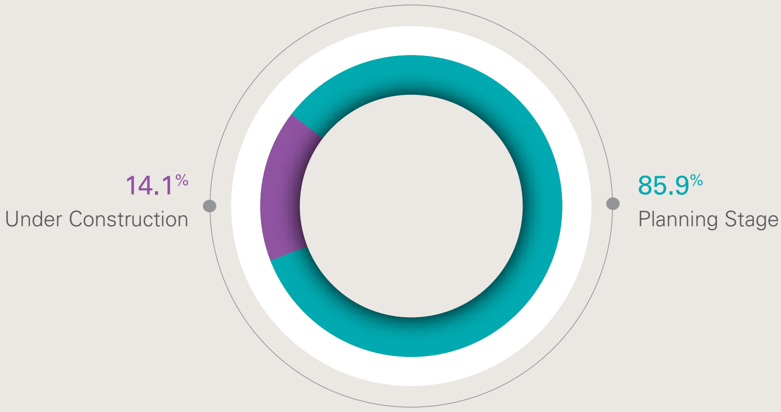
Analysis by Sector

Total: 3.6 million square feet

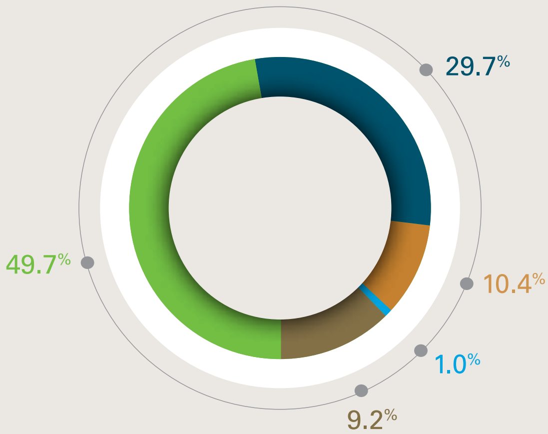


Analysis by Development Stage

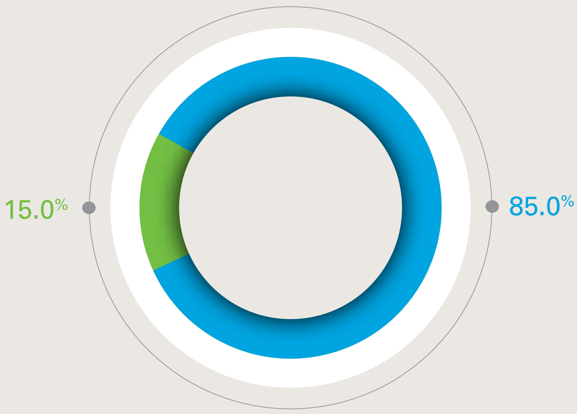
Total: 3.6 million square feet



Planning Stage
Breakdown by Sector
Total: 3.1 million square feet



Under Construction
Breakdown by Sector
Total: 0.5 million square feet



MAJOR PROPERTIES

COMMERCIAL PROPERTIES	Tenure	Site Area (Sq. Metres)	Approximate Lettable/ Strata/ Gross Floor Area (Sq. Metres)	Effective Group Interest (%)
Republic Plaza the flagship of CDL, is a 66-storey state-of-the-art intelligent office tower at Raffles Place, in the heart of Singapore's financial district.	999-year lease	6,765	73,078	100
Central Mall comprises a cluster of conservation shophouses at Havelock Road/ Magazine Road.	99-year lease wef 15.05.1993	4,806	5,103	100
Central Mall (Office Tower) is a 7-storey office-cum-retail building located at Havelock Road/Magazine Road.	Freehold	2,828	12,206	100
New Tech Park is a high-technology industrial park at Lorong Chuan, off Braddell Road.	999-year lease*	39,798	56,021	42.8
City House is a 23-storey office building situated at Robinson Road/Cross Street within the Central Business District.	999-year lease	1,272	14,601	100
City Square Mall is a 11-storey shopping mall located at the junction of Serangoon and Kitchener Road.	Freehold	14,920	41,377	100
Fuji Xerox Towers is a part 15-storey/part 38-storey commercial office building situated at the intersection of Anson Road, Keppel Road, Tanjong Pagar Road and Bernam Street, near the western fringe of the Central Business District.	Freehold	5,394	33,014	100
Manulife Centre is an 11-storey commercial building located at 51 Bras Basah Road.	999-year lease	4,972	22,441	100
Palais Renaissance is a 16-storey retail-cum-office complex with 3 basements located at Orchard Road.	Freehold	2,709	10,302	100
GB Building is a 28-storey office building located at 143 Cecil Street. The Group owns 8 strata-titled units.	99-year lease wef 12.10.1982	2,583	5,170	100
Delfi Orchard is an 11-storey commercial-cum-residential complex located at Orchard Road. The Group owns 124 strata-titled units.	Freehold	1,882	6,621	100
Citilink Warehouse Complex is an 8-storey warehouse located at Pasir Panjang Road. The Group owns 62 strata-titled units.	Freehold	14,152	9,597	100
Cideco Industrial Complex is an 8-storey industrial building located at Genting Lane.	Freehold	5,478	12,483	100
City Industrial Building is an 11-storey flatted factory building at Tannery Lane.	Freehold	3,150	11,841	100

* The Group has freehold reversionary interest of the property at the expiry of the 45-year lease sold to third party.

COMMERCIAL PROPERTIES	Tenure	Site Area (Sq. Metres)	Approximate Lettable/ Strata/ Gross Floor Area (Sq. Metres)	Effective Group Interest (%)
Tanglin Shopping Centre is a shopping-cum-office complex situated at Tanglin Road, Singapore, within the Orchard Road tourist district. The Group owns 83 strata-titled units and 325 car park lots.	Freehold	6,365	6,285	55
The Arcade is a 20-storey office-cum shopping complex situated at Collyer Quay within the Central Business District. The Group owns 19 strata-titled units.	999-year lease	2,035	4,411	100
Katong Shopping Centre is a 7-storey shopping-cum-office complex situated along Mountbatten Road. The Group owns 60 strata-titled units and 323 car park lots.	Freehold	8,167	8,243	100
Tagore 23 Warehouse is a 4-storey warehouse located at Tagore Lane.	Freehold	7,418	12,066	100
King's Centre is an 8-storey office-cum-retail waterfront development located at Havelock Road, along the Singapore River.	99-year lease wef 09.02.1984	5,186	8,341	100
7 & 9 Tampines Grande is a pair of 8-storey new generation green office buildings located at Tampines Regional Centre.	99-year lease wef 20.08.2007	8,000	26,687	100
11 Tampines Concourse is a 3-storey office building located at Tampines Ave 5. It is the first CarbonNeutral® development in Singapore and Asia Pacific.	15-year lease wef 18.02.2008	11,521	9,785	100
HOTELS				
Grand Copthorne Waterfront is a 30-storey, 574-room hotel-cum-retail waterfront development, located at Havelock/Kim Seng Road, along the Singapore River.	Freehold (Retail) Freehold reversionary interest (Hotel)	10,860	2,835 (Retail) 46,169 (Hotel)	100
The St. Regis Singapore is a 20-storey 299-room luxury hotel that is located at Tanglin Road/Tomlinson Road.	999 years	6,677	30,844	33
SERVICED APARTMENTS				
Le Grove is the Group's first serviced apartments project located at Orange Grove Road, off Orchard Road.	Freehold	8,012	8,921	100

MAJOR PROPERTIES

COMMERCIAL PROPERTIES	Tenure	Site Area (Sq. Metres)	Approximate Lettable/ Strata/ Gross Floor Area (Sq. Metres)	Effective Group Interest (%)
OVERSEAS PROPERTIES				
Umeda Pacific Building is an 11-storey commercial building located in the prime business district of Osaka, Japan.	Freehold	887	6,396	100
Millennium Hilton Bangkok is a 32-storey, 544-room hotel-cum-retail waterfront development located at Charoen Nakorn Road, along the Chao Phraya River in Bangkok, Thailand.	Freehold	10,104	78,345	17
Exchange Tower is a 42-storey retail-cum-office building located in the prime business district at Sukhumvit Road, Bangkok, Thailand.	Freehold	6,464	40,923	39
Tianjin City Tower is a 36-storey office building located at Junyi Road, Tianjin, China.	50 years	4,678	35,485	100
Iris Congress Hotel comprises a 8-storey 211-room hotel and a 9-storey 44-unit apartment building located at Korovinskoe Chausee, Moscow, Russia.	49 years	26,714	27,254	50
Jungceylon Shopping Mall and **Millennium Resort Patong Phuket** is a mixed development comprising a 4-storey retail mall and a 418-room hotel, located in the commercial area of Patong, Phuket Island, Thailand.	Freehold	87,359	63,914 (Retail) 44,741 (Hotel)	47
The Biltmore Court & Tower is situated at 500/520 South Grand Avenue, Los Angeles, CA 90071. Comprising the Court which has 21,133 square metres of Class "B" lettable office space within the Biltmore hotel structure and the Tower which has 12,156 square metres of Class "A" office space. 299 car park spaces are allocated to the two office spaces.	Freehold	4,951	34,289	55
Humen International Cloth Centre is located in Boyong Village, Guangdong, China, comprising 145 commercial units and 11 serviced apartments.	Leasehold to year 2063	42,293	3,466	21
Fuogang City Spring is located in Shijiao District, Guangdong, China, comprising 2 blocks of commercial buildings.	Leasehold to year 2075	54,357	26,351	15
Chengdu City Spring is located in Chengdu Hi-Tech Industrial Development Zone, Sichuan Province, China, comprising a block of commercial building with retail shops, serviced offices, offices, and a 195-room hotel, and retail space in a adjacent commercial building.	Leasehold to year 2049	27,807	233,183 (including underground basement)	21

MAJOR PROPERTIES FOR DEVELOPMENT AND/OR RESALE

Description & Location	Site Area (Sq. metres)	Tenure	Effective Group Interest (%)
RESIDENTIAL			
Futura	8,086	Freehold	100
Lucky Tower	15,718	Freehold	100
Jalan Kolam Ayer, JB, Malaysia	24,739	Freehold	100
Jalan Waspada, JB, Malaysia	6,368	Freehold	100
Pasir Ris Land Parcel 3 + State Land	41,513	99 years	51
Pasir Ris Land Parcel 5	41,275	99 years	51
15, 19 & 21 Swiss Club Road	20,014	Freehold	100
Tampines Road/Upper Changi Road North	44,232	99 years	33
	14,013	Freehold	33
Land Parcel at Bartley Road/Lorong How Sun	22,094	99 years	30
Land Parcel at Serangoon Garden Way	28,402	99 years	70
Land Parcel at Alexandra Road	9,953	99 years	50
Land Parcel at Mount Vernon Road	20,811	99 years	30
Chongqing Yuzhong District, Eling Shan	27,200	50 years	100
INDUSTRIAL			
Jalan Lam Huat	43,343	Freehold	37.17
100F Pasir Panjang Road	2,900	Freehold	100
100G Pasir Panjang Road	11,219	Freehold	99
MIXED DEVELOPMENT			
Land Parcel at Robertson Quay	4,518	99 years	100
Suzhou Jinji Lake	45,455	Residential - 70 years Commercial - 40 years	70
Chongqing Yuzhong District, Huang Huayuan	23,512	Residential - 50 years Commercial - 40 years	100

MAJOR PROPERTIES IN THE COURSE OF DEVELOPMENT

Description	Location	Site Area (Sq. metres)	Gross Floor Area (Sq. metres)	Tenure	Effective Group Interest (%)	Approximate Percentage Completion (%)	Expected Completion Date
RESIDENTIAL							
Nouvel 18	Anderson Road	10,414	29,160	Freehold	50	48	2012
Volari	Balmoral Road	9,493	15,189	Freehold	100	75	2012
Hundred Trees	West Coast Drive	24,860	43,730	956 years	100	41	2013
NV Residences	Pasir Ris Drive 1	30,493	64,036	99 years	51	58	2013
Tree House	Chestnut Avenue	22,700	47,670	99 years	60	31	2013
Cube 8	Thomson Road	6,745	18,891	Freehold	100	22	2013
368 Thomson	Thomson Road	5,625	15,750	Freehold	100	21	2013
The Gale	Flora Road	25,004	35,005	Freehold	33	63	2013
Blossom Residences	Segar Road	20,834	66,263	99 years	100	*	2014
Hedges Park Condominium	Flora Drive	30,679	42,949	99 years	33	*	2014
H_2O Residences	Sengkang West Avenue/Fernvale Link	16,998	56,096	99 years	100	*	2015
The Rainforest	Choa Chu Kang Drive	17,590	49,251	99 years	50	*	2015
The Palette	Pasir Ris Grove	42,857	90,000	99 years	51	*	2016
COMMERCIAL/HOTEL							
W Singapore Sentosa Cove	Oceanway	17,016	23,805	99 years	100	58	2012
Sentosa Quayside Isle (Retail)	Oceanway	8,332	5,732	99 years	100	27	2012
MIXED DEVELOPMENT							
Boulevard Hotel Site	Cuscaden Road/ Orchard Boulevard	12,127	56,050	Freehold	40	*	2015
South Beach Project	Beach Road	34,959	153,940	99 years	50.1	*	2015

* Work less than 10% completed

MAJOR PROPERTIES

HOTELS*	Tenure	approximate site area (Sq. metres)	Number of rooms	Effective Group Interest (%)
ASIA				
Grand Millennium Beijing Fortune Plaza, 7 Dongsanhuan Middle Road, Chaoyang District, Beijing 100020 China	Leasehold to year 2046 (hotel) Leasehold to year 2056 (underground car park)	9,268	507	38
Grand Millennium Kuala Lumpur 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia	Freehold	7,620	459	55
Hotel Nikko Hong Kong 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong	75-year term from 28.11.1984 and may be renewable for a further term of 75 years	2,850	463	27
JW Marriott Hotel, Hong Kong Pacific Place, 88 Queensway, Hong Kong	75-year term from 18.04.1985 and may be renewable for a further term of 75 years	10,690	602	14
Millennium Hotel Sirih Jakarta Jalan Fachrudin 3, Jakarta 10250, Indonesia	The title is held under a Hak Guna Bangunan (i.e. Right to Build) and a 40-year lease wef 14.04.1984 and 22.01.1986 for approximate site area of 7,137 sq. metres and 212 sq. metres respectively	7,349	401	44
Millennium Seoul Hilton 395 Namdaemun-ro 5-Ga, Chung-gu, Seoul, South Korea	Freehold	18,760	679	55
Copthorne Orchid Hotel Penang Tanjung Bungah, 11200 Penang, Malaysia	Freehold	10,329	307	55
The Heritage Hotel Manila Roxas Boulevard at corner of EDSA Pasay City, Metropolitan Manila, Philippines	Fee Simple	9,888	450	36
Grand Hyatt Taipei Taipei World Trade Centre, Sung Shou Road, Taipei, Taiwan	50-year term extendable to 80-year term wef 07.03.1990	14,317	852	45
Grand Millennium Sukhumvit Bangkok Sukhumvit Soi 21, Asoke Road, Bangkok, Thailand	30-year term from 02.02.2005 with option to renew for a further term of 30 years	5,053	325	27

* Hotel information as at 31 December 2011

MAJOR PROPERTIES

HOTELS*	Tenure	approximate site area (Sq. metres)	Number of rooms	Effective Group Interest (%)
EUROPE				
Copthorne Hotel Aberdeen 122 Huntly Street, Aberdeen AB10 1SU, Scotland	Freehold	1,302	87	46
Copthorne Hotel Birmingham Paradise Circus, Birmingham B3 3HJ, England	Freehold	2,188	211	55
Copthorne Hotel Cardiff-Caerdydd Copthorne Way, Culverhouse Cross, Cardiff CF5 6DH, Wales	Freehold	26,305	135	55
Copthorne Hotel Effingham Gatwick West Park Road, Copthorne, West Sussex RH10 3EU, England	Freehold	161,878	122	55
Copthorne Hotel London Gatwick Copthorne Way, Copthorne, West Sussex RH10 3PG, England	Freehold	404,694	227	55
Copthorne Hotel Hannover Würzburger Strasse 21, 30800 Hannover-Laatzen, Germany	Short Leasehold to year 2014	13,165	222	55
Copthorne Hotel Manchester Clippers Quay, Salford Quays, Manchester M50 3SN, England	Leasehold to year 2135	9,800	166	55
Copthorne Hotel Merry Hill-Dudley The Waterfront, Level Street, Brierley Hill, Dudley, West Midlands DY5 1UR, England	Freehold	13,734	138	55
Copthorne Hotel Newcastle The Close, Quayside, Newcastle upon Tyne NE1 3RT, England	Freehold	9,200	156	52
Copthorne Hotel Plymouth Armada Way, Plymouth PL1 1AR, England	Leasehold to year 2110	1,853	135	55
Copthorne Hotel Slough-Windsor Cippenham Lane, Slough, Berkshire SL1 2YE, England	Freehold	6,880	219	55
Copthorne Tara Hotel London Kensington Scarsdale Place, Kensington, London W8 5SR, England	Freehold	7,535	833	55
Millennium Bailey's Hotel London Kensington 140 Gloucester Road, London SW7 4QH, England	Freehold	1,923	211	55
Millennium Gloucester Hotel & Conference Center London Kensington Harrington Gardens, London SW7 4LH, England	Freehold	6,348	610	55
Millennium Hotel Glasgow George Square, Glasgow G2 1DS, Scotland	Leasehold to year 2109	9,398	117	55

* Hotel information as at 31 December 2011

HOTELS*	Tenure	approximate site area (Sq. metres)	Number of rooms	Effective Group Interest (%)
EUROPE (Continued)				
Millennium Hotel London Knightsbridge 17 Sloane Street, Knightsbridge, London SW1X 9NU, England	Leasehold to year 2091	809	222	55
Millennium Hotel London Mayfair Grosvenor Square, Mayfair, London W1K 2HP, England	Leasehold to year 2096	4,260	336	55
Millennium Hotel Paris Opéra 12 Boulevard Haussmann, 75009 Paris, France	Freehold	1,093	163	55
Millennium Hotel Paris Charles de Gaulle Zone Hoteliere, Allée du Verger, 95700 Roissy-en-France, France	Freehold	11,657	239	55
NORTH AMERICA				
Millennium Alaskan Hotel Anchorage 4800 Spenard Road, Anchorage, AK 99517, USA	Freehold	20,639	248	55
Millennium Biltmore Hotel Los Angeles 506 South Grand Avenue, Los Angeles, CA 90071, USA	Freehold	11,331	683	55
Millennium Bostonian Hotel Boston 26 North Street, At Faneuil Hall Marketplace, Boston, MA 02109, USA	Freehold	2,796	201	55
Millennium Harvest House Boulder 1345 28th Street, Boulder, CO 80302, USA	Freehold	64,019	269	55
Millennium Hotel Buffalo 2040 Walden Avenue, Buffalo, NY 14225, USA	Leased to year 2022 (with one 10-year option)	31,726	300	55
Millennium Knickerbocker Hotel Chicago 163 East Walton Place, Chicago, IL 60611, USA	Freehold	2,007	306	55
Millennium Hotel Cincinnati 150 West Fifth Street, Cincinnati, OH 45202, USA	Freehold	6,839	872	55
Millennium Hotel Durham 2800 Campus Walk Avenue, Durham, NC 27705, USA	Freehold	42,814	316	55

* Hotel information as at 31 December 2011

MAJOR PROPERTIES

HOTELS*	Tenure	approximate site area (Sq. metres)	Number of rooms	Effective Group Interest (%)
NORTH AMERICA (Continued)				
Millennium Hotel Minneapolis 1313 Nicollet Mall, Minneapolis, MN 55403, USA	Leased to year 2030	4,537	321	55
Millennium Maxwell House Nashville 2025 Rosa L. Parks Boulevard, Nashville, TN 37228, USA	Leased to year 2030 (with two 10-year options)	36,421	287	55
Millennium Broadway Hotel Times Square New York 145 West 44th Street, New York, NY 10036, USA	Freehold	2,122	750	55
Millennium UN Plaza Hotel United Nations New York 1 UN Plaza, 44th Street at 1st Avenue, New York, 10017, USA	East tower freehold/ West tower leased to year 2079	4,554	438	55
Millennium Hotel St. Louis 200 South 4th Street, St. Louis, MO 63102-1804, USA	Freehold	17,033	780	55
Millennium Scottsdale Resort and Villas 7401 North Scottsdale Road, Scottsdale, AZ 85208, USA	Leased to year 2033 (with two 10-year options)	32,819	125	55
Millenium Hilton 55 Church Street, New York, NY 10007, USA	Freehold	1,680	569	55
Maingate Lakeside Resort 7769 W Irlo Bronson Memorial Highway, Kissimmee, FL 34747, USA	Freehold	93,796	475	55
Comfort Inn Vail/Beaver Creek 161 West Beaver Creek Boulevard, Avon, CO 81620, USA	Freehold	11,209	146	55
Eldorado Hotel & Spa 309 West San Francisco Street, Santa Fe, NM 87501, USA	Indirect Interest	7,349	219	11
Pine Lake Trout Club 17021 Chillicothe Road, Chagrin Falls, OH 44023, USA	Freehold	331,121	6	55

* Hotel information as at 31 December 2011

HOTELS*	Tenure	approximate site area (Sq. metres)	Number of rooms	Effective Group Interest (%)
NEW ZEALAND				
Copthorne Hotel Auckland City 150 Anzac Avenue, Auckland, New Zealand	Perpetual/Leasehold land	2,495	110	27
Copthorne Hotel Auckland Harbour City 196-200 Quay Street, Auckland, New Zealand	Freehold	2,407	187	38
Copthorne Hotel Christchurch Central 776 Colombo Street, Christchurch, New Zealand	Freehold	2,154	142	38
Copthorne Hotel & Resort Bay of Islands Tau Henare Drive, Paihia, New Zealand	Leasehold to year 2021 (with a 30-year option)	62,834	180	19
Copthorne Hotel & Resort Queenstown Lakefront Corner Adelaide Street & Frankton Road, Queenstown, New Zealand	Freehold	18,709	240	38
Copthorne Hotel Wellington Oriental Bay 100 Oriental Parade, Wellington, New Zealand	Freehold	3,904	118	27
Kingsgate Hotel Dunedin 10 Smith Street, Dunedin, New Zealand	Freehold	2,193	55	27
Kingsgate Hotel Greymouth 32 Mawhera Quay, Greymouth, New Zealand	Freehold/ Perpetual leasehold land	2,807	98	38
Kingsgate Hotel Palmerston North 110 Fitzherbert Avenue, Palmerston North, New Zealand	Freehold	15,514	151	27
Kingsgate Hotel Parnell Auckland 92-102 Gladstone Road, Parnell, Auckland, New Zealand	Leasehold to year 2012	7,650	114	27
Kingsgate Hotel Rotorua Fenton Street, Rotorua, New Zealand	Freehold	35,935	136	27
Copthorne Hotel and Apartments Queenstown Lakeview 88 Frankton Road, Queenstown, New Zealand	Freehold	4,713	85	27
Kingsgate Hotel Te Anau 20 Lakefront Drive, Te Anau, New Zealand	Freehold	8,819	94	38
Millennium Hotel Christchurch 14 Cathedral Square, Christchurch, New Zealand	Leasehold to year 2015	1,417	179	38
Millennium Hotel Queenstown Corner Frankton Road & Stanley St., Queenstown, New Zealand	Freehold	7,453	220	27
Millennium Hotel Rotorua Corner Eruera & Hinemaru Streets, Rotorua, New Zealand	Freehold/ Perpetual leasehold land	10,109	227	38

* Hotel information as at 31 December 2011

MAJOR PROPERTIES

HOTELS*	Tenure	approximate site area (Sq. metres)	Number of rooms	Effective Group Interest (%)
OWNED BY CITY E-SOLUTIONS LIMITED				
Crown Plaza Syracuse Hotel 701 East Genesee Street, Syracuse, New York 13210, USA	Fee Simple	4,925.25	279	26
Sheraton Chapel Hill Hotel 1 Europa Drive, Chapel Hill, North Carolina, USA	Fee Simple	20,072.45	168	26
OWNED BY CDL HOSPITALITY TRUSTS				
SINGAPORE				
Copthorne King's Hotel 403 Havelock Road, Singapore	99-year leasehold interest commencing from 01.02.1968	5,637	310	19
Grand Copthorne Waterfront Hotel# 392 Havelock Road, Singapore	75-year leasehold interest commencing from 19.07.2006	10,860	574	19
M Hotel# 81 Anson Road, Singapore	75-year leasehold interest commencing from 19.07.2006	2,134	413	19
Novotel Clarke Quay 177A River Valley Road, Singapore	97 years and 30 days leasehold interest commencing from 02.04.1980	12,925	401	19
Orchard Hotel# 442 Orchard Road, Singapore	75-year leasehold interest commencing from 19.07.2006	8,588@	656	19
Orchard Hotel Shopping Arcade# 442 Orchard Road, Singapore	75-year leasehold interest commencing from 19.07.2006	5,956 (nett lettable area)	N.A.	19
Studio M Hotel 3 Nanson Road, Singapore	99-year leasehold interest commencing from 26.02.2007	2,932	360	19
AUSTRALIA				
Novotel Brisbane 200 Creek Street, Brisbane, Queensland	Strata volumetric freehold	6,244	296	19
Mercure & Ibis Brisbane 85-87 North Quay/27-35 Turbot Street, Brisbane, Queensland	Interconnected at ground level, situated on one freehold title	3,847	412	19
Mercure Perth 10 Irwin Street, Perth, Western Australia	Strata freehold	757	239	19
Ibis Perth 334 Murray Street, Perth, Western Australia	Freehold	1,480	192	19
NEW ZEALAND				
Rendezvous Hotel Auckland 71-87 Mayoral Drive, Auckland, New Zealand	Freehold	5,910	452	19

* Hotel information as at 31 December 2011
# The Group has freehold reversionary interest of the property at the expiry of the 75-year lease

@ Including Orchard Hotel Shopping Arcade

STATUTORY REPORTS AND ACCOUNTS

FINANCIAL CONTENTS

74 Directors' Report
83 Statement by Directors
84 Independent Auditors' Report
85 Statements of Financial Position
86 Consolidated Income Statement
87 Consolidated Statement of Comprehensive Income
88 Consolidated Statement of Changes in Equity
92 Consolidated Statement of Cash Flows
95 Notes to the Financial Statements

DIRECTORS' REPORT

We are pleased to submit this report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2011.

DIRECTORS

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

Kwek Leng Beng	(Executive Chairman)
Kwek Leng Joo	(Managing Director)
Chee Keng Soon	
Foo See Juan	
Kwek Leng Peck	
Han Vo-Ta	
Tang See Chim	
Yeo Liat Kok Philip	
Tan Poay Seng	(Appointed on 2 February 2012)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangements 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.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants and/or debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year. The directors of the Company consider Hong Leong Investment Holdings Pte. Ltd. to be the immediate and ultimate holding company of the Company.

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

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

	Holdings in which the director, his spouse and infant children have a direct interest	
	At beginning of the year	At end of the year
The Company		
Ordinary Shares		
Kwek Leng Beng	397,226	397,226
Kwek Leng Joo	65,461	65,461
Kwek Leng Peck	43,758	43,758
Tang See Chim	11,000	11,000
Preference Shares		
Kwek Leng Beng	144,445	144,445
Kwek Leng Joo	100,000	100,000
Tang See Chim	4,000	4,000
Immediate and Ultimate Holding Company		
Hong Leong Investment Holdings Pte. Ltd. Ordinary Shares		
Kwek Leng Beng	2,320	2,320
Kwek Leng Joo	1,290	1,290
Kwek Leng Peck	10,921	10,921
Subsidiaries		
City e-Solutions Limited Ordinary Shares of HK$1 each		
Kwek Leng Beng	3,286,980	3,286,980
Kwek Leng Joo	1,436,000	1,436,000
Kwek Leng Peck	2,082,200	2,082,200
Foo See Juan	8,363	8,363

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

	Holdings in which the director, his spouse and infant children have a direct interest	
	At beginning of the year	**At end of the year**
Subsidiaries (cont'd)		
Millennium & Copthorne Hotels New Zealand Limited Ordinary Shares		
Kwek Leng Beng	3,000,000	3,000,000
Related Corporations		
Hong Leong Finance Limited Ordinary Shares		
Kwek Leng Beng	4,603,567	4,603,567
Kwek Leng Joo	703,610	703,610
Kwek Leng Peck	517,359	517,359
Foo See Juan	30,000	30,000
Options to subscribe for the following number of ordinary shares under the Hong Leong Finance Share Option Scheme 2001		
Kwek Leng Beng	3,560,000	3,920,000
Hong Leong Holdings Limited Ordinary Shares		
Kwek Leng Beng	259,000	259,000
Kwek Leng Joo	210,000	210,000
Kwek Leng Peck	381,428	381,428
Hong Leong Asia Ltd. Ordinary Shares		
Kwek Leng Beng	660,000	660,000
Kwek Leng Peck	1,430,000	1,680,000
Foo See Juan	40,000	40,000

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

	Holdings in which the director, his spouse and infant children have a direct interest	
	At beginning of the year	**At end of the year**
Related Corporations (cont'd)		
Hong Leong Asia Ltd. (cont'd)		
Options to subscribe for the following number of ordinary shares under the Hong Leong Asia Share Option Scheme 2000		
Kwek Leng Peck	420,000	470,000
Hong Realty (Private) Limited		
Ordinary Shares		
Kwek Leng Beng	1,110	1,110
Kwek Leng Joo	510	510
Kwek Leng Peck	150	150
Euroform (S) Pte. Limited		
Ordinary Shares		
Kwek Leng Joo	50,000	50,000
Sun Yuan Holdings Pte Ltd		
Ordinary Shares		
Kwek Leng Beng	15,000,000	15,000,000

	Other holdings in which the director is deemed to have an interest	
	At beginning of the year	**At end of the year**
Immediate and Ultimate Holding Company		
Hong Leong Investment Holdings Pte. Ltd.		
Ordinary Shares		
Kwek Leng Beng	40,744	40,744

The directors' interests in the Company as disclosed above remained unchanged as at 21 January 2012.

DIRECTORS' INTERESTS IN CONTRACTS

During the financial year, the Company and/or its related corporations have in the normal course of business entered into transactions with directors and/or their affiliated parties, being related parties and parties in which some of the directors are deemed to have an interest, with the directors having disclosed their interests in such transactions pursuant to Section 156 of the Companies Act, Chapter 50. Such transactions may comprise loans, deposits, provision of nominee and corporate advisory services, foreign exchange transactions, insurance transactions, property-related transactions, construction-related transactions, industrial-related transactions, consumer-related transactions, investing in real estate used for hospitality and/or hospitality-related purposes, purchase/sale of investments, property, industrial and consumer biodegradable and non-biodegradable products, goods including vehicles, parts and accessories and provision and receipt of after-sales services, hotel-related transactions, procurement services, information technology services, e-commerce-related transactions, management and consultancy services and/or other transactions carried out on normal commercial terms and in the normal course of business of the Company and/or its related corporations.

However, the directors have neither received nor become entitled to receive any benefit arising out of these transactions other than those to which they may be entitled as customers, suppliers, directors and members of these corporations.

Except as disclosed above and in the accompanying financial statements, and except for remuneration and professional fees received from the related corporations, 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 and/or its related corporations 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 OPTIONS

By the Company

The City Developments Share Option Scheme 2001, which was approved by shareholders of the Company on 30 January 2001, lapsed on 30 January 2011.

By Subsidiaries

<u>Millennium & Copthorne Hotels plc (M&C)</u>

The following share option schemes of M&C continue to be in operation:

(i) Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme;
(ii) Millennium & Copthorne Hotels Sharesave Schemes 1996 and 2006; and
(iii) Millennium & Copthorne Hotels 2006 Long Term Incentive Plan.

(i) Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme

(a) The Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme (M&C 2003 Scheme) was approved by the shareholders at the Annual General Meeting of M&C held on 21 May 2002. There are 2 parts of the M&C 2003 Scheme, namely the "Approved" part for which approval from the United Kingdom Inland Revenue has been obtained, and the "Unapproved" part which is not designed for the United Kingdom Inland Revenue approval and which is used primarily where employees have more than £30,000 worth of outstanding approved options or are not based in the United Kingdom. Except to the extent required to obtain the United Kingdom Inland Revenue approval, the Approved and Unapproved parts of the M&C 2003 Scheme are in all material aspects identical. The operation of the M&C 2003 Scheme is supervised by M&C's Remuneration Committee comprising Alexander Waugh (Chairman), Christopher Keljik, His Excellency Shaukat Aziz and Nicholas George.

SHARE OPTIONS (CONT'D)

By Subsidiaries (cont'd)

Millennium & Copthorne Hotels plc (M&C) (cont'd)

(i) Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme (cont'd)

(b) Under the terms of the M&C 2003 Scheme,

(i) All employees of M&C, its subsidiaries and joint ventures (including directors who are required to devote substantially the whole of their working time to the business of the M&C Group who are not within 6 months of contractual retirement ages) will be eligible to participate in the M&C 2003 Scheme.

(ii) No option may be granted to an individual if it would cause the aggregate exercise price of options granted to him in any year under the M&C 2003 Scheme to exceed 200% of his basic salary, other than in exceptional circumstances (where the limit is 400% of basic salary).

(iii) No payment will be required for the grant of an option. Acquisition price upon the exercise of an option will not be less than the higher of:

- the average of the middle-market quotations of a share on the London Stock Exchange on the 3 dealing days immediately prior to grant date, provided that no such dealing day may fall prior to the date on which M&C last announced its results for any period; and

- the nominal value of a share (unless the option is expressed to relate only to existing shares).

(c) No options may be granted which would cause the number of shares issued or issuable pursuant to options granted in the previous 10 years under the M&C 2003 Scheme or under any other share option scheme, or issued in that period under any employee share scheme (other than an option scheme) to exceed 10% of M&C's issued ordinary share capital from time to time. Not more than 5% of M&C's issued ordinary share capital from time to time may relate to discretionary share schemes.

(d) During the financial year under review, (i) no options were granted to subscribe for ordinary shares of £0.30 each in M&C; and (ii) 274,936 ordinary shares of £0.30 each in M&C were issued following the exercise of the subscription rights set out in the M&C 2003 Scheme.

As at the end of the financial year, there were 114,905 unissued shares under options pursuant to the M&C 2003 Scheme. Details of the options to subscribe for ordinary shares of £0.30 each in M&C are set out below:

Date granted	Balance at beginning of year	Exercised during the year	Cancelled/ Lapsed/ Forfeited during the year	Balance at end of year	Exercise price per share £	Exercise period
Part I (Approved)						
10.03.2003	10,708	(3,000)	–	7,708	1.9350	10.03.2006 – 09.03.2013
16.03.2004	10,285	–	–	10,285	2.9167	16.03.2007 – 15.03.2014
24.03.2005	15,058	(7,529)	–	7,529	3.9842	24.03.2008 – 23.03.2015
Part II (Unapproved)						
10.03.2003	124,031	(124,031)	–	–	1.9350	10.03.2006 – 09.03.2013
16.03.2004	54,414	(44,999)	–	9,415	2.9167	16.03.2007 – 15.03.2014
24.03.2005	175,345	(95,377)	–	79,968	3.9842	24.03.2008 – 23.03.2015
	389,841	(274,936)	–	114,905		

SHARE OPTIONS (CONT'D)

By Subsidiaries (cont'd)

Millennium & Copthorne Hotels plc (M&C) (cont'd)

(ii) Millennium & Copthorne Hotels Sharesave Schemes 1996 and 2006

(a) The Millennium & Copthorne Hotels Sharesave Schemes 1996 and 2006 (M&C Sharesave Schemes) are the United Kingdom Inland Revenue approved schemes under which the executive directors of M&C and the M&C Group employees are eligible to participate.

(b) Under the terms of the M&C Sharesave Schemes, M&C Group employees were to enter into a 3-year or 5-year savings contract, with an option to purchase shares at a pre-determined exercise price on maturity of the savings contract. The first such scheme was introduced in 1996 with a life of ten years. A replacement scheme was approved by the shareholders at M&C's Annual General Meeting on 4 May 2006.

(c) No payment is required for the grant of an option.

(d) The options may be exercised upon maturity provided that the monies agreed under the savings contract are fully paid and the participant continues to hold office or employment with M&C. The M&C Sharesave Schemes provide that shares in M&C can be purchased at the option price up to the value of the accrued savings and interests in the event of retirement at normal retirement age, redundancy, injury, disability or by the employees' estate in the event of their death.

(e) M&C may grant options up to the value of a savings contract at maturity. Participants cannot enter into contracts where their savings, in aggregate, would exceed £250 per month.

(f) During the financial year under review, (i) 46,531 options were granted to subscribe for ordinary shares of £0.30 each in M&C; and (ii) 47,970 ordinary shares of £0.30 each in M&C were issued following the exercise of the subscription rights set out in the M&C Sharesave Schemes.

As at the end of the financial year, there were 279,840 unissued shares under options pursuant to the M&C Sharesave Schemes. Details of the options to subscribe for ordinary shares of £0.30 each in M&C are set out below:

Date granted	Balance at beginning of year	Granted during the year	Exercised during the year	Cancelled/ Lapsed/ Forfeited during the year	Balance at end of year	Exercise price per share £	Exercise period
23.03.2005	5,579	–	–	(5,579)	–	3.0800	01.07.2010 – 31.12.2010
19.06.2006	19,213	–	(18,388)	(33)	792	3.2500	01.08.2011 – 31.01.2012
26.03.2007	7,877	–	–	(7,877)	–	5.2000	01.07.2010 – 31.12.2010
26.03.2007	6,798	–	–	(629)	6,169	5.2000	01.07.2012 – 31.12.2012
20.03.2008	29,604	–	(22,037)	(2,535)	5,032	3.2800	01.07.2011 – 31.12.2011
20.03.2008	5,529	–	(589)	(435)	4,505	3.2800	01.07.2013 – 31.12.2013
01.04.2009	172,626	–	(5,570)	(19,142)	147,914	1.5400	01.08.2012 – 31.01.2013
01.04.2009	51,415	–	(1,096)	(7,845)	42,474	1.5400	01.08.2014 – 31.01.2015
01.04.2010	35,970	–	(181)	(11,259)	24,530	3.3000	01.08.2013 – 31.01.2014
01.04.2010	8,571	–	(109)	(4,412)	4,050	3.3000	01.08.2015 – 31.01.2016
19.04.2011	–	37,411	–	(2,157)	35,254	4.1800	01.08.2014 – 31.01.2015
19.04.2011	–	9,120	–	–	9,120	4.1800	01.08.2016 – 31.01.2017
	343,182	46,531	(47,970)	(61,903)	279,840		

SHARE OPTIONS (CONT'D)

By Subsidiaries (cont'd)

Millennium & Copthorne Hotels plc (M&C) (cont'd)

(iii) *Millennium & Copthorne Hotels 2006 Long Term Incentive Plan*

The Millennium & Copthorne Hotels 2006 Long Term Incentive Plan (LTIP) was approved at M&C's Annual General Meeting held on 4 May 2006. Under the terms of the LTIP, M&C is permitted to make both Performance Share Awards and Deferred Share Bonus Awards to an employee (including an executive director) of M&C or its subsidiaries. The level of awards made under the terms of the LTIP are determined by M&C's Remuneration Committee.

Vesting of Performance Share Awards is subject to the achievement of stretching performance targets. For awards made in 2006 to 2010, earnings per share (EPS) targets were chosen so that participants are incentivised to deliver significant earnings growth.

In 2011, the Remuneration Committee amended the performance conditions so that half of the awards are subject to EPS growth targets and half are subject to Total Shareholder Return (TSR) targets. The revised performance targets are designed to incentivise management to deliver significant earnings growth and align the interests of management with shareholders.

The performance condition applying to Performance Share Awards require M&C's EPS to grow, in real terms, over a period of three consecutive financial years after award. Performance Share Awards will vest on the third anniversary of the award being made, subject to the EPS growth targets being met. TSR targets measure M&C relative TSR performance over a three-year period against a comparator group comprising companies in the FTSE 250 index participating companies (excluding investment trusts). Awards will not be subject to re-testing.

During the financial year under review, Performance Share Awards were made over 941,126 ordinary shares of £0.30 each in M&C. Details of the Performance Share Awards are set out below:

Date of award	Balance at beginning of year	Awards made during the year	Awards vested during the year	Awards forfeited during the year	Balance at end of year	Vesting date
25.06.2008	507,586	–	–	(507,586)	–	25.06.2011
30.03.2009	1,208,807	–	–	(133,061)	1,075,746	30.03.2012
16.09.2010	655,042	–	(1,452)	(135,825)	517,765	16.09.2013
28.11.2011	–	941,126	–	–	941,126	28.11.2014
	2,371,435	941,126	(1,452)	(776,472)	2,534,637	

City e-Solutions Limited (CES)

(a) The City e-Solutions Limited Share Option Scheme (CES Scheme) which was adopted by the shareholders of CES at the Annual General Meeting of CES held on 27 April 2005, is administered by a scheme committee to be set up (CES Scheme Committee).

(b) The subscription price of the CES shares under the CES Scheme shall be a price determined by the CES Scheme Committee at its absolute discretion which may require the achievement of performance targets by the Grantee as specified by the CES Scheme Committee. The subscription price shall not be less than the highest of:

(i) the official closing price of the CES shares as stated in the daily quotations sheets of the Hong Kong Stock Exchange on the Offer Date;

(ii) the average of the official closing price of the CES shares as stated in the daily quotations sheets of the Hong Kong Stock Exchange for the five business days immediately preceding the Offer Date; and

(iii) the nominal value of a CES share.

SHARE OPTIONS (CONT'D)

City e-Solutions Limited (CES) (cont'd)

(c) During the financial year under review, (i) no options were granted to subscribe for ordinary shares of HK$1.00 each in CES; and (ii) no ordinary shares of HK$1.00 each in CES were issued pursuant to the CES Scheme.

As at the end of the financial year, there were no unissued shares under options pursuant to the CES Scheme.

The options granted by the subsidiaries of the Company, namely, M&C and CES, do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

AUDIT COMMITTEE

The Audit Committee comprises 4 non-executive members of the Board, all of whom are independent. The members of the Audit Committee at the date of this report are:

Chee Keng Soon (Chairman)
Foo See Juan
Han Vo-Ta
Tang See Chim

The Audit Committee met 8 times during the financial year ended 31 December 2011 and performed the functions set out in Section 201B(5) of the Companies Act, Chapter 50. In performing its functions, the Audit Committee reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Group's system of internal controls. The Audit Committee also reviewed the consolidated financial statements and the financial statements of the Company for the financial year ended 31 December 2011 as well as the auditors' report thereon.

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

AUDITORS

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

On behalf of the Board of Directors

Kwek Leng Beng
Executive Chairman

Kwek Leng Joo
Managing Director

Singapore
12 March 2012

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 85 to 185 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results, 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

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors

Kwek Leng Beng
Executive Chairman

Kwek Leng Joo
Managing Director

Singapore
12 March 2012

INDEPENDENT AUDITORS' REPORT

Members of the Company
City Developments Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of City Developments Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2011, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 85 to 185.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results, changes in equity and cash flows of the Group for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
12 March 2012

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2011

	Note	Group			Company		
		2011	2010 (Restated)	2009 (Restated)	2011	2010 (Restated)	2009 (Restated)
		$'000	$'000	$'000	$'000	$'000	$'000
Non-current assets							
Property, plant and equipment	3	**3,313,182**	3,410,448	3,616,768	**9,192**	8,695	8,010
Investment properties	4	**2,907,181**	2,784,907	3,063,766	**525,164**	530,908	540,212
Investments in:							
- subsidiaries	5	**–**	–	–	**2,221,805**	2,262,806	2,259,199
- associates	6	**420,966**	398,367	345,725	**–**	–	–
- jointly-controlled entities	7	**674,272**	537,110	637,826	**36,360**	36,360	36,360
Lease premium prepayment		**90,460**	88,079	–	**–**	–	–
Financial assets	8	**156,739**	379,900	393,660	**23,752**	32,353	33,543
Other non-current assets	9	**314,120**	172,465	121,243	**233,148**	415,871	638,260
		7,876,920	7,771,276	8,178,988	**3,049,421**	3,286,993	3,515,584
Current assets							
Lease premium prepayment		**2,635**	2,493	–	**–**	–	–
Development properties	10	**3,243,875**	3,311,162	3,121,489	**700,183**	1,138,727	1,109,807
Consumable stocks		**8,825**	9,552	10,143	**66**	77	–
Financial assets	8	**26,288**	35,885	32,671	**–**	–	–
Assets classified as held for sale	11	**–**	81,972	14,782	**–**	–	–
Trade and other receivables	12	**1,200,918**	876,592	757,820	**4,224,478**	3,574,406	2,592,156
Cash and cash equivalents	15	**2,603,005**	1,873,826	981,486	**1,572,120**	981,090	407,571
		7,085,546	6,191,482	4,918,391	**6,496,847**	5,694,300	4,109,534
Total assets		**14,962,466**	13,962,758	13,097,379	**9,546,268**	8,981,293	7,625,118
Equity attributable to owners of the Company							
Share capital	16	**1,991,397**	1,991,397	1,991,397	**1,991,397**	1,991,397	1,991,397
Reserves	17	**4,835,408**	4,271,113	3,812,310	**3,384,601**	2,841,573	2,583,019
		6,826,805	6,262,510	5,803,707	**5,375,998**	4,832,970	4,574,416
Non-controlling interests		**1,869,199**	1,717,749	1,691,707	**–**	–	–
Total equity		**8,696,004**	7,980,259	7,495,414	**5,375,998**	4,832,970	4,574,416
Non-current liabilities							
Interest-bearing borrowings	19	**2,929,322**	3,425,299	3,197,816	**1,506,060**	2,270,778	1,753,286
Employee benefits	23	**35,989**	33,201	40,682	**–**	–	–
Other liabilities	24	**96,898**	76,880	89,301	**166,825**	171,203	92,542
Provisions	25	**17,703**	4,249	1,818	**–**	–	–
Deferred tax liabilities	26	**367,304**	423,081	407,542	**41,620**	89,968	73,607
		3,447,216	3,962,710	3,737,159	**1,714,505**	2,531,949	1,919,435
Current liabilities							
Trade and other payables	27	**981,845**	943,850	795,599	**1,148,587**	1,241,212	777,938
Interest-bearing borrowings	19	**1,476,508**	780,002	818,312	**1,135,304**	277,404	244,962
Employee benefits	23	**15,707**	14,895	15,383	**2,479**	2,097	2,067
Other liabilities	24	**75**	135	75	**–**	–	–
Provision for taxation		**321,074**	264,357	230,528	**169,395**	95,661	106,300
Provisions	25	**24,037**	14,895	4,335	**–**	–	–
Liabilities classified as held for sale	11	**–**	1,655	574	**–**	–	–
		2,819,246	2,019,789	1,864,806	**2,455,765**	1,616,374	1,131,267
Total liabilities		**6,266,462**	5,982,499	5,601,965	**4,170,270**	4,148,323	3,050,702
Total equity and liabilities		**14,962,466**	13,962,758	13,097,379	**9,546,268**	8,981,293	7,625,118

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2011

	Note	Group 2011 $'000	2010 (Restated) $'000
Revenue	28	3,280,465	3,103,416
Cost of sales		(1,507,486)	(1,450,687)
Gross profit		1,772,979	1,652,729
Other operating income	29	253,985	291,314
Administrative expenses		(490,213)	(484,035)
Other operating expenses		(409,382)	(469,865)
Profit from operating activities		1,127,369	990,143
Finance income		28,171	35,640
Finance costs		(81,064)	(68,708)
Net finance costs	29	(52,893)	(33,068)
Share of after-tax profit of associates		31,723	17,112
Share of after-tax profit of jointly-controlled entities		30,244	93,312
Profit before income tax		1,136,443	1,067,499
Income tax expense	30	(174,723)	(202,111)
Profit for the year	29	961,720	865,388
Profit attributable to owners of the Company:			
- Ordinary shareholders		785,651	771,084
- Preference shareholders		12,904	12,904
		798,555	783,988
Non-controlling interests		163,165	81,400
Profit for the year		961,720	865,388
Earnings per share			
- Basic	31	86.4 cents	84.8 cents
- Diluted	31	83.7 cents	82.2 cents

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	Note	Group 2011 $'000	Group 2010 (Restated) $'000
Profit for the year		961,720	865,388
Other comprehensive income			
Actuarial (losses)/gains on defined benefit plans		(3,601)	1,208
Change in fair value of equity investments available for sale		(12,613)	(1,868)
Effective portion of changes in fair value of cash flow hedges		919	(2,246)
Exchange differences on hedges of net investment in foreign entities		(688)	(34,028)
Exchange differences on monetary items forming part of net investment in foreign entities		5,771	(26,218)
Exchange differences realised on dilution of investment in an associate		–	487
Exchange differences realised on disposal of a subsidiary and a jointly-controlled entity		131	980
Realisation of share of other reserve of an associate on dilution of investment in the associate		–	1,032
Share of other reserve movements of associates and a jointly-controlled entity		(9,795)	–
Translation differences arising on consolidation of foreign entities		(16,978)	(246,240)
Other comprehensive income for the year, net of income tax	30	(36,854)	(306,893)
Total comprehensive income for the year		924,866	558,495
Total comprehensive income attributable to:			
Owners of the Company		778,958	542,855
Non-controlling interests		145,908	15,640
Total comprehensive income for the year		924,866	558,495

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2011

	Share capital $'000	Capital reserve $'000	Hedging reserve $'000	Fair value reserve $'000
Group				
At 1 January 2011	1,991,397	148,140	(1,201)	15,680
Impact of change in accounting policy (Note 2.1(i))	–	–	–	–
Restated at 1 January 2011	1,991,397	148,140	(1,201)	15,680
Total comprehensive income for the year				
Profit for the year	–	–	–	–
Other comprehensive income				
Actuarial losses on defined benefit plans	–	–	–	–
Change in fair value of equity investments available for sale	–	–	–	(12,613)
Effective portion of changes in fair value of cash flow hedges	–	–	502	–
Exchange differences on hedges of net investment in foreign entities	–	–	–	–
Exchange differences on monetary items forming part of net investment in foreign entities	–	–	–	–
Exchange differences realised on disposal of a subsidiary (Note 35)	–	–	–	–
Share of other reserve movements of associates and a jointly-controlled entity	–	–	–	–
Translation differences arising on consolidation of foreign entities	–	–	–	–
Total other comprehensive income	–	–	502	(12,613)
Total comprehensive income for the year	–	–	502	(12,613)
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Capital contribution from non-controlling interests	–	–	–	–
Change of interest in subsidiaries	–	822	(6)	–
Dividends paid to owners of the Company (Note 32)	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Share-based payment transactions	–	–	–	–
Total transactions with owners	–	822	(6)	–
At 31 December 2011	1,991,397	148,962	(705)	3,067

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2011

Other reserve $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
(268)	9,693	(322,456)	4,555,278	6,396,263	1,717,749	8,114,012
–	–	–	(133,753)	(133,753)	–	(133,753)
(268)	9,693	(322,456)	4,421,525	6,262,510	1,717,749	7,980,259
–	–	–	798,555	798,555	163,165	961,720
–	–	–	(1,961)	(1,961)	(1,640)	(3,601)
–	–	–	–	(12,613)	–	(12,613)
–	–	–	–	502	417	919
–	–	(381)	–	(381)	(307)	(688)
–	–	6,597	–	6,597	(826)	5,771
–	–	71	–	71	60	131
(4,190)	–	–	–	(4,190)	(5,605)	(9,795)
–	–	(7,622)	–	(7,622)	(9,356)	(16,978)
(4,190)	–	(1,335)	(1,961)	(19,597)	(17,257)	(36,854)
(4,190)	–	(1,335)	796,594	778,958	145,908	924,866
–	–	–	–	–	63,123	63,123
(1)	69	3,524	3,264	7,672	(31,927)	(24,255)
–	–	–	(222,043)	(222,043)	–	(222,043)
–	–	–	–	–	(25,411)	(25,411)
–	(292)	–	–	(292)	(243)	(535)
(1)	(223)	3,524	(218,779)	(214,663)	5,542	(209,121)
(4,459)	9,470	(320,267)	4,999,340	6,826,805	1,869,199	8,696,004

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

	Share capital $'000	Capital reserve $'000	Hedging reserve $'000	Fair value reserve $'000
Group				
At 1 January 2010	1,991,397	147,589	–	17,548
Impact of change in accounting policy (Note 2.1(i))	–	–	–	–
Restated at 1 January 2010	1,991,397	147,589	–	17,548
Total comprehensive income for the year				
Profit for the year, restated	–	–	–	–
Other comprehensive income				
Actuarial gains on defined benefit plans	–	–	–	–
Change in fair value of equity investments available for sale	–	–	–	(1,868)
Effective portion of changes in fair value of cash flow hedges	–	–	(1,201)	–
Exchange differences on hedges of net investment in foreign entities	–	–	–	–
Exchange differences on monetary items forming part of net investment in foreign entities	–	–	–	–
Exchange differences realised on dilution of investment in an associate	–	–	–	–
Exchange differences realised on disposal of a jointly-controlled entity	–	–	–	–
Realisation of share of other reserve of an associate on dilution of investment in the associate	–	551	–	–
Translation differences arising on consolidation of foreign entities	–	–	–	–
Total other comprehensive income	–	551	(1,201)	(1,868)
Total comprehensive income for the year	–	551	(1,201)	(1,868)
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Acquisition of a subsidiary (Note 35)	–	–	–	–
Dividends paid to owners of the Company (Note 32)	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Net capital contribution from non-controlling interests	–	–	–	–
Share-based payment transactions	–	–	–	–
Total transactions with owners	–	–	–	–
At 31 December 2010, as restated	1,991,397	148,140	(1,201)	15,680

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

	Other reserve $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
	(268)	8,096	(83,089)	3,891,201	5,972,474	1,691,707	7,664,181
	–	–	–	(168,767)	(168,767)	–	(168,767)
	(268)	8,096	(83,089)	3,722,434	5,803,707	1,691,707	7,495,414
	–	–	–	783,988	783,988	81,400	865,388
	–	–	–	752	752	456	1,208
	–	–	–	–	(1,868)	–	(1,868)
	–	–	–	–	(1,201)	(1,045)	(2,246)
	–	–	(18,188)	–	(18,188)	(15,840)	(34,028)
	–	–	(22,828)	–	(22,828)	(3,390)	(26,218)
	–	–	261	–	261	226	487
	–	–	980	–	980	–	980
	–	–	–	–	551	481	1,032
	–	–	(199,592)	–	(199,592)	(46,648)	(246,240)
	–	–	(239,367)	752	(241,133)	(65,760)	(306,893)
	–	–	(239,367)	784,740	542,855	15,640	558,495
	–	–	–	–	–	22,817	22,817
	–	–	–	(85,649)	(85,649)	–	(85,649)
	–	–	–	–	–	(14,225)	(14,225)
	–	–	–	–	–	420	420
	–	1,597	–	–	1,597	1,390	2,987
	–	1,597	–	(85,649)	(84,052)	10,402	(73,650)
	(268)	9,693	(322,456)	4,421,525	6,262,510	1,717,749	7,980,259

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2011

	Group	
	2011	2010 (Restated)
	$'000	$'000
Cash flows from operating activities		
Profit for the year	961,720	865,388
Adjustments for:		
Depreciation and amortisation	133,341	140,666
Dividend income	(10,037)	(14,060)
Equity settled share-based transactions	2,704	(1,716)
Finance costs	81,064	68,708
Finance income	(28,171)	(35,640)
Gain arising in respect of step up acquisition of a jointly-controlled entity	–	(17,662)
Gain on dilution of investment in an associate	(418)	(25,470)
Goodwill written off in respect of additional interest acquired in a jointly-controlled entity to become a subsidiary	–	17,042
Impairment losses on amounts owing by a jointly-controlled entity	959	1,188
Impairment losses on investment properties and property, plant and equipment	44,181	54,703
Income tax expense	174,723	202,111
Net (gain)/loss on disposal, dilution and liquidation of jointly-controlled entities	(5,901)	678
Net loss on disposal and dilution of subsidiaries	2,761	–
Profit on sale of investments	(152)	(380)
Profit on sale of property, plant and equipment and investment properties	(230,570)	(240,665)
Property, plant and equipment and investment properties written off	350	286
Share of after-tax profit of associates	(31,723)	(17,112)
Share of after-tax profit of jointly-controlled entities	(30,244)	(93,312)
Units in an associate received and receivable in lieu of fee income	(10,894)	(7,938)
Operating profit before working capital changes	1,053,693	896,815
Changes in working capital:		
Development properties	173,869	(132,650)
Consumable stocks and trade and other receivables	(148,752)	(220,481)
Trade and other payables	65,830	81,513
Employee benefits	539	(7,234)
Cash generated from operations	1,145,179	617,963
Income tax paid	(162,224)	(105,910)
Net cash from operating activities carried forward	982,955	512,053

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2011

	Note	Group 2011 $'000	Group 2010 (Restated) $'000
Net cash from operating activities brought forward		982,955	512,053
Cash flows from investing activities			
Acquisition of additional interest in a subsidiary		(24,255)	–
Capital expenditure on investment properties		(194,817)	(42,349)
Disposal/(Acquisition) of subsidiaries (net of cash acquired)	35	264,325	(9,129)
Dividends received:			
- an associate		35,846	31,851
- financial investments		9,855	8,036
- jointly-controlled entities		30,522	104,116
Interest received		13,308	11,598
Increase in intangible assets		(308)	–
Increase in investments in an associate		(37,350)	(34,720)
(Increase)/Decrease in investments in jointly-controlled entities		(274,625)	2,839
Payments for purchase of property, plant and equipment		(199,093)	(86,624)
Proceeds from liquidation and disposal of jointly-controlled entities and an associate		1,465	966
Proceeds from sale of property, plant and equipment and investment properties		430,367	375,762
(Purchase)/Disposal of financial assets		(2,581)	8,652
Net cash from investing activities		52,659	370,998
Cash flows from financing activities			
Capital contribution from non-controlling interests		63,123	420
Dividends paid		(247,454)	(99,874)
Finance lease payments		(3)	(4)
Interest paid (including amounts capitalised as property, plant and equipment, investment properties and development properties)		(89,129)	(84,215)
Net (advances to)/repayment by related parties		(201,777)	121,323
Net proceeds from/(repayments of) revolving credit facilities and short-term bank borrowings		242,547	(434,580)
Payment of financing transaction costs		(5,321)	(6,812)
Proceeds from bank borrowings		438,200	318,080
Proceeds from issuance of bonds and notes		105,000	1,159,869
Repayment of bank borrowings		(407,874)	(311,794)
Repayment of bonds and notes		(316,675)	(627,543)
Repayment of other long-term liabilities		(134)	(290)
Net cash (used in)/from financing activities		(419,497)	34,580
Net increase in cash and cash equivalents		616,117	917,631
Cash and cash equivalents at beginning of the year		1,872,974	980,134
Effect of exchange rate changes on balances held in foreign currencies		(1,511)	(24,791)
Cash and cash equivalents at end of the year	15	2,487,580	1,872,974

The accompanying notes form an integral part of these financial statements.

Significant non-cash transactions

(i) Management fee income of $10,894,000 (2010: $7,938,000) is received and receivable by the Group in the form of units in an associate.

(ii) Dividends amounting to $13,714,000 (2010: $10,297,000) were paid by a subsidiary to its non-controlling interests in the form of scrip dividends.

(iii) In 2011, an amount owing from a jointly-controlled entity totalling $115,229,000 was capitalised as part of Group's cost of investment in that entity.

(iv) In 2011, dividends amounting to $182,000 (2010: $5,700,000) were received by a subsidiary in the form of scrip dividends from its investments in equity investments.

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 12 March 2012.

1 DOMICILE AND ACTIVITIES

City Developments Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 36 Robinson Road, #04-01 City House, Singapore 068877.

The principal activities of the Company are those of a property developer and owner and investment holding.

The principal activities of the subsidiaries are those of property developers and owners, hotel owners and operators, a club operator and owner, investment in properties and in shares, property management, project management and provision of consultancy services, hospitality-related information technology and procurement services.

The consolidated financial statements for the year ended 31 December 2011 relate to the Company and its subsidiaries (together referred to as the Group and individually as Group entities) and the Group's interests in associates and jointly-controlled entities.

The directors consider the immediate and ultimate holding company to be Hong Leong Investment Holdings Pte. Ltd., a company incorporated in the Republic of Singapore.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except that financial instruments at fair value through profit or loss and certain equity investments available for sale are stated at fair value. The financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information has been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

Note 2.2	Assessment of ability to control or exert significant influence over partly-owned investments
Note 2.18	Measurement of profit attributable to properties under development
Note 2.21	Estimation of provisions for current and deferred taxation
Notes 3 and 4	Measurement of recoverable amounts of property, plant and equipment and investment properties
Note 5	Measurement of recoverable amounts of investments in and balances with subsidiaries
Note 8	Impairment of available-for-sale equity investments
Note 10	Measurement of realisable amounts of development properties
Note 23	Valuation of defined benefit obligations
Note 37	Valuation of financial instruments that are not actively traded

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Changes in accounting policies

(i) Agreements for the construction of real estate

The Group has adopted INT FRS 115 *Agreements for the Construction of Real Estate* and the *Accompanying Note on Application of INT FRS 115 in Singapore* (AN) in its accounting for revenue from sales of development properties for the year ended 31 December 2011.

Prior to the adoption of INT FRS 115 and the AN, revenue from sales of development properties was recognised using the percentage of completion (POC) method as allowed under Recommended Accounting Practice 11 *Pre-Completion Contracts For The Sale Of Development Property* (RAP 11). RAP 11 was withdrawn with effect from 1 January 2011 following the adoption of INT FRS 115.

Under INT FRS 115 and the AN, revenue from sales of Singapore residential properties within the scope of the AN continues to be recognised using the POC method. However, for the sale of other development properties, revenue is now recognised only upon the transfer of control and significant risks and rewards of ownership of the property to the buyer. This generally coincides with the point in time when the development unit is delivered to the buyer. The change in accounting policy was applied retrospectively.

The following table summarises the adjustments made to the statement of financial position upon implementation of the new accounting policy:

	Development properties $'000	Investment in jointly-controlled entities $'000	Accumulated profits $'000	Deferred tax liabilities $'000
Group				
Balance as reported at 1 January 2010	3,278,635	675,702	3,891,201	433,797
Effect of change in accounting policy	(157,146)	(37,876)	(168,767)	(26,255)
Restated balance at 1 January 2010	3,121,489	637,826	3,722,434	407,542
Balance as reported at 31 December 2010	3,470,992	537,110	4,555,278	449,158
Effect of change in accounting policy	(159,830)	–	(133,753)	(26,077)
Restated balance at 31 December 2010	3,311,162	537,110	4,421,525	423,081

	Development properties $'000	Accumulated profits $'000	Deferred tax liabilities $'000
Company			
Balance as reported at 1 January 2010	1,157,075	2,543,326	81,889
Effect of change in accounting policy	(47,268)	(38,986)	(8,282)
Restated balance at 1 January 2010	1,109,807	2,504,340	73,607
Balance as reported at 31 December 2010	1,214,471	2,826,404	103,190
Effect of change in accounting policy	(75,744)	(62,522)	(13,222)
Restated balance at 31 December 2010	1,138,727	2,763,882	89,968

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Changes in accounting policies (cont'd)

(i) *Agreements for the construction of real estate (cont'd)*

The effects on the income statement and earnings per share were as follows:

	2011 $'000	2010 $'000
Group		
Increase/(Decrease) in revenue	326,739	(25,164)
(Increase)/Decrease in cost of sales	(166,909)	22,480
Increase in share of after-tax profit of jointly-controlled entities	–	37,876
Increase in income tax expense	(26,077)	(178)
Increase in profit for the year	133,753	35,014
Increase in basic earnings per share (cents)	14.7	3.9
Increase in diluted earnings per share (cents)	14.0	3.7

(ii) *Identification of related party relationships and related party disclosures*

From 1 January 2011, the Group has applied the revised FRS 24 *Related Party Disclosures* (2010) to identify parties that are related to the Group and to determine the disclosures to be made on transactions and outstanding balances, including commitments, between the Group and its related parties. FRS 24 (2010) improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

The adoption of FRS 24 (2010) has resulted in additional parties being identified as related to the Group. Transactions and outstanding balances, including commitments, with these related parties for the current and comparative years have been disclosed accordingly in note 34 to the financial statements.

The adoption of FRS 24 (2010) affects only the disclosures made in the financial statements.

There is no financial effect on the results and financial position of the Group for the current and previous financial years. Accordingly, the adoption of FRS 24 (2010) has no impact on earnings per share.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained above, which addresses changes in accounting policies.

2.2 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of consolidation (cont'd)

Business combinations (cont'd)

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the income statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Associates and jointly-controlled entities

Associates are companies in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Associates and jointly-controlled entities are accounted for using the equity method and are recognised initially at cost. The cost of the investments includes transaction cost.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of associates and jointly-controlled entities, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an associate or a jointly-controlled entity, the carrying amount of that interest (including any long-term interests that, in substance, form part of the Group's net investment in the associate or jointly-controlled entity) is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Jointly-controlled assets

Joint venture arrangements which involve the use of the assets that are jointly-controlled (whether or not owned jointly), without the establishment of a separate entity, are referred to as jointly-controlled assets. The Group recognises its interests in jointly-controlled assets using proportionate consolidation.

The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the jointly-controlled assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of consolidation (cont'd)

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore the carrying amounts of assets and liabilities are not changed and goodwill is not recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the adjustment to non-controlling interests and the fair value of consideration paid is recognised directly in equity and presented as part of equity attributable to owners of the Company.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly-controlled entities are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries, associates and jointly-controlled entities by the Company

Investments in subsidiaries, associates and jointly-controlled entities are stated in the Company's statement of financial position at cost less accumulated impairment losses.

2.3 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currencies at the exchange rates at the date on which their fair values were determined. Foreign currency differences arising on translation are recognised in the income statement, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below), available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation (see below) or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to the income statement as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or jointly-controlled entity that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Foreign currencies (cont'd)

Net investment in a foreign operation

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve. When the foreign operation is disposed of, the cumulative amount in the foreign currency translation reserve is transferred to the income statement as part of profit or loss on disposal.

Hedge of net investment in a foreign operation

Foreign currency differences arising on the translation of a financial liability designated as a hedge of the Group's net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in the income statement. When the hedged net investment is disposed of, the cumulative amount in the foreign currency translation reserve is transferred to the income statement as an adjustment to the profit or loss on disposal.

2.4 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net in the income statement.

Subsequent expenditure

Subsequent expenditure is recognised in the carrying amount of the asset if it is probable that future economic benefits embodied within the expenditure will flow to the Group, and its cost can be measured reliably. All other subsequent expenditure are recognised in the income statement when incurred.

Depreciation

No depreciation is provided on freehold and 999-year leasehold land. For freehold and leasehold properties under development and renovation-in-progress, no depreciation is provided until these items have been completed.

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

Freehold and leasehold land and buildings		
• Core component of hotel buildings	-	50 years, or lease term if shorter
• Surface finishes and services of hotel buildings	-	30 years, or lease term if shorter
• Leasehold land (other than 999-year leasehold land)	-	Lease term
Furniture, fittings, plant and equipment and improvements	-	3 to 20 years

Residual values ascribed to the core component of hotel buildings depend on the nature, location and tenure of each hotel property. No residual values are ascribed to surface finishes and services of hotel buildings.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Intangible assets

Goodwill

Goodwill and negative goodwill arise on the acquisition of subsidiaries, associates and jointly-controlled entities.

Acquisitions prior to 1 January 2001

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the acquiree.

Goodwill and negative goodwill on acquisitions were written off against reserves in the year of acquisition.

Goodwill and negative goodwill that had previously been taken to reserves are not taken to the income statement when (a) the business is disposed of or (b) the goodwill is impaired.

Acquisitions occurring between 1 January 2001 and 1 January 2005

There was no goodwill arising from acquisition of subsidiaries occurring between 1 January 2001 and 1 January 2005.

Acquisitions occurring between 1 January 2005 and 31 December 2009

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates and jointly-controlled entities is presented together with investments in associates and jointly-controlled entities.

Goodwill is measured at cost less accumulated impairment losses, and tested for impairment (Note 2.12). Negative goodwill is recognised immediately in the income statement.

Acquisition on or after 1 January 2010

Goodwill represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Other intangible assets are amortised in the income statement on a straight-line basis over their estimated useful lives of 15 years, from the date on which they are available for use.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Investment properties

Investment properties are properties held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, or used in the production nor those used for the supply of goods or services, or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation

No depreciation is provided on freehold and 999-year leasehold land included in the investment properties.

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives (or lease terms, if shorter) of each component of the investment properties.

The estimated useful lives are as follows:

Freehold and leasehold properties	-	50 years, or lease term if shorter
Leasehold land (other than 999-year leasehold land)	-	Lease term ranging from 85 to 97 years
Furniture, fittings, plant and equipment and improvements	-	3 to 20 years

Depreciation methods and useful lives are reviewed, and adjusted as appropriate, at each reporting date.

Transfers

Transfers to, or from, investment properties are made where there is a change in use, evidenced by:

- commencement of owner-occupation, for a transfer from investment properties to property, plant and equipment;
- commencement of development with a view to sell, for a transfer from investment properties to development properties; and
- end of owner-occupation, for a transfer from property, plant and equipment to investment properties.

2.7 Leased assets

Leases in which the Group assumes substantially all risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases, and except for investment properties and lease premium prepayment, the leased assets are not recognised in the statement of financial position.

Lease premium prepayment relates to upfront premium paid in respect of long leasehold land where substantially all risks and rewards of ownership are not anticipated to pass to the Group. It is classified appropriately between current and non-current assets and is charged to the income statement on a straight-line basis over the term of the lease.

2.8 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial instruments (cont'd)

Non-derivative financial assets (cont'd)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following categories of non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in the income statement as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables excluding prepayments, and tax recoverable and other non-current assets excluding deferred tax assets, deferred expenditure, prepayment and intangible assets.

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. The Group's investments in certain equity securities and certain debt securities are classified as available-for-sale financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 2.12) and foreign currency differences on available-for-sale monetary items (see note 2.3), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to the income statement.

Where an investment in equity securities classified as available for sale does not have a quoted market price in an active market and other methods of determining fair value do not result in a reasonable estimate, the investment is measured at cost less impairment losses.

Non-derivative financial liabilities

The Group initially recognises all financial liabilities on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: borrowings, other liabilities and trade and other payables excluding deferred income and derivatives financial liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial instruments (cont'd)

Non-derivative financial liabilities (cont'd)

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Derivative financial instruments, including hedging activities

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were recognised directly in equity are reclassified to the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement (i.e. when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects the income statement. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognised immediately in the income statement.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the income statement.

2.9 Interest-free intercompany loans

Loans to subsidiaries

Intercompany loans to subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future and are, in substance, a part of the Company's net investment in those subsidiaries, are stated at cost less accumulated impairment losses.

Such balances are eliminated in full in the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Development properties

Development properties are those properties which are held with the intention of development and sale in the ordinary course of business. They are stated at the lower of cost plus, where appropriate, a portion of attributable profit, and estimated net realisable value, net of progress billings. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of properties under development comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

2.11 Consumable stocks

Consumable stocks comprise principally food and beverage and other hotel related consumable stocks. Stocks are valued at the lower of cost and net realisable value. Cost is determined on a first-in first-out principle. Net realisable value represents the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

2.12 Impairment

Impairment of non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more loss events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in the income statement.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Impairment losses on available-for-sale financial asset are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale debt securities, the reversal is recognised in the income statement. For available-for-sale financial assets that are equity securities, an impairment loss once recognised in the income statement is not reversed through the income statement. Any subsequent increase in fair value of such assets is recognised in other comprehensive income.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than development properties, consumable stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Impairment (cont'd)

Impairment of non-financial assets (cont'd)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.13 Non-current assets classified as held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to consumable stocks, financial assets, deferred tax assets and investment properties, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

2.14 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Preference shares

Preference shares are classified as equity if they are non-redeemable, or are redeemable only at the option of the Company and dividend payments are discretionary. Dividends thereon are recognised as distributions within equity.

Dividends on non-redeemable preference shares are recognised as a liability in the period in which they are declared.

2.15 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit post-employment plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on AA credit rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Employee benefits (cont'd)

Defined benefit plans (cont'd)

The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in the income statement.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits, other than pension plans is the amount of future benefit that employees have earned in return for their service in current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on AA credit rated bonds that have maturity dates approximating the terms of the Group's obligations. Any actuarial gains and losses are recognised in the income statement in the period in which they arise.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Group receives goods or services as consideration for its equity instruments of the Group entities are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employees as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Beijing Indemnity

A provision for tax indemnity to the former shareholders of Grand Millennium Beijing which the Group acquired an additional 40% interest in 2010.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Capital expenditure

A provision for capital expenditure is recognised for the Group's contractual obligation to incur capital expenditure under the terms of the hotel operating agreements.

Legal

Provision for legal fees is recognised in relation to disputes in several United States hotels, credit card issues and management contract disagreement.

Rental guarantee

A provision for rental guarantee is recognised for the Group's contractual obligation to compensate the buyer for any shortfall in net rental income under the sale and purchase agreement for the sales of the Group's investment properties.

2.17 Financial guarantee contracts

Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Revenue recognition

Development properties for sale

Revenue from sales of development properties is recognised using the percentage of completion method when the Group determines that (a) control and the significant risks and rewards of ownership of the work-in-progress transfer to the buyer in its current state as construction progresses, (b) sales price is fixed and collectible, (c) the percentage of completion can be measured reliably, (d) there is no significant uncertainty as to the ability of the Group to complete the development, and (e) costs incurred or to be incurred can be measured reliably.

In all other instances, revenue from sales of development properties is only recognised upon the transfer of control and significant risks and rewards of ownership of the property to the buyer. This generally coincides with the point in time when the development unit is delivered to the buyer.

The percentage of completion is measured by reference to the work performed, based on the ratio of costs incurred to date to the estimated total costs. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

Rental and car park income

Rental income (net of any lease incentives) is recognised on a straight-line basis over the lease term. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period on a receipt basis.

Car park income is recognised on an accrual basis.

Hotel income

Revenue from hotel operations is recognised on an accrual basis, upon rendering of the relevant services.

Dividends

Dividend income is recognised in the income statement when the shareholder's right to receive payment is established.

2.19 Operating leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

2.20 Finance income and costs

Finance income comprises mainly interest income on funds invested and mark-to-market gain on financial assets at fair value through profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise mainly interest expense on borrowings, amortisation of transactions costs capitalised, mark-to-market loss on financial assets at fair value through profit or loss and loss on hedging instruments that are recognised in the income statement. All borrowing costs are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivables on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries, jointly-controlled entities and associates to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.22 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the dilutive effect arising from the conversion of the non-redeemable convertible non-cumulative preference shares.

2.23 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the board of directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Freehold and leasehold properties under development $'000	Furniture, fittings, plant and equipment and improvements $'000	Renovation-in-progress $'000	Total $'000
Group						
Cost						
At 1 January 2010	3,079,064	747,124	122,399	978,042	2,021	4,928,650
Acquisition through business combination (Note 35)	–	93,079	–	35,575	–	128,654
Additions	1,089	13,492	36,890	26,583	8,917	86,971
Disposals	(13)	–	(378)	(26,154)	–	(26,545)
Written off during the year	–	(8)	–	(2,548)	–	(2,556)
Reclassifications and transfers	434	21,510	(40,326)	22,585	(4,203)	–
Translation differences on consolidation	(270,762)	(59,801)	(822)	(56,058)	(222)	(387,665)
At 31 December 2010	2,809,812	815,396	117,763	978,025	6,513	4,727,509
Additions	3,466	(255)*	144,847	27,709	24,078	199,845
Disposals	(2,395)	(78,911)	–	(75,495)	–	(156,801)
Disposal of subsidiaries (Note 35)	–	–	–	(164)	–	(164)
Written off during the year	–	–	(310)	(115,792)	–	(116,102)
Reclassifications and transfers	2,793	(18,669)	(1,832)	36,971	(19,263)	–
Transfers to development properties	(69,210)	–	–	(9,975)	–	(79,185)
Transfer from investment properties	–	3,328	–	–	–	3,328
Translation differences on consolidation	(59,367)	14,931	(135)	1,086	153	(43,332)
At 31 December 2011	2,685,099	735,820	260,333	842,365	11,481	4,535,098
Accumulated depreciation and impairment losses						
At 1 January 2010	422,139	158,129	3,861	727,753	–	1,311,882
Charge for the year	19,637	7,513	–	51,779	–	78,929
Disposals	–	(6)	–	(25,954)	–	(25,960)
Written off during the year	–	(8)	–	(2,409)	–	(2,417)
Impairment losses	30,414	426	–	–	–	30,840
Translation differences on consolidation	(21,675)	3,957	(314)	(58,181)	–	(76,213)
At 31 December 2010	450,515	170,011	3,547	692,988	–	1,317,061
Charge for the year	16,072	3,317	–	51,747	–	71,136
Disposals	(2,395)	(177)	–	(55,478)	–	(58,050)
Disposal of subsidiaries (Note 35)	–	–	–	(137)	–	(137)
Written off during the year	–	–	–	(115,760)	–	(115,760)
Impairment losses	7,389	20,477	2,471	2,101	–	32,438
Reversal of impairment loss	(2,313)	–	–	–	–	(2,313)
Reclassifications and transfers	1,265	(70)	–	(1,195)	–	–
Transfers to development properties	(23,690)	–	–	–	–	(23,690)
Transfer from investment properties	–	1,551	–	–	–	1,551
Translation differences on consolidation	(617)	(6,118)	18	6,397	–	(320)
At 31 December 2011	446,226	188,991	6,036	580,663	–	1,221,916
Carrying amount						
At 1 January 2010	2,656,925	588,995	118,538	250,289	2,021	3,616,768
At 31 December 2010	2,359,297	645,385	114,216	285,037	6,513	3,410,448
At 31 December 2011	2,238,873	546,829	254,297	261,702	11,481	3,313,182

* Relates to excess accruals written back.

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land and buildings $'000	Furniture, fittings and equipment $'000	Total $'000
Company			
Cost			
At 1 January 2010	3,794	24,388	28,182
Additions	–	2,827	2,827
Disposals	–	(1,431)	(1,431)
Written off during the year	–	(659)	(659)
At 31 December 2010	3,794	25,125	28,919
Additions	–	2,431	2,431
Disposals	–	(532)	(532)
Written off during the year	–	(344)	(344)
At 31 December 2011	3,794	26,680	30,474
Accumulated depreciation			
At 1 January 2010	–	20,172	20,172
Charge for the year	–	2,142	2,142
Disposals	–	(1,431)	(1,431)
Written off during the year	–	(659)	(659)
At 31 December 2010	–	20,224	20,224
Charge for the year	–	1,791	1,791
Disposals	–	(411)	(411)
Written off during the year	–	(322)	(322)
At 31 December 2011	–	21,282	21,282
Carrying amount			
At 1 January 2010	3,794	4,216	8,010
At 31 December 2010	3,794	4,901	8,695
At 31 December 2011	3,794	5,398	9,192

Property, plant and equipment with the following carrying values were acquired under finance lease arrangements:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Furniture, fittings and equipment	4	–	–	–

In 2011, upon the Group assessing the carrying value of its property, plant and equipment for indications of impairment, the carrying amounts of certain property, plant and equipment were written down by $32,438,000 (2010: $30,840,000). The impairment losses were included in "other operating expenses".

The impairment losses of $32,438,000 were recognised in respect of one hotel located in United Kingdom, four hotels in United States of America and a land in India, all held by a subsidiary. The land in India was impaired following a decision by the management of the subsidiary not to proceed with building two hotels as a result of changing market conditions. For the remaining hotels, the estimates of recoverable amounts were based on the value-in-use of the said properties determined by either professional valuers or management of the subsidiary using discount rates ranging from 10.5% to 14.0%.

In 2010, the impairment losses of $30,840,000 were recognised in respect of six hotels each in United States of America and United Kingdom, held by a subsidiary. The estimates of recoverable amounts were based on the value-in-use of the said properties determined by either professional valuers or management of the subsidiary using discount rates ranging from 10.25% to 14.00%.

In addition, the Group reversed impairment loss of $2,313,000 (2010: $Nil) recognised in prior years in respect of one hotel in United States of America held by the aforesaid subsidiary due to improved trading performances. The estimate of the recoverable amount was determined by management of the subsidiary using discount rate of 13.5%.

Included in property, plant and equipment are certain hotel properties of the Group with carrying value totalling $374,542,000 (2010: $286,950,000) which are mortgaged to certain financial institutions to secure credit facilities (refer to Notes 20 and 21 for more details of the facilities).

4 INVESTMENT PROPERTIES

	Group $'000	Company $'000
Cost		
At 1 January 2010	3,802,539	607,561
Additions	13,733	972
Disposals	(183,257)	–
Transfers to assets classified as held for sale	(86,808)	–
Written off during the year	(470)	(195)
Translation differences on consolidation	(5,899)	–
At 31 December 2010	3,539,838	608,338
Additions	194,952	4,469
Disposals	(29)	–
Transfers to property, plant and equipment	(3,328)	–
Written off during the year	(436)	(18)
Translation differences on consolidation	6,303	–
At 31 December 2011	3,737,300	612,789
Accumulated depreciation and impairment losses		
At 1 January 2010	738,773	67,349
Charge for the year	61,725	10,150
Disposals	(63,527)	–
Transfers to assets classified as held for sale	(4,836)	–
Written off during the year	(323)	(69)
Impairment losses	23,863	–
Translation differences on consolidation	(744)	–
At 31 December 2010	754,931	77,430
Charge for the year	59,413	10,207
Disposals	(15)	–
Transfers to property, plant and equipment	(1,551)	–
Written off during the year	(428)	(12)
Impairment losses	14,056	–
Translation differences on consolidation	3,713	–
At 31 December 2011	830,119	87,625
Carrying amounts		
At 1 January 2010	3,063,766	540,212
At 31 December 2010	2,784,907	530,908
At 31 December 2011	2,907,181	525,164
Fair value		
At 31 December 2010	6,213,907	1,104,553
At 31 December 2011	6,480,627	1,167,331

Investment properties comprise commercial, residential and industrial properties that are leased to external customers. Generally, each of the leases is fixed for a period of 2 to 3 years or more, and subsequent renewals are negotiated at prevailing market rates and terms.

The fair values of investment properties located in Singapore are based on in-house valuations conducted by a licensed appraiser who is also an officer of the Company. The licensed appraiser has appropriate recognised professional qualifications and has recent experience in the location and category of the investment properties being valued. The fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The valuation is based on the income method which takes into consideration the estimated net rent (using the current and projected average rental rates and occupancy), and a capitalisation rate applicable to the nature and type of asset in question. As a check, a comparison is made against relevant market transactions.

The fair value of investment properties located overseas is determined by independent licensed appraisers who have appropriate recognised professional qualifications and recent experience in the location and category of the investment properties being valued. Fair values are determined having regard to recent market transactions for similar properties in the same locations.

In 2011, upon the Group and the Company identifying indications of impairment and thereafter assessing the carrying values of their investment properties, the Group recognised impairment losses of $14,056,000 (2010: $23,863,000).

4 INVESTMENT PROPERTIES (CONT'D)

The impairment loss of $14,056,000 (2010: $12,899,000) was in relation to a property in Japan. The estimate of recoverable amount of the said property was based on its fair value as determined by an independent licensed appraiser.

The remaining impairment losses of $10,964,000 recognised in 2010 were in respect of two properties in United States of America. The estimate of recoverable amount of one of them was based on value-in-use of the property which comprised two blocks of office buildings, determined by professional appraiser using discount rate of 8.5% to 9.5% per annum. For the other property, which is a freehold land, its estimate of recoverable amount was based on direct comparison to recent land sales of similar locations.

Investment properties of the Group with a total carrying amount of $1,063,797,000 (2010: $1,170,779,000) are mortgaged to certain financial institutions to secure credit facilities (refer to Notes 20 and 21 for more details of the facilities).

5 INVESTMENTS IN AND BALANCES WITH SUBSIDIARIES

	Note	Company 2011 $'000	Company 2010 $'000
Investments in subsidiaries			
Unquoted shares, at cost		2,278,068	2,262,257
Discount implicit in non-current inter-company balances		7,095	7,095
Impairment losses		(63,358)	(6,546)
		2,221,805	2,262,806
Balances with subsidiaries			
Amounts owing by subsidiaries			
- trade, interest-free		6,890	3,300
- non-trade, interest-free		1,884,187	1,191,145
- non-trade, interest-bearing		2,215,992	2,555,600
		4,107,069	3,750,045
Impairment losses		(55,017)	(55,647)
		4,052,052	3,694,398
Receivable within 1 year	12	3,818,904	3,278,527
Receivable after 1 year	9	233,148	415,871
		4,052,052	3,694,398
Amounts owing to subsidiaries			
- trade, interest-free		1,070	1,353
- non-trade, interest-free		823,548	993,742
- non-trade, interest-bearing		200,695	150,304
		1,025,313	1,145,399
Repayable within 1 year	27	875,313	995,399
Repayable after 1 year	24	150,000	150,000
		1,025,313	1,145,399

5 INVESTMENTS IN AND BALANCES WITH SUBSIDIARIES (CONT'D)

During the year, the Company assessed the carrying amount of its investments in subsidiaries for indications of impairment. Based on this assessment, the Company recognised impairment losses of $56,812,000 on its investments in three subsidiaries.

Impairment losses of $40,512,000 were made in relation to its investment in two of the subsidiaries as a result of dividend payments made by these subsidiaries to the Company during the year following the disposal of their underlying investments.

The remaining impairment loss of $16,300,000 was made in relation to its investment in one wholly-owned subsidiary, which had proceeded with voluntary liquidation during the year. Prior to the liquidation, the Company forgave the loan provided and recognised the waiver of the loan as an increase in its cost of investment.

In 2010, the Company reversed impairment loss of $862,000 on its investment in a subsidiary which had disposed of a strata-unit in Chinatown Point and recognised a profit from the sale, and accordingly the impairment loss was reversed fully.

The non-trade amounts owing by and to subsidiaries are unsecured. In respect of interest-bearing amounts owing by and to subsidiaries, interest was charged at 0.42% to 13.00% (2010: 0.51% to 13.00%) and at 1.34% to 3.57% (2010: 1.34% to 3.57%) per annum respectively. The non-trade balances with subsidiaries that are presented as receivable or repayable within one year are receivable or repayable on demand.

Included in amounts owing by subsidiaries receivable after one year are loans to subsidiaries with carrying amounts of $227,657,000 (2010: $397,167,000) for which settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are in substance a part of the Company's net investment in subsidiaries, they are stated at cost less accumulated impairment losses. The remaining non-current receivables from subsidiaries are not expected to be repaid within the next one year.

Impairment losses

The change in impairment losses in respect of amounts owing by subsidiaries during the year is as follows:

	Company	
	2011	2010
	$'000	$'000
At 1 January	55,647	44,363
(Write-back)/Charge of impairment losses	(630)	11,284
At 31 December	55,017	55,647

Further details regarding subsidiaries are set out in Note 41.

6 INVESTMENTS IN AND BALANCES WITH ASSOCIATES

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Investments in associates		420,966	398,367	–	–
Balances with associates					
Amounts owing by associates:					
- trade, interest-free		660	506	–	–
- non-trade, interest-bearing		139,428	–	–	–
- non-trade, interest-free		747	20	–	–
		140,835	526	–	–
Receivable:					
- within 1 year	12	37,555	526	–	–
- after 1 year	9	103,280	–	–	–
		140,835	526	–	–
Amounts owing to an associate					
- trade, interest-free		7,434	6,443	3	10
- non-trade, interest-bearing		23,908	–	–	–
		31,342	6,443	3	10
Payable:					
- within 1 year	27	7,434	6,443	3	10
- after 1 year	24	23,908	–	–	–
		31,342	6,443	3	10

The non-trade amounts owing by and to associates are unsecured. In respect of the amounts owing by an associate, interest was charged at 2.75% to 3.01%. For the amounts owing to an associate, interest was charged at 7.54%.

The non-trade balances with associates that are presented as receivable within one year are receivable on demand.

The non-current receivable from associates are not expected to be repaid within the next one year.

Included in the Group's investments in associates is an investment in the quoted equity of an associate with a carrying value of $284,702,000 (2010: $304,333,000) and whose fair value as at the reporting date based on published price quotations is $522,332,000 (2010: $695,556,000).

Summarised aggregated financial information relating to the associates, which is not adjusted for the percentage of ownership held by the Group, is as follows:

	2011 $'000	2010 $'000
Total assets	2,206,667	1,723,628
Total liabilities	1,046,672	588,932
Revenue	157,733	165,506
Profit after tax	85,091	48,724

Further details regarding the associates are set out in Note 41.

7 INVESTMENTS IN AND BALANCES WITH JOINTLY-CONTROLLED ENTITIES

	Group			Company		
	2011	2010 (Restated)	2009 (Restated)	2011	2010 (Restated)	2009 (Restated)
	$'000	$'000	$'000	$'000	$'000	$'000
Investments in jointly-controlled entities						
Investments in jointly-controlled entities	**674,272**	537,110	637,826	**37,360**	37,360	37,360
Impairment losses	**–**	–	–	**(1,000)**	(1,000)	(1,000)
	674,272	537,110	637,826	**36,360**	36,360	36,360

	Note	Group		Company	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
Balances with jointly-controlled entities					
Amounts owing by jointly-controlled entities					
- trade, interest-free		**2,861**	1,660	**218**	207
- non-trade, interest-bearing		**725,995**	462,197	**280,731**	179,495
- non-trade, interest-free		**214,643**	11,594	**–**	–
		943,499	475,451	**280,949**	179,702
Impairment losses		**(36,935)**	(35,740)	**(16,365)**	(15,174)
		906,564	439,711	**264,584**	164,528
Receivable:					
- within 1 year	12	**712,600**	330,199	**264,584**	164,528
- after 1 year	9	**193,964**	109,512	**–**	–
		906,564	439,711	**264,584**	164,528
Amounts owing to jointly-controlled entities payable within 1 year					
- trade, interest-free		**2**	–	**–**	–
- non-trade, interest-free		**28,676**	18,661	**28,676**	–
	27	**28,678**	18,661	**28,676**	–

The non-trade amounts owing by and to jointly-controlled entities are unsecured. In respect of interest-bearing amounts, interest at rates ranging from 0.75% to 8.50% (2010: 0.75% to 4.75%) per annum and 1.50% to 4.75% (2010: 1.50% to 2.50%) per annum were charged by the Group and the Company respectively.

The non-trade amounts presented as receivable or repayable within one year are receivable or repayable on demand. Included in non-current amounts owing by jointly-controlled entity are loans to jointly-controlled entity with carrying amounts of $57,172,000 (2010: $57,172,000) for which settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are in substance a part of the Group's net investment in the entities, they are stated at cost less accumulated impairment losses. The remaining non-current receivables from jointly-controlled entities are not expected to be repaid within the next one year.

7 INVESTMENTS IN AND BALANCES WITH JOINTLY-CONTROLLED ENTITIES (CONT'D)

The change in impairment losses in respect of balances with jointly-controlled entities is as follows:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
At 1 January	**35,740**	71,610	**15,174**	46,797
Charge/(Write-back) of impairment losses	**959**	1,188	**1,191**	(31,060)
Reversal of impairment losses against investments in jointly-controlled entities	**–**	(31,060)	**–**	–
Impairment losses utilised	**–**	(4,349)	**–**	–
Translation differences on consolidation	**236**	(1,649)	**–**	(563)
At 31 December	**36,935**	35,740	**16,365**	15,174

In total, the Group's share of the jointly-controlled entities' results, assets, liabilities and commitments is as follows:

	Group		
	2011	2010 (Restated)	2009 (Restated)
	$'000	$'000	$'000
Results			
Revenue and other operating income	**199,553**	319,497	
Cost of sales and other expenses	**(156,826)**	(202,005)	
Profit before income tax	**42,727**	117,492	
Income tax expense	**(3,621)**	(16,255)	
Non-controlling interests	**(8,862)**	(7,925)	
Profit for the year	**30,244**	93,312	
Assets and liabilities			
Non-current assets	**418,832**	390,394	587,185
Current assets	**2,211,583**	1,614,098	1,675,636
Total assets	**2,630,415**	2,004,492	2,262,821
Current liabilities	**(359,927)**	(544,246)	(423,233)
Non-current liabilities	**(1,596,216)**	(923,136)	(1,201,762)
Total liabilities	**(1,956,143)**	(1,467,382)	(1,624,995)
Commitments			
Development expenditure contracted but not provided for in the financial statements	**521,189**	136,144	
Capital expenditure contracted but not provided for in the financial statements	**2,451**	317	
Non-cancellable operating lease payables	**20,778**	29,817	
Non-cancellable operating lease receivables	**15,543**	14,546	

Further details regarding jointly-controlled entities are set out in Note 41.

8 FINANCIAL ASSETS

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Non-current financial assets				
Unquoted equity investments available for sale				
- fellow subsidiaries	3,289	3,363	3,290	3,290
- other related parties	100,340	95,480	–	–
- non-related companies	19,283	19,280	1,340	1,340
Impairment losses	(3,339)	(3,366)	–	–
	119,573	114,757	4,630	4,630
Financial assets designated at fair value through profit or loss				
- unquoted convertible notes of a jointly-controlled entity	–	211,379	–	–
	119,573	326,136	4,630	4,630
Quoted equity investments available for sale				
- fellow subsidiaries	22,739	32,970	19,122	27,723
- non-related companies	14,427	20,794	–	–
	37,166	53,764	19,122	27,723
Total	156,739	379,900	23,752	32,353

	Group	
	2011	2010
	$'000	$'000
Current financial assets		
Equity investments held for trading		
- quoted	24,888	33,872
- unquoted	1,400	2,013
	26,288	35,885

Included in quoted equity investments held for trading are investments in shares of listed subsidiaries with a total carrying value of $9,719,000 (2010: $13,516,000) which are held by the Group for trading purposes.

Included in unquoted investments available for sale of the Group and the Company are investments with total carrying amounts of $110,266,000 (2010: $105,616,000) and $4,630,000 (2010: $4,630,000) respectively, which are measured at cost less impairment losses as the fair values cannot be determined reliably. As a result, the variability in the range of reasonable fair value estimates derived from valuation techniques is expected to be significant. The Group does not intend to dispose of these investments in the foreseeable future.

Impairment losses on available-for-sale equity investments are recognised when there is a significant or prolonged decline in the fair value of such investments below their cost.

The Group has not reclassified any investments between various categories during the year.

Impairment losses

The change in impairment losses in respect of non-current financial assets during the year is as follows:

	Group	
	2011	2010
	$'000	$'000
At 1 January	3,366	5,204
Impairment losses utilised	(27)	(1,688)
Translation differences on consolidation	–	(150)
At 31 December	3,339	3,366

9 OTHER NON-CURRENT ASSETS

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Amounts owing by:					
- subsidiaries	5	–	–	**233,148**	415,871
- jointly-controlled entities	7	**193,964**	109,512	–	–
- associates	6	**103,280**	–	–	–
Deferred tax assets	26	**3,655**	3,392	–	–
Deferred expenditure		**617**	–	–	–
Deposits and prepayment		**6,395**	4,721	–	–
Intangible assets		**6**	7	–	–
Interest receivables		**2,321**	50,093	–	–
Other receivables		**3,882**	4,740	–	–
		314,120	172,465	**233,148**	415,871

10 DEVELOPMENT PROPERTIES

	Group 2011 $'000	Group 2010 (Restated) $'000	Group 2009 (Restated) $'000	Company 2011 $'000	Company 2010 (Restated) $'000	Company 2009 (Restated) $'000
Properties in the course of development, at cost	**2,511,983**	3,315,822	3,374,831	**557,996**	1,080,365	1,347,312
Attributable profit	**121,433**	599,884	499,195	**62,848**	364,333	259,686
	2,633,416	3,915,706	3,874,026	**620,844**	1,444,698	1,606,998
Progress billings	**(943,372)**	(1,279,098)	(1,181,969)	**(357,005)**	(724,287)	(728,866)
	1,690,044	2,636,608	2,692,057	**263,839**	720,411	878,132
Properties for development and resale representing mainly land, at cost	**438,646**	135,827	123,406	–	–	–
Completed units, at cost	**916,844**	300,062	238,830	**203,677**	102,732	87,551
	3,045,534	3,072,497	3,054,293	**467,516**	823,143	965,683
Allowance for foreseeable losses	**(35,511)**	(77,201)	(76,919)	**(1,185)**	(282)	–
	3,010,023	2,995,296	2,977,374	**466,331**	822,861	965,683
Share of jointly-controlled assets						
Properties in the course of development, at cost	**315,550**	474,080	161,448	**315,550**	474,080	161,448
Attributable profit	**63,818**	57,391	16,965	**63,818**	57,391	16,965
	379,368	531,471	178,413	**379,368**	531,471	178,413
Progress billings	**(145,516)**	(215,605)	(95,995)	**(145,516)**	(215,605)	(95,995)
	233,852	315,866	82,418	**233,852**	315,866	82,418
Properties for development and resale representing mainly land, at cost	–	–	57,936	–	–	57,936
Completed units, at cost	–	–	3,761	–	–	3,770
	233,852	315,866	144,115	**233,852**	315,866	144,124
Total development properties	**3,243,875**	3,311,162	3,121,489	**700,183**	1,138,727	1,109,807

10 DEVELOPMENT PROPERTIES (CONT'D)

Included in the above are development properties under construction where revenue is recognised as construction progresses, which are set out below:

	Group			Company		
	2011 $'000	2010 $'000	2009 $'000	2011 $'000	2010 $'000	2009 $'000
Properties in the course of development, at cost	**2,615,096**	3,629,934	3,357,900	**873,546**	1,472,026	1,430,451
Attributable profit	**185,251**	657,275	516,160	**126,666**	421,724	276,651
	2,800,347	4,287,209	3,874,060	**1,000,212**	1,893,750	1,707,102
Progress billings	**(1,020,623)**	(1,424,463)	(1,184,122)	**(502,521)**	(905,645)	(786,407)

The allowance for foreseeable losses is estimated taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and prevailing property market conditions. The estimated total construction costs are based on contracted amounts and, in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred.

Development properties of the Group and the Company with carrying amounts of $609,796,000 (2010: $1,110,039,000) and $176,471,000 (2010: $315,867,000) respectively are mortgaged to financial institutions to secure credit facilities (refer to Note 20).

11 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

In 2010, the Group entered into sale and purchase contracts to sell two of its investment properties and a strata-unit of an investment property. The transactions were completed in 2011. The investment properties relate to the rental properties segment.

At 31 December 2010, the assets and liabilities associated with the above investment properties of the Group have been presented in the statement of financial position as "Assets classified as held for sale" and "Liabilities classified as held for sale".

	Group 2010 $'000
Assets classified as held for sale	
Investment properties	81,972
Liabilities classified as held for sale	
Rental and other deposits	1,655

12 TRADE AND OTHER RECEIVABLES

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Trade receivables		195,687	189,562	92,636	90,364
Impairment losses		(11,044)	(2,372)	(7,741)	(41)
		184,643	187,190	84,895	90,323
Other receivables		28,610	184,667	3,506	2,632
Impairment losses		(1,103)	(1,406)	(1,713)	(1,751)
		27,507	183,261	1,793	881
Deposits and prepayments		61,384	112,103	646	445
Tax recoverable		1,996	6,257	–	–
Accrued receivables	13	175,188	56,987	53,648	39,690
Amounts owing by:					
- subsidiaries	5	–	–	3,818,904	3,278,527
- associates	6	37,555	526	–	–
- jointly-controlled entities	7	712,600	330,199	264,584	164,528
- fellow subsidiaries	14	45	69	8	12
		1,200,918	876,592	4,224,478	3,574,406

The maximum exposure to credit risk for trade receivables, other receivables, accrued receivables and amounts owing by subsidiaries, associates, jointly-controlled entities and fellow subsidiaries at the reporting date by business segment is set out below:

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Property development	930,142	615,955	3,065,086	2,483,970
Hotel operations	150,274	96,628	79,351	–
Rental properties	22,960	25,686	570,062	744,634
Others	34,162	19,963	509,333	345,357
	1,137,538	758,232	4,223,832	3,573,961

12 TRADE AND OTHER RECEIVABLES (CONT'D)

Impairment losses

The aging of trade receivables at the reporting date is:

	Gross 2011 $'000	Impairment losses 2011 $'000	Gross 2010 $'000	Impairment losses 2010 $'000
Group				
Not past due	154,903	48	134,942	36
Past due 0 – 30 days	17,939	11	26,870	20
Past due 31 – 60 days	6,476	1,178	9,714	531
Past due 61 – 90 days	2,706	649	2,976	743
More than 90 days	13,663	9,158	15,060	1,042
	195,687	11,044	189,562	2,372
Company				
Not past due	81,086	5	76,598	–
Past due 0 – 30 days	745	6	1,202	2
Past due 31 – 60 days	1,039	–	670	–
Past due 61 – 90 days	823	4	161	–
More than 90 days	8,943	7,726	11,733	39
	92,636	7,741	90,364	41

The change in impairment losses in respect of trade and other receivables during the year is as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
At 1 January	3,778	3,862	1,792	1,711
Charge of impairment losses	8,899	290	7,728	50
Impairment losses utilised	(204)	(6)	(27)	–
Translation differences on consolidation	(326)	(368)	(39)	31
At 31 December	12,147	3,778	9,454	1,792

The Group's historical experience in the collection of trade and other receivables falls within the recorded allowances. Due to this factor, management believes that no additional credit risks beyond amount provided for collection losses is inherent in the Group's trade and other receivables.

Trade receivables that were not past due relate to a wide range of customers for whom there has not been a significant change in the credit quality.

13 ACCRUED RECEIVABLES

Accrued receivables represent mainly the remaining balances of sales consideration for development properties to be billed. In accordance with the Group's accounting policy, income is recognised on the sale of development properties based on the progress of the construction work. Upon receipt of the Temporary Occupation Permit, the balance of sales consideration to be billed is included as accrued receivables.

14 AMOUNTS OWING BY AND TO FELLOW SUBSIDIARIES

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Amounts owing by fellow subsidiaries:					
- trade, interest-free	12	45	69	8	12
Amounts owing to fellow subsidiaries:					
- trade, interest-free		1	7	1	19
- non-trade, interest-free		–	177	–	–
- non-trade, interest-bearing		61,634	28,359	–	–
	27	61,635	28,543	1	19

Fellow subsidiaries are subsidiaries of the immediate holding company which are subject to common control. The non-trade amounts owing to fellow subsidiaries are unsecured. In respect of interest-bearing amounts, interest is charged at 2.50% (2010: 2.50%) per annum.

15 CASH AND CASH EQUIVALENTS

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Amounts held under the Singapore development project rules, withdrawals from which are restricted to project-related payments		362,034	351,900	179,341	219,501
Fixed deposits placed with financial institutions which are:					
- fellow subsidiaries		38,778	33,510	–	–
- others		1,710,242	1,195,335	1,274,524	757,398
		1,749,020	1,228,845	1,274,524	757,398
Cash at banks and in hand		491,951	293,081	118,255	4,191
Cash and cash equivalents		2,603,005	1,873,826	1,572,120	981,090
Bank overdrafts	19	(115,425)	(852)		
Cash and cash equivalents in the consolidated statement of cash flows		2,487,580	1,872,974		

16 SHARE CAPITAL

	Company			
	2011		2010	
	Number of shares	$'000	Number of shares	$'000
Issued and fully paid ordinary share capital with no par value:				
At 1 January and 31 December	**909,301,330**	**1,661,179**	909,301,330	1,661,179
Issued and fully paid non-redeemable convertible non-cumulative preference share capital with no par value:				
At 1 January and 31 December	**330,874,257**	**330,218**	330,874,257	330,218
Total share capital		**1,991,397**		1,991,397

Ordinary share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at General Meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Preference share capital

The Company has in issue 330,874,257 non-redeemable convertible non-cumulative preference shares (Preference Shares), listed on the Official List of Singapore Exchange Securities Trading Limited. The Preference Shares are convertible only at the option of the Company, into fully-paid ordinary shares of the Company at the conversion ratio of 0.136 ordinary share for each Preference Share.

In the event the Company exercises its right of conversion, the Company shall pay to preference shareholders a one-off preference cash dividend at the fixed rate of 64% (net) of the issue price for each Preference Share (Additional Preference Dividend) and any preference dividend accrued but unpaid.

As at 31 December 2011, a maximum number of 44,998,898 (2010: 44,998,898) ordinary shares are issuable upon full conversion at the sole option of the Company of all the Preference Shares.

Holders of Preference Shares have no voting rights, except under certain circumstances provided for in the Singapore Companies Act and as set out in the Company's Articles of Association.

The Preference Shares rank:

(i) *pari passu* without any preference or priority among themselves; and

(ii) in priority over the ordinary shares in respect of (a) payment of the preference dividend (when, as and if declared) and the Additional Preference Dividend; and (b) in the event of a winding-up of or return of capital by the Company, payment of any preference dividend that has accrued to holders of Preference Shares and is unpaid, the Additional Preference Dividend (whether or not then due) as well as the amount paid up on the Preference Shares (including the premium paid thereon).

16 SHARE CAPITAL (CONT'D)

Capital management policy

The Group's primary objective in capital management is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to continue to maintain the future development and growth of the business.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. For this purpose, the Group defines "capital" as including all components of equity, including non-controlling interests. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares or other financial instruments.

The Group monitors capital using a net debt equity ratio, which is defined as net borrowings divided by total capital employed.

	Group	
	2011	2010 (Restated)
	$'000	$'000
Gross borrowings	4,418,876	4,219,929
Cash and cash equivalents	(2,603,005)	(1,873,826)
Net debt	1,815,871	2,346,103
Total capital employed	8,696,004	7,980,259
Net debt equity ratio	0.21	0.29

No changes were made to the above objectives, policies and processes during the years ended 31 December 2011 and 2010.

17 RESERVES

	Group			Company		
	2011	2010 (Restated)	2009 (Restated)	2011	2010 (Restated)	2009 (Restated)
	$'000	$'000	$'000	$'000	$'000	$'000
Capital reserve	148,962	148,140	147,589	63,743	63,743	63,743
Hedging reserve	(705)	(1,201)	–	–	–	–
Fair value reserve	3,067	15,680	17,548	6,810	13,948	14,936
Other reserve	(4,459)	(268)	(268)	5,664	–	–
Share option reserve	9,470	9,693	8,096	–	–	–
Foreign currency translation reserve	(320,267)	(322,456)	(83,089)	–	–	–
Accumulated profits	4,999,340	4,421,525	3,722,434	3,308,384	2,763,882	2,504,340
	4,835,408	4,271,113	3,812,310	3,384,601	2,841,573	2,583,019

The capital reserve comprises mainly negative goodwill on the consolidation of subsidiaries.

The hedging reserve comprises the effective portions of the cumulative net changes in the fair values of cash flow hedging instruments related to hedged transactions that have not yet occurred.

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised.

Other reserve comprises the share of other reserves of associates and a jointly-controlled entity.

The share option reserve comprises the cumulative value of employee services received for the issue of share options.

17 RESERVES (CONT'D)

The foreign currency translation reserve comprises:

(a) foreign exchange differences arising from the translation of the financial statements of foreign entities whose functional currencies are different from the presentation currency of the Company;

(b) the gain or loss on instruments used to hedge the Group's net investment in foreign entities that are determined to be effective hedges; and

(c) exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

The accumulated profits of the Group include profits of $129,014,000 (2010: $150,426,000) attributable to associates and jointly-controlled entities.

18 EQUITY COMPENSATION BENEFITS

By Subsidiaries

Millennium & Copthorne Hotels plc

Millennium & Copthorne Hotels plc (M&C) has the following share option schemes:

(i) Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme;

(ii) Millennium & Copthorne Hotels Sharesave Schemes 1996 and 2006; and

(iii) Millennium & Copthorne Hotels 2006 Long-Term Incentive Plan.

(i) Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme

(a) The Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme (M&C 2003 Scheme) was approved by the shareholders at the Annual General Meeting of M&C held on 21 May 2002. There are two parts of the M&C 2003 Scheme, namely the "Approved" part for which approval from the United Kingdom Inland Revenue has been obtained, and the "Unapproved" part which is not designed for the United Kingdom Inland Revenue approval and which is used primarily where employees have more than £30,000 worth of outstanding approved options or are not based in the United Kingdom. Except to the extent required to obtain the United Kingdom Inland Revenue approval, the Approved and Unapproved parts of the M&C 2003 Scheme are in all material aspects identical.

(b) Under the terms of the M&C 2003 Scheme,

(i) All employees of M&C, its subsidiaries and joint ventures (including directors who are required to devote substantially the whole of their working time to the business of the M&C Group who are not within six months of contractual retirement ages) will be eligible to participate in the M&C 2003 Scheme.

(ii) No option may be granted to an individual if it would cause the aggregate exercise price of options granted to him in any year under the M&C 2003 Scheme to exceed 200% of his basic salary, other than in exceptional circumstances (where the limit is 400% of basic salary).

(iii) No payment will be required for the grant of an option. Acquisition price upon the exercise of an option will not be less than the higher of:

- the average of the middle-market quotations of a share on the London Stock Exchange on the three dealing days immediately prior to grant date, provided that no such dealing day may fall prior to the date on which M&C last announced its results for any period; and

- the nominal value of a share (unless the option is expressed to relate only to existing shares).

18 EQUITY COMPENSATION BENEFITS (CONT'D)

(i) Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme (cont'd)

(c) No options may be granted which would cause the number of shares issued or issuable pursuant to options granted in the previous ten years under the M&C 2003 Scheme or under any other share option scheme, or issued in that period under any employee share scheme (other than an option scheme) to exceed 10% of M&C's issued ordinary share capital from time to time. Not more than 5% of M&C's issued ordinary share capital from time to time may relate to discretionary share schemes.

(ii) Millennium & Copthorne Hotels Sharesave Schemes 1996 and 2006

(a) The Millennium & Copthorne Hotels Sharesave Schemes 1996 and 2006 (M&C Sharesave Schemes) are the United Kingdom Inland Revenue approved schemes under which the executive directors of M&C and the M&C Group employees are eligible to participate.

(b) Under the terms of the M&C Sharesave Schemes, M&C Group employees were to enter into a three-year or five-year savings contract, with an option to purchase shares at a pre-determined exercise price on maturity of the savings contract. The first such scheme was introduced in 1996 with a life of ten years. A replacement scheme was approved by the shareholders at M&C's Annual General Meeting on 4 May 2006.

(c) No payment is required for the grant of an option.

(d) The options may be exercised upon maturity provided that the monies agreed under the savings contract are fully paid and the participant continues to hold office or employment with M&C. The M&C Sharesave Schemes provide that shares in M&C can be purchased at the option price up to the value of the accrued savings and interests in the event of retirement at normal retirement age, redundancy, injury, disability or by the employees' estate in the event of their death.

(e) M&C may grant options up to the value of a savings contract at maturity. Participants cannot enter into contracts where their savings, in aggregate, would exceed £250 per month.

(iii) Millennium & Copthorne Hotels 2006 Long-Term Incentive Plan

The Millennium & Copthorne Hotels 2006 Long-Term Incentive Plan (LTIP) was approved at M&C's Annual General Meeting held on 4 May 2006. Under the terms of the LTIP, M&C is permitted to make both Performance Share Awards and Deferred Share Bonus Awards to an employee (including an executive director) of M&C or its subsidiaries. The level of awards made under the terms of the LTIP are determined by M&C's Remuneration Committee.

Vesting of Performance Share Awards is subject to the achievement of stretch performance targets. For awards made in 2006 to 2010, earnings per share (EPS) targets were chosen so that participants are incentivised to deliver significant earnings growth.

In 2011, the Remuneration Committee amended the performance conditions so that half of the awards are subject to EPS growth targets and half are subject to Total Shareholder Return (TSR) targets. The revised performance targets are designed to incentivise management to deliver significant earnings growth and align the interests of management with shareholders.

The performance condition applying to Performance Share Awards require M&C's EPS to grow, in real terms, over a period of three consecutive financial years after the award. Performance Share Awards will vest on the third anniversary of the award being made, subject to the EPS growth targets being met. TSR targets measure M&C's relative TSR performance over a three-year period against a comparator group comprising companies in the FTSE 250 index participating companies (excluding investment trusts). Awards will not be subject to re-testing.

18 EQUITY COMPENSATION BENEFITS (CONT'D)

City e-Solutions Limited (CES)

The City e-Solutions Limited Share Option Scheme (CES Scheme) was adopted by the shareholders of CES at the Annual General Meeting of CES held on 27 April 2005.

The subscription price of the CES shares under the CES Scheme shall be a price determined by the CES Scheme Committee at its absolute discretion which may require the achievement of performance targets by the Grantee as specified by the CES Scheme Committee. The subscription price shall not be less than the highest of:

(i) the official closing price of the CES shares as stated in the daily quotations sheet of the Hong Kong Stock Exchange on the Offer Date;

(ii) the average of the official closing price of the CES shares as stated in the daily quotations sheets of the Hong Kong Stock Exchange for the five business days immediately preceding the Offer Date; and

(iii) the nominal value of a CES share.

During the financial year under review, (i) no options were granted to subscribe for ordinary shares of HK$1.00 each in CES; and (ii) no ordinary shares of HK$1.00 each in CES were issued pursuant to the CES Scheme.

As at the end of the financial year, there were no unissued shares under options pursuant to the CES Scheme.

The options granted by CES and M&C do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

Details of the options granted under the M&C option schemes on the unissued ordinary shares of £0.30 each in a subsidiary, M&C, as at the end of the financial year, presented in Sterling Pound, are as follows:

(i) Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2010	Options granted during the year	Options exercised during the year	Options forfeited during the year	Options expired during the year	Options outstanding as at 31 December 2010	Options exercisable as at 31 December 2010	Exercise period
2010									
Part I									
10.03.2003	1.9350	10,708	–	–	–	–	10,708	10,708	10.03.2006 – 09.03.2013
16.03.2004	2.9167	10,285	–	–	–	–	10,285	10,285	16.03.2007 – 15.03.2014
24.03.2005	3.9842	15,058	–	–	–	–	15,058	15,058	24.03.2008 – 23.03.2015
Part II									
10.03.2003	1.9350	177,711	–	(53,680)	–	–	124,031	124,031	10.03.2006 – 09.03.2013
16.03.2004	2.9167	59,558	–	(5,144)	–	–	54,414	54,414	16.03.2007 – 15.03.2014
24.03.2005	3.9842	189,990	–	(14,645)	–	–	175,345	175,345	24.03.2008 – 23.03.2015
		463,310	–	(73,469)	–	–	389,841	389,841	

18 EQUITY COMPENSATION BENEFITS (CONT'D)

(i) *Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme (cont'd)*

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2011	Options granted during the year	Options exercised during the year	Options forfeited during the year	Options expired during the year	Options outstanding as at 31 December 2011	Options exercisable as at 31 December 2011	Exercise period
2011									
Part I									
10.03.2003	1.9350	10,708	–	(3,000)	–	–	7,708	7,708	10.03.2006 – 09.03.2013
16.03.2004	2.9167	10,285	–	–	–	–	10,285	10,285	16.03.2007 – 15.03.2014
24.03.2005	3.9842	15,058	–	(7,529)	–	–	7,529	7,529	24.03.2008 – 23.03.2015
Part II									
10.03.2003	1.9350	124,031	–	(124,031)	–	–	–	–	10.03.2006 – 09.03.2013
16.03.2004	2.9167	54,414	–	(44,999)	–	–	9,415	9,415	16.03.2007 – 15.03.2014
24.03.2005	3.9842	175,345	–	(95,377)	–	–	79,968	79,968	24.03.2008 – 23.03.2015
		389,841	–	(274,936)	–	–	114,905	114,905	

(ii) *Millennium & Copthorne Hotels Sharesave Schemes 1996 and 2006*

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2010	Options granted during the year	Options exercised during the year	Options forfeited during the year	Options expired during the year	Options outstanding as at 31 December 2010	Options exercisable as at 31 December 2010	Exercise period
2010									
20.04.2004	2.3400	13,133	–	–	–	(13,133)	–	–	01.07.2009 – 31.12.2009
23.03.2005	3.0800	11,155	–	(4,503)	(1,073)	–	5,579	5,579	01.07.2010 – 31.12.2010
19.06.2006	3.2500	19,839	–	–	–	(19,839)	–	–	01.08.2009 – 31.01.2010
19.06.2006	3.2500	22,382	–	–	(1,188)	(1,981)	19,213	–	01.08.2011 – 31.01.2012
26.03.2007	5.2000	9,184	–	(581)	–	(726)	7,877	7,877	01.07.2010 – 31.12.2010
26.03.2007	5.2000	6,798	–	–	–	–	6,798	–	01.07.2012 – 31.12.2012
20.03.2008	3.2800	36,976	–	–	(7,372)	–	29,604	–	01.07.2011 – 31.12.2011
20.03.2008	3.2800	6,143	–	–	(614)	–	5,529	–	01.07.2013 – 31.12.2013
01.04.2009	1.5400	181,179	–	(423)	(7,365)	(765)	172,626	–	01.08.2012 – 31.01.2013
01.04.2009	1.5400	59,950	–	–	(8,535)	–	51,415	–	01.08.2014 – 31.01.2015
01.04.2010	3.3000	–	47,025	(151)	(8,305)	(2,599)	35,970	–	01.08.2013 – 31.01.2014
01.04.2010	3.3000	–	18,088	–	(9,517)	–	8,571	–	01.08.2015 – 31.01.2016
		366,739	65,113	(5,658)	(43,969)	(39,043)	343,182	13,456	

18 EQUITY COMPENSATION BENEFITS (CONT'D)

(ii) Millennium & Copthorne Hotels Sharesave Schemes 1996 and 2006 (cont'd)

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2011	Options granted during the year	Options exercised during the year	Options forfeited during the year	Options expired during the year	Options outstanding as at 31 December 2011	Options exercisable as at 31 December 2011	Exercise period
2011									
23.03.2005	3.0800	5,579	–	–	–	(5,579)	–	–	01.07.2010 – 31.12.2010
19.06.2006	3.2500	19,213	–	(18,388)	–	(33)	792	792	01.08.2011 – 31.01.2012
26.03.2007	5.2000	7,877	–	–	–	(7,877)	–	–	01.07.2010 – 31.12.2010
26.03.2007	5.2000	6,798	–	–	–	(629)	6,169	–	01.07.2012 – 31.12.2012
20.03.2008	3.2800	29,604	–	(22,037)	(351)	(2,184)	5,032	5,032	01.07.2011 – 31.12.2011
20.03.2008	3.2800	5,529	–	(589)	–	(435)	4,505	–	01.07.2013 – 31.12.2013
01.04.2009	1.5400	172,626	–	(5,570)	(13,425)	(5,717)	147,914	–	01.08.2012 – 31.01.2013
01.04.2009	1.5400	51,415	–	(1,096)	(4,064)	(3,781)	42,474	–	01.08.2014 – 31.01.2015
01.04.2010	3.3000	35,970	–	(181)	(9,130)	(2,129)	24,530	–	01.08.2013 – 31.01.2014
01.04.2010	3.3000	8,571	–	(109)	(3,956)	(456)	4,050	–	01.08.2015 – 31.01.2016
19.04.2011	4.1800	–	37,411	–	(2,157)	–	35,254	–	01.08.2014 – 31.01.2015
19.04.2011	4.1800	–	9,120	–	–	–	9,120	–	01.08.2016 – 31.01.2017
		343,182	46,531	(47,970)	(33,083)	(28,820)	279,840	5,824	

(iii) Millennium & Copthorne Hotels 2006 Long-Term Incentive Plan

Date of award	Balance at beginning of year	Awards awarded during the year	Awards vested during the year	Awards forfeited during the year	Awards expired during the year	Balance at end of year	Vesting date
2010							
27.03.2007	105,057	–	–	(105,057)	–	–	27.03.2010
18.09.2007	28,675	–	–	(28,675)	–	–	18.09.2010
25.06.2008	588,344	–	–	(80,758)	–	507,586	25.06.2011
30.03.2009	1,497,206	–	–	(288,399)	–	1,208,807	30.03.2012
16.09.2010	–	700,212	–	(45,170)	–	655,042	16.09.2013
	2,219,282	700,212	–	(548,059)	–	2,371,435	
2011							
25.06.2008	507,586	–	–	(507,586)	–	–	25.06.2011
30.03.2009	1,208,807	–	–	(133,061)	–	1,075,746	30.03.2012
16.09.2010	655,042	–	(1,452)	(135,825)	–	517,765	16.09.2013
28.11.2011	–	941,126	–	–	–	941,126	28.11.2014
	2,371,435	941,126	(1,452)	(776,472)	–	2,534,637	

18 EQUITY COMPENSATION BENEFITS (CONT'D)

(iii) Millennium & Copthorne Hotels 2006 Long-Term Incentive Plan (cont'd)

For options exercised during 2011, the weighted average share price at the date of exercise is £5.09 (2010: £4.65). Options were exercised on a regular basis throughout the year. The options outstanding as at 31 December 2011 had an exercise price in the range of £1.54 to £5.20 and a weighted average contractual life of 1.62 years (2010: 1.82 years).

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a stochastic model. The LTIP awards which are subject to a share price related performance condition (i.e. TSR) were valued using the Monte Carlo valuation method.

The share option pricing model involves six variables, namely the exercise price, share price at grant date, expected life of option, expected volatility of share price, risk-free interest rate and expected dividend yield.

The variables used in estimating the fair value of options and awards granted under the M&C option schemes, presented in Sterling Pound, are as follows:

	Date of grant	Awards/ options granted	Share price prevailing on date of grant £	Exercise price £	Fair value £	Expected term (years)	Expected volatility	Expected dividend yield	Risk free interest rate
2010									
LTIP – EPS element (directors)	16.09.2010	56,936	5.25	–	5.07	3.00	–	1.19%	–
LTIP – EPS element (non-directors)	16.09.2010	643,276	5.25	–	5.07	3.00	–	1.19%	–
Sharesave Scheme (3 year)	01.04.2010	47,025	4.90	3.30	2.24	3.25	48.0%	1.27%	1.91%
Sharesave Scheme (5 year)	01.04.2010	18,088	4.90	3.30	2.33	5.25	39.8%	1.27%	2.76%
2011									
LTIP – EPS element (directors)	28.11.2011	128,215	3.91	–	3.63	3.00	–	2.55%	–
LTIP – EPS element (non-directors)	28.11.2011	342,348	3.91	–	3.63	3.00	–	2.55%	–
LTIP – TSR element (directors)*	28.11.2011	128,215	3.91	–	1.28	3.00	31.0%	2.55%	0.60%
LTIP – TSR element (non-directors)*	28.11.2011	342,348	3.91	–	1.28	3.00	31.0%	2.55%	0.60%
Sharesave Scheme (3 year)	19.04.2011	37,411	5.32	4.18	2.03	3.25	46.0%	1.88%	1.72%
Sharesave Scheme (5 year)	19.04.2011	9,120	5.32	4.18	2.18	5.25	41.0%	1.88%	2.50%

* 50% of the new LTIP options granted in 2011 are conditional upon the market performance of M&C.

19 INTEREST-BEARING BORROWINGS

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Term loans	20	**2,416,278**	2,105,129	**1,488,739**	1,403,901
Finance lease creditors		**3**	–	**–**	–
Bonds and notes	21	**1,819,133**	2,031,553	**1,097,634**	1,096,745
Bank loans	22	**54,991**	67,767	**54,991**	47,536
Bank overdrafts	15	**115,425**	852	**–**	–
		4,405,830	4,205,301	**2,641,364**	2,548,182
Repayable:					
- Within 1 year		**1,476,508**	780,002	**1,135,304**	277,404
- After 1 year but within 5 years		**2,879,331**	3,325,965	**1,506,060**	2,270,778
- After 5 years		**49,991**	99,334	**–**	–
		4,405,830	4,205,301	**2,641,364**	2,548,182

20 TERM LOANS

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Secured		**837,803**	727,977	**161,965**	232,535
Unsecured		**1,578,475**	1,377,152	**1,326,774**	1,171,366
	19	**2,416,278**	2,105,129	**1,488,739**	1,403,901
Repayable:					
- Within 1 year		**902,213**	392,642	**812,425**	229,868
- After 1 year but within 5 years		**1,514,065**	1,613,153	**676,314**	1,174,033
- After 5 years		**–**	99,334	**–**	–
		2,416,278	2,105,129	**1,488,739**	1,403,901

The term loans are obtained from banks and financial institutions.

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Secured term loans				
Repayable:				
- Within 1 year	**59,496**	135,686	**–**	–
- After 1 year but within 5 years	**778,307**	492,957	**161,965**	232,535
- After 5 years	**–**	99,334	**–**	–
	837,803	727,977	**161,965**	232,535

20 TERM LOANS (CONT'D)

The secured term loans are generally secured by:

- a mortgage on a development property of the Company;
- mortgages on the borrowing subsidiaries' hotel, investment and development properties (see Notes 3, 4 and 10); and
- assignment of all rights and benefits to sale, lease and insurance proceeds in respect of hotel, investment and development properties.

The Group's secured term loans bear interest at rates ranging from 0.47% to 7.90% (2010: 0.60% to 7.72%) per annum during the year. The Company's secured term loan bears interest at rates ranging from 0.47% to 1.55% (2010: 0.60% to 1.48%) per annum during the year.

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Unsecured term loans				
Repayable:				
- Within 1 year	842,717	256,956	812,425	229,868
- After 1 year but within 5 years	735,758	1,120,196	514,349	941,498
	1,578,475	1,377,152	1,326,774	1,171,366

The Group's unsecured term loans bear interest at rates ranging from 0.49% to 6.12% (2010: 0.52% to 5.87%) per annum during the year. The Company's unsecured term loans bear interest at rates ranging from 0.49% to 1.72% (2010: 0.52% to 2.71%) per annum during the year.

21 BONDS AND NOTES

		Group		Company	
	Note	2011	2010	2011	2010
		$'000	$'000	$'000	$'000
Secured		154,780	299,784	–	–
Unsecured		1,664,353	1,731,769	1,097,634	1,096,745
	19	1,819,133	2,031,553	1,097,634	1,096,745
Repayable:					
- Within 1 year		403,876	318,741	267,888	–
- After 1 year but within 5 years		1,365,266	1,712,812	829,746	1,096,745
- After 5 years		49,991	–	–	–
		1,819,133	2,031,553	1,097,634	1,096,745

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Secured bonds and notes				
Repayable:				
- Within 1 year	–	199,968	–	–
- After 1 year but within 5 years	154,780	99,816	–	–
	154,780	299,784	–	–

21 BONDS AND NOTES (CONT'D)

Secured bonds and notes comprise the following:

(i) $155 million (2010: $300 million) medium term notes (MTNs) which comprise 2 series (2010: 3 series) of notes issued by a subsidiary as part of a $700 million secured MTN programme established in 2001. The MTNs bear interest at rates ranging from 2.0% to 3.88% (2010: 2.95% to 3.88%) per annum and are secured by a mortgage over the commercial building and land jointly owned by two subsidiaries, as well as rental and insurance proceeds to be derived from the said properties. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates in March 2014 and June 2015 (2010: January 2011 to June 2015).

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Unsecured bonds and notes				
Repayable:				
- Within 1 year	**403,876**	118,773	**267,888**	–
- After 1 year but within 5 years	**1,210,486**	1,612,996	**829,746**	1,096,745
- After 5 years	**49,991**	–	**–**	–
	1,664,353	1,731,769	**1,097,634**	1,096,745

Unsecured bonds and notes comprise the following:

(i) $1,100 million (2010: $1,100 million) MTNs which comprise 9 series (2010: 9 series) of notes issued by the Company at various interest rates as part of a $1,500 million (2010: $1,500 million) unsecured MTN programme established in 1999. The MTNs bear interest at rates ranging from 2.48% to 4.85% (2010: 2.48% to 5.50%) per annum. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from April 2012 to September 2015 (2010: April 2012 to September 2015);

(ii) $368 million (2010: $488 million) MTNs which comprise 7 series (2010: 9 series) of notes issued by a subsidiary as part of a $1 billion unsecured MTN programme established in 2002 bearing interest at rates ranging from 0.39% to 1.27% (2010: 0.73% to 1.25%) per annum. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from May 2012 to December 2013 (2010: April 2011 to December 2013); and

(iii) $200 million (2010: $150 million) Islamic Trust Certificates (Certificates) which comprise 4 series (2010: 3 series) of certificates issued by a subsidiary (Issuer) under the *Shariah* financing principle of *Ijarah* as part of a $1 billion unsecured Islamic Trust Certificate Programme established in 2008. *Ijarah* financing is a scheme of financing using the leasing concept. The Issuer purchases investment properties and development properties from certain Group entities and provides these assets on leases. The Group has accounted for the transactions as a financing arrangement. The Group's properties under *Ijarah* financing continue to be accounted for as investment properties and development properties. The amounts paid and payable to the Certificate holders have been recorded as finance costs in the income statement.

The Certificates bear coupon rates ranging from 1.34% to 3.57% (2010: 1.34% to 3.57%) per annum. Unless previously redeemed or purchased and cancelled, the Certificates are redeemable at their principal amounts on their respective maturity dates from June 2012 to September 2018 (2010: June 2012 to December 2013).

22 BANK LOANS

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Bank loans repayable within 1 year					
- secured		–	20,231	–	–
- unsecured		54,991	47,536	54,991	47,536
	19	54,991	67,767	54,991	47,536

In 2010, the Group's secured bank loans bear interest at rates ranging from 5.95% to 6.65% per annum during the year. The Group's and the Company's unsecured bank loans bear interest at rates ranging from 0.60% to 0.89% (2010: 0.52% to 1.25%) per annum during the year.

23 EMPLOYEE BENEFITS

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Net liability for:				
- defined benefit obligations	35,989	33,201	–	–
- short-term accumulating compensated absences	15,314	14,439	2,479	2,097
- long service leave	393	456	–	–
	51,696	48,096	2,479	2,097
Repayable:				
- Within 1 year	15,707	14,895	2,479	2,097
- After 1 year	35,989	33,201	–	–
	51,696	48,096	2,479	2,097

	Group 2011 $'000	Group 2010 $'000
Net liability for defined benefit obligations		
Present value of unfunded obligations	2,180	1,644
Present value of funded obligations	117,971	100,969
Fair value of plan assets	(84,162)	(69,412)
Liability for defined benefit obligations	35,989	33,201
Changes in the present value of defined benefit obligations		
Defined benefit obligations as at 1 January	102,613	108,035
Actuarial losses	3,884	2,484
Benefits paid	(4,090)	(6,876)
Interest cost	4,641	5,219
Service cost	4,315	3,868
Curtailment loss	255	–
Settlement	(8,062)	–
Other #	15,290	–
Translation differences on consolidation	1,305	(10,117)
Defined benefit obligations at 31 December	120,151	102,613

Refer to details on United Kingdom pension arrangements on page 138.

23 EMPLOYEE BENEFITS (CONT'D)

	Group 2011 $'000	Group 2010 $'000
Changes in the fair value of plan assets		
Fair value of plan assets at 1 January	69,412	67,353
Expected return	3,941	3,865
Actuarial (losses)/gains	(906)	4,713
Contributions by employees	269	211
Contributions by employer	7,424	7,497
Benefits paid	(4,090)	(6,876)
Settlement	(8,062)	–
Other #	15,290	–
Translation differences on consolidation	884	(7,351)
Fair value of plan assets at 31 December	84,162	69,412

Refer to details on United Kingdom pension arrangements on page 138.

The fair values of plan assets in each category are as follows:

	Group 2011 $'000	Group 2010 $'000
Equity	48,769	37,325
Bonds	22,312	14,277
Cash	13,081	17,810
Fair value of plan assets	84,162	69,412

Expense recognised in the income statement

	Group 2011 $'000	Group 2010 $'000
Current service costs	4,315	3,868
Interest on obligations	4,641	5,219
Expected return on plan assets	(3,941)	(3,865)
Curtailment loss	255	–
Defined benefit obligation expenses	5,270	5,222

The expense is recognised in the following line items in the income statement:

	Group 2011 $'000	Group 2010 $'000
Cost of sales	2,461	2,123
Administrative expenses	2,313	2,646
Other operating expenses	496	453
Defined benefit obligation expenses	5,270	5,222
Actual return on plan assets	3,035	8,578

Actuarial losses/(gains) recognised in other comprehensive income

	Group 2011 $'000	Group 2010 $'000
Cumulative amount at 1 January	29,996	32,225
Recognised during the year (Note 30)	4,790	(2,229)
Cumulative amount at 31 December	34,786	29,996

The principal causes for the Millennium & Copthorne Pension Plan (UK Plan) actuarial loss in 2011 were positive impacts from reduced inflation and a change to Consumer Prices Index net of unfavourable fall in equities and taking into account the £2.4 million impact of guaranteed minimum pension (GMP) underpin from the defined contribution scheme, refer below. The principal cause for actuarial gains in 2010 was an increase in inflation, and falls in bond yields and equity values. Mortality rates used reflect an industry wide recognition that life expectancy has increased.

23 EMPLOYEE BENEFITS (CONT'D)

The life expectancies underlying the value of the accrued liabilities for the UK Plan, based on retirement age of 65, are as follows:

	2011 Years	2010 Years
Males	25	25
Females	27	28

The Group operates various funded pension schemes which are established in accordance with local conditions and practices within the countries concerned. The most significant funds are described below:

United Kingdom (UK)

The Group makes contributions to a pension scheme for its UK employees, which was set up in 1993. The plan operates a funded defined benefit arrangement together with a defined contribution plan, both with different categories of membership. The defined benefit section of the plan was closed to new entrants in 2001 and at the same time rights to a GMP under the defined contribution scheme also ceased.

The contributions required are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 6 April 2008 and this has been updated on an approximate basis to 31 December 2011. The contributions of the Group during the year were 21.6% (2010: 21.6%) of pensionable salary, plus enhanced contributions of £1.4 million (approximately $2.8 million) (2010: £1.4 million (approximately $3.0 million)) per annum to reduce the UK Plan's deficit.

As the defined benefit section is closed to new entrants, the current service cost, as a percentage of pensionable payroll is likely to increase as the membership ages, although it will be applied to a decreasing pensionable payroll. The assumptions which have the most significant effect on the results of the valuation are those relating to mortality, the discount rate and the rate of increase in salaries and pensions.

Until the last actuarial valuation, the defined contribution plan section relating to GMP underpin had sufficient assets to meet the GMP liabilities and has not been accounted for as a defined benefit scheme for periods up to and including 31 December 2010. At 31 December 2011, there is a £2.4 million (approximately $4.8 million) deficit on the £7.5 million (approximately $15.3 million) of defined contribution plan assets relating to those members with a GMP. This section of the plan is now accounted for as a defined benefit scheme as it exhibits the traits of a defined benefit plan. The impact of this is shown in the analysis above which in summary is to introduce £7.5 million (approximately $15.3 million) into both UK plan assets and UK Plan liabilities and additionally to record a £2.4 million (approximately $4.8 million) actuarial loss within defined benefit losses. No prior year adjustment has been made as amounts involved are not significant to the Group.

Korea

The Group makes contributions to a defined benefit pension plan for its employees in Korea. The contributions required are determined by an external qualified actuary using the projected unit credit method. The most recent valuation was carried out on 31 December 2011. The contributions of the Group were 11.5% (2010: 9.9%) of the employees' earnings. The assumptions which have the most significant effect on the results of the valuations are those relating to the discount rate and the rate of increase in salaries.

As at 31 December 2011, 319 members of the plan, representing approximately 60% of the total membership, chose to opt for a new defined contribution plan alternative. This resulted in £4.0 million (approximately $8.0 million) reduction in plan assets, a £3.9 million (approximately $7.8 million) reduction in plan liabilities and a curtailment loss of £0.1 million (approximately $0.3 million).

23 EMPLOYEE BENEFITS (CONT'D)

Taiwan

The Group makes contributions to a defined benefit pension plan for its employees in Taiwan. The contributions required are determined by an external qualified actuary using the projected unit credit method. The most recent valuation was carried out on 31 December 2011. The contributions of the Group were 6% (2010: 6%) of the employees' earnings. The assumptions which have the most significant effect on the results of the valuations are those relating to the discount rate and the rate of increase in salaries.

The assets of each scheme have been taken at market value and the liabilities have been calculated using the following principal assumptions:

	2011 UK	2011 Korea	2011 Taiwan	2010 UK	2010 Korea	2010 Taiwan
Inflation rate	3.10%	–	–	3.60%	–	–
Discount rate*	4.70%	4.75%	1.90%	5.40%	5.00%	1.75%
Rate of salary increase	3.60%	4.00%	2.50%	4.10%	4.00%	2.50%
Rate of pension increases	3.10%	–	–	3.60%	–	–
Annual expected return on plan assets	5.10%	4.15%	1.80%	6.40%	5.00%	1.75%

* The discount rate used in respect of the UK Plan of 4.7% (2010: 5.4%) was based on the yield of the Merrill Lynch over-15 year AA rated corporate bond index.

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered, may not be necessarily borne out in practice. The present values of the schemes' liabilities are derived from cash flow projections over long periods and are inherently uncertain. The expected annual return on UK defined benefit plan assets for 2011 of 5.1% (2010: 6.4%) has been calculated using a 5.4% (2010: 6.8%) return on equity representing 63.0% (2010: 72.0%) of plan assets and a 4.7% (2010: 5.4%) return on cash and bonds representing 37.0% (2010: 28.0%) of plan assets.

Historical information

Trend analysis

Amounts for the current and previous four periods are as follows:

	2011 $'000	2010 $'000	2009 $'000	2008 $'000	2007 $'000
Present value of defined benefit obligations	(120,151)	(102,613)	(108,035)	(86,554)	(125,680)
Fair value of plan assets	84,162	69,412	67,353	59,290	88,895
Deficit in the plan	(35,989)	(33,201)	(40,682)	(27,264)	(36,785)
Experience adjustments on plan liabilities	(3,851)	1,401	(1,125)	3,347	(1,871)
Changes in assumptions underlying the present value of plan liabilities	(33)	(3,885)	(15,289)	15,357	5,574
Actual return less expected return on plan assets	(906)	4,713	1,970	(16,297)	(1,716)

24 OTHER LIABILITIES

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Miscellaneous (principally deposits received and payables)		9,540	9,760	–	–
Rental deposits		39,218	43,651	5,488	10,963
Non-current retention sums payable		24,307	23,604	11,337	10,240
Amount owing to a subsidiary	5	–	–	150,000	150,000
Amount owing to an associate	6	23,908	–	–	–
		96,973	77,015	166,825	171,203
Repayable:					
- Within 1 year		75	135	–	–
- After 1 year		96,898	76,880	166,825	171,203
		96,973	77,015	166,825	171,203

25 PROVISIONS

	Beijing Indemnity $'000	Onerous contracts $'000	Capital expenditure $'000	Legal $'000	Rental guarantee $'000	Total $'000
Group						
At 1 January 2011	–	1,254	12,971	–	4,919	19,144
Provisions made	–	–	6,994	5,274	538	12,806
Provisions utilised	–	(432)	(9,911)	(250)	(1,730)	(12,323)
Reclassification from/(to) trade and other payables	15,653	–	(3,344)	9,857	–	22,166
Unwind of discount	–	–	–	–	44	44
Translation differences on consolidation	(162)	19	87	(41)	–	(97)
At 31 December 2011	15,491	841	6,797	14,840	3,771	41,740
Current						24,037
Non-current						17,703
						41,740

The provision for Beijing indemnity relates to tax indemnity provided to the former shareholders of Grand Millennium Beijing which the Group acquired an additional 40% interest in 2010.

The onerous contracts relate to an onerous lease and the balance will be released over the life of the lease until 2014.

The provisions for capital expenditure relate to the Group's obligations to incur capital expenditure under the terms of certain hotel operating agreements.

The provision for legal fees relates to provision made in relation to disputes in several United States hotels, credit card issues and management contract disagreement.

The provision for rental guarantee was made in conjunction with the sale of an investment property by a subsidiary during the year. Under the sale and purchase agreement, the Group is obliged to compensate the buyer for any shortfall in net rental income over a period of 3 years from November 2010.

26 DEFERRED TAX LIABILITIES

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	At 1 January 2010	Effect of adoption of INT FRS 115	Restated balance at 1 January 2010	Recognised in the income statement (Note 30)	Recognised in the statement of comprehensive income (Note 30)	Recognised directly in equity	Acquisition of a subsidiary (Note 35)	Translation differences on consolidation	At 31 December 2010
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
Deferred tax liabilities									
Property, plant and equipment	320,994	–	320,994	19,796	–	–	7,921	(25,890)	322,821
Investment properties	30,583	–	30,583	(2,051)	–	–	–	(469)	28,063
Financial assets	3,595	–	3,595	–	(381)	–	–	–	3,214
Development properties	126,502	(26,255)	100,247	9,109	–	–	–	–	109,356
Others	1,872	–	1,872	3,259	–	–	–	–	5,131
	483,546	(26,255)	457,291	30,113	(381)	–	7,921	(26,359)	468,585
Deferred tax assets									
Property, plant and equipment	(559)	–	(559)	(527)	–	–	–	73	(1,013)
Tax losses	(23,462)	–	(23,462)	(8,020)	–	–	–	2,897	(28,585)
Employee benefits	(14,261)	–	(14,261)	186	1,021	(4,703)	–	1,887	(15,870)
Others	(13,806)	–	(13,806)	7,054	556	–	–	2,768	(3,428)
	(52,088)	–	(52,088)	(1,307)	1,577	(4,703)	–	7,625	(48,896)
	431,458	(26,255)	405,203	28,806	1,196	(4,703)	7,921	(18,734)	419,689

26 DEFERRED TAX LIABILITIES (CONT'D)

	At 1 January 2011 $'000	Effect of adoption of INT FRS 115 $'000	Restated balance at 1 January 2011 $'000	Recognised in the income statement (Note 30) $'000	Recognised in the statement of comprehensive income (Note 30) $'000	Recognised directly in equity $'000	Disposal of a subsidiary (Note 35) $'000	Translation differences on consolidation $'000	At 31 December 2011 $'000
Group									
Deferred tax liabilities									
Property, plant and equipment	322,821	–	322,821	(12,886)	–	–	–	1,047	310,982
Investment properties	28,063	–	28,063	10,707	–	–	–	69	38,839
Financial assets	3,214	–	3,214	–	(1,784)	–	–	–	1,430
Development properties	135,433	(26,077)	109,356	(47,197)	–	–	–	–	62,159
Others	5,131	–	5,131	(1,699)	–	–	–	11	3,443
	494,662	(26,077)	468,585	(51,075)	(1,784)	–	–	1,127	416,853
Deferred tax assets									
Property, plant and equipment	(1,013)	–	(1,013)	733	–	–	–	24	(256)
Tax losses	(28,585)	–	(28,585)	734	–	–	–	28	(27,823)
Employee benefits	(15,870)	–	(15,870)	–	(1,189)	3,238	–	981	(12,840)
Others	(3,428)	–	(3,428)	(3,900)	191	–	15	(5,163)	(12,285)
	(48,896)	–	(48,896)	(2,433)	(998)	3,238	15	(4,130)	(53,204)
	445,766	(26,077)	419,689	(53,508)	(2,782)	3,238	15	(3,003)	363,649

26 DEFERRED TAX LIABILITIES (CONT'D)

	At 1 January 2010 $'000	Effect of adoption of INT FRS 115 $'000	Restated balance at 1 January 2010 $'000	Recognised in the income statement $'000	Recognised in the statement of comprehensive income $'000	Recognised directly in equity $'000	At 31 December 2010 $'000
Company							
Deferred tax liabilities							
Property, plant and equipment	228	–	228	(219)	–	–	9
Investment properties	2,631	–	2,631	(89)	–	–	2,542
Financial assets	3,060	–	3,060	–	–	(202)	2,858
Development properties	74,132	(8,282)	65,850	15,352	–	–	81,202
Others	1,838	–	1,838	1,519	–	–	3,357
	81,889	(8,282)	73,607	16,563	–	(202)	89,968

	At 1 January 2011 $'000	Effect of adoption of INT FRS 115 $'000	Restated balance at 1 January 2011 $'000	Recognised in the income statement $'000	Recognised in the statement of comprehensive income $'000	Recognised directly in equity $'000	At 31 December 2011 $'000
Company							
Deferred tax liabilities							
Property, plant and equipment	9	–	9	120	–	–	129
Investment properties	2,542	–	2,542	9,496	–	–	12,038
Financial assets	2,858	–	2,858	–	–	(1,462)	1,396
Development properties	94,424	(13,222)	81,202	(50,181)	–	–	31,021
Others	3,357	–	3,357	(3,357)	–	–	–
	103,190	(13,222)	89,968	(43,922)	–	(1,462)	44,584
Deferred tax asset							
Others	–	–	–	(2,964)	–	–	(2,964)
	–	–	–	(2,964)	–	–	(2,964)
	103,190	(13,222)	89,968	(46,886)	–	(1,462)	41,620

26 DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts, determined after appropriate offsetting, are as follows:

	Note	Group 2011 $'000	Group 2010 (Restated) $'000	Group 2009 (Restated) $'000	Company 2011 $'000	Company 2010 (Restated) $'000	Company 2009 (Restated) $'000
Deferred tax assets	9	3,655	3,392	2,339	–	–	–
Deferred tax liabilities		(367,304)	(423,081)	(407,542)	(41,620)	(89,968)	(73,607)
		(363,649)	(419,689)	(405,203)	(41,620)	(89,968)	(73,607)

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom:

	Group 2011 $'000	Group 2010 $'000
Deductible temporary differences	91,737	85,020
Tax losses	166,831	174,176
	258,568	259,196

The deductible temporary differences do not expire under current tax legislation. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate.

The tax losses with expiry dates are as follows:

	Group 2011 $'000	Group 2010 $'000
Expiry dates		
- Within 1 to 5 years	36,462	35,408
- After 5 years	3,150	3,952
	39,612	39,360

27 TRADE AND OTHER PAYABLES

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Trade payables		113,867	101,167	11,631	11,064
Accruals		539,190	556,130	203,186	197,568
Deferred income		109,005	87,775	34	43
Other payables		36,023	41,746	858	776
Rental and other deposits		49,606	59,747	14,022	9,745
Retention sums payable		34,537	40,953	14,863	26,588
Derivative financial liabilities		1,870	2,685	–	–
Amounts owing to:					
- subsidiaries	5	–	–	875,313	995,399
- an associate	6	7,434	6,443	3	10
- jointly-controlled entities	7	28,678	18,661	28,676	–
- fellow subsidiaries	14	61,635	28,543	1	19
		981,845	943,850	1,148,587	1,241,212

28 REVENUE

Revenue of the Group includes property development income, income from owning and operating hotels, gross rental income, income from provision of information technology and procurement services, dividend income, project management and consultancy fees, property management fees, club income and net results from sale of investments but excludes intra-group transactions.

Property development income consists mainly of sale proceeds of commercial and residential properties and projects under development.

	Group 2011 $'000	Group 2010 (Restated) $'000
Dividends from investments:		
- fellow subsidiaries		
- quoted	1,536	1,243
- unquoted	3,550	9,816
- others		
- quoted equity investments	4,671	2,734
- unquoted equity investments	280	267
Hotel operations	1,563,486	1,577,419
Property development (recognised on a percentage of completion basis)	981,645	1,006,777
Property development (recognised on completion)	362,099	118,017
Rental and car park income from investment properties	280,767	332,495
Others	82,431	54,648
	3,280,465	3,103,416

29 PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

	Note	Group 2011 $'000	2010 $'000
Other operating income			
Gain arising in respect of step up acquisition of a jointly-controlled entity		–	17,662
Gain on dilution of investment in an associate		418	25,470
Gain on dilution, disposal and liquidation of jointly-controlled entities		5,901	966
Gain on disposal of a subsidiary	35	3,546	–
Gain on liquidation of subsidiaries		21	–
Insurance proceeds received		6,972	–
Management fees and miscellaneous income		6,405	6,171
Profit on sale of investment, property, plant and equipment and investment properties		230,722	241,045
		253,985	291,314
Staff costs			
Contributions to defined contribution plans		29,831	27,772
Equity settled share-based transactions		2,704	(1,716)
Increase in liability for defined benefit plans		5,270	5,237
Increase in liability for short-term accumulating compensated absences		914	398
Decrease in liability for long service leave		(70)	(28)
Wages and salaries		612,862	634,821
		651,511	666,484
Less:			
Staff costs capitalised in:			
- development properties		(3,450)	(2,092)
- investment properties		(242)	(98)
- property, plant and equipment		(321)	(108)
		647,498	664,186
Other expenses			
Amortisation of intangible assets		311	12
Amortisation of lease premium prepayment		2,481	–
Audit fees paid to:			
- auditors of the Company		2,039	1,792
- other auditors of the subsidiaries		3,010	3,031
Non-audit fees:			
- auditors of the Company		990	580
- other auditors of the subsidiaries		1,604	1,364
Charge of impairment losses on:			
- amounts owing by a jointly-controlled entity		959	1,188
- investment properties (net)		14,056	23,863
- property, plant and equipment (net)		30,125	30,840
- trade and other receivables		8,899	290
Depreciation of:			
- investment properties		59,413	61,725
- property, plant and equipment		71,136	78,929
Direct operating expenses arising from investment properties which are not leased		102	86
Direct operating expenses arising from rental of investment properties (excluding depreciation)		81,705	97,703
Exchange loss/(gain) (net)		9,907	(5,792)
Goodwill written off in respect of additional interest acquired in a jointly-controlled entity to become a subsidiary		–	17,042
Loss on disposal of a jointly-controlled entity		–	1,644
Loss on disposal of subsidiaries	35	6,328	–
Operating lease expenses		116,430	109,092
Property, plant and equipment and investment properties written off		350	286
(Write-back of allowance)/Allowance for foreseeable losses on development properties (net)		(41,644)	282

29 PROFIT FOR THE YEAR (CONT'D)

	Group 2011 $'000	Group 2010 $'000
Finance income		
Change in fair value of financial assets designated at fair value through profit or loss	145	6,343
Discount on rental guarantee provision	–	282
Interest income		
- associates	1,159	–
- fellow subsidiaries	85	24
- fixed deposits with financial institutions	10,314	6,077
- jointly-controlled entities	12,157	10,828
- unquoted convertible notes of a jointly-controlled entity (financial assets designated at fair value through profit or loss)	3,835	10,259
- others	476	207
Mark-to-market gain on financial assets held for trading (net)	–	1,620
Total finance income	28,171	35,640
Finance costs		
Amortisation of transaction costs capitalised	6,740	7,975
Interest expense		
- banks	40,031	36,247
- bonds and notes	47,503	47,894
- fellow subsidiaries	843	688
- associates	427	–
- others	596	1,973
Mark-to-market loss on financial assets held for trading (net)	9,622	1,156
Unwind of discount on rental guarantee provision	44	–
Total finance costs	105,806	95,933
Finance costs capitalised in:		
- development properties	(23,855)	(26,555)
- investment properties	(135)	(180)
- property, plant and equipment	(752)	(490)
Finance costs charged to the income statement	81,064	68,708
Net finance costs	52,893	33,068
The above finance income and finance costs (including amounts capitalised) include the following interest income and expense in respect of assets and liabilities not at fair value through profit or loss:		
- Total interest income on financial assets	24,023	16,954
- Total finance costs on financial liabilities	64,165	57,671
Recognised in other comprehensive income		
Loss in fair value of equity investments available for sale	(12,613)	(1,868)

Included in the mark-to-market loss on financial assets held for trading is a loss of $4,013,000 (2010: mark-to-market gain of $5,381,000) recognised on shares of listed subsidiaries which are held by the Group for trading purposes. As these shares are held for trading purposes, and not as part of the controlling block of shares held in the subsidiaries, the relevant portion of equity represented is not consolidated.

Finance costs of the Group and the Company have been capitalised at rates ranging from 0.31% to 5.50% (2010: 0.31% to 3.57%) and 0.31% to 1.72% (2010: 0.31% to 2.08%) per annum for development properties, investment properties and property, plant and equipment respectively.

30 INCOME TAX EXPENSE

	Note	Group 2011 $'000	Group 2010 (Restated) $'000
Current tax expense			
Current year		239,437	183,869
Overprovision in respect of prior years		(11,206)	(10,564)
		228,231	173,305
Deferred tax expense			
Movements in temporary differences		(41,299)	3,504
Effect of changes in tax rates and legislation		(2,234)	23,741
(Over)/Under provision in respect of prior years		(9,975)	1,561
	26	(53,508)	28,806
Total income tax expense		174,723	202,111

Income tax recognised in other comprehensive income

	2011 Before tax $'000	2011 Tax (expense)/ benefit $'000	2011 Net of tax $'000	2010 Before tax $'000	2010 Tax (expense)/ benefit $'000	2010 Net of tax $'000
Group						
Actuarial (losses)/ gains on defined benefit plans	(4,790)	1,189	(3,601)	2,229	(1,021)	1,208
Change in fair value of equity investments available for sale	(14,397)	1,784	(12,613)	(2,249)	381	(1,868)
Effective portion of changes in fair value of cash flow hedges	1,110	(191)	919	(1,690)	(556)	(2,246)
Exchange differences on hedges of net investment in foreign entities	(688)	–	(688)	(34,028)	–	(34,028)
Exchange differences on monetary items forming part of net investments in foreign entities	5,771	–	5,771	(26,218)	–	(26,218)
Exchange differences realised on dilution of investment in an associate	–	–	–	487	–	487
Exchange differences realised on disposal of a subsidiary and a jointly-controlled entity	131	–	131	980	–	980
Realisation of share of other reserve of an associate on dilution of investment in the associate	–	–	–	1,032	–	1,032
Share of other reserve movement of associates and a jointly-controlled entity	(9,795)	–	(9,795)	–	–	–
Translation differences arising on consolidation of foreign entities	(16,978)	–	(16,978)	(246,240)	–	(246,240)
	(39,636)	2,782	(36,854)	(305,697)	(1,196)	(306,893)

30 INCOME TAX EXPENSE (CONT'D)

Reconciliation of effective tax rate

	Group 2011 $'000	2010 (Restated) $'000
Profit before income tax	1,136,443	1,067,499
Income tax using the Singapore tax rate of 17% (2010: 17%)	193,195	181,475
Income not subject to tax	(47,640)	(38,452)
Expenses not deductible for tax purposes		
- expenses	45,477	35,578
- write-back	(12,589)	(2,465)
Effect of changes in tax rates and legislation	(2,234)	23,741
Effect of different tax rates in other countries	19,220	7,588
Effect of share of results of jointly-controlled entities	1,559	(4,124)
Unrecognised deferred tax assets	357	8,874
Tax effect of losses not allowed to be set off against future taxable profits	2,391	691
Tax incentives	(945)	(1,041)
Utilisation of previously unrecognised deferred tax assets	(2,887)	(751)
Overprovision in respect of prior years	(21,181)	(9,003)
	174,723	202,111

31 EARNINGS PER SHARE

Basic earnings per share is calculated based on:

	Group 2011 $'000	2010 (Restated) $'000
Profit attributable to shareholders	798,555	783,988
Less:		
Dividends on non-redeemable convertible non-cumulative preference shares	(12,904)	(12,904)
Profit attributable to ordinary shareholders after adjustment of non-redeemable convertible non-cumulative preference dividends	785,651	771,084

	Group 2011 Number of shares	2010 Number of shares
Weighted average number of ordinary shares	909,301,330	909,301,330
Basic earnings per share	86.4 cents	84.8 cents

Diluted earnings per share is based on:

	2011 $'000	2010 (Restated) $'000
Profit attributable to ordinary shareholders after adjustment for non-redeemable convertible non-cumulative preference dividends	785,651	771,084
Dividends on non-redeemable convertible non-cumulative preference shares	12,904	12,904
Net profit used for computing diluted earnings per share	798,555	783,988

31 EARNINGS PER SHARE (CONT'D)

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the conversion of the non-redeemable convertible non-cumulative preference shares, with the potential ordinary shares weighted for the period outstanding.

The effect of the potential ordinary shares on the weighted average number of ordinary shares in issue is as follows:

	Group	
	2011 Number of shares	**2010 Number of shares**
Weighted average number of ordinary shares issued used in the calculation of basic earnings per share	909,301,330	909,301,330
Potential ordinary shares issuable under non-redeemable convertible non-cumulative preference shares	44,998,898	44,998,898
Weighted average number of ordinary shares issued and potential shares assuming full conversion	954,300,228	954,300,228
Diluted earnings per share	83.7 cents	82.2 cents

32 DIVIDENDS

	Company	
	2011 $'000	**2010 $'000**
Final tax exempt (one-tier) ordinary dividend paid of 8.0 cents (2010: 8.0 cents) per ordinary share in respect of financial year ended 31 December 2010	72,744	72,745
Special final tax exempt (one-tier) ordinary dividend paid of 10.0 cents (2010: Nil cents) per ordinary share in respect of financial year ended 31 December 2010	90,930	–
Special interim tax exempt (one-tier) ordinary dividend paid of 5.0 cents (2010: Nil cents) per ordinary share in respect of financial year ended 31 December 2011	45,465	–
Non-cumulative tax exempt (one-tier) preference dividend paid of 1.93 cents (2010: 1.93 cents) per preference share	6,399	6,399
Non-cumulative tax exempt (one-tier) preference dividend paid of 1.97 cents (2010: 1.97 cents) per preference share	6,505	6,505
	222,043	85,649

After the reporting date, the directors proposed the following ordinary dividends, which have not been provided for:

	Company	
	2011 $'000	**2010 $'000**
Final tax exempt (one-tier) ordinary dividend of 8.0 cents (2010: 8.0 cents) per ordinary share	72,744	72,744
Special final tax exempt (one-tier) ordinary dividend of 5.0 cents (2010: 10.0 cents) per ordinary share	45,465	90,930
	118,209	163,674

33 COMMITMENTS

The Group and the Company have the following commitments as at the reporting date:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Development expenditure contracted but not provided for in the financial statements	**948,149**	639,271	**250,073**	345,866
Capital expenditure contracted but not provided for in the financial statements	**151,005**	159,860	**6,807**	–
Commitments in respect of purchase of properties for which deposits have been paid	**96,433**	45,615	**–**	–

In addition, the Group and the Company have the following commitments:

(a) The Group holds a number of office facilities and hotel properties under operating leases. The leases typically run for an initial period of 1 to 30 years. The commitments of the Group and the Company for future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Within 1 year	**66,475**	74,470	**5,098**	6,117
After 1 year but within 5 years	**207,026**	226,980	**5,278**	6,815
After 5 years	**610,061**	576,510	**–**	–
	883,562	877,960	**10,376**	12,932

Contingent rents, generally determined based on a percentage of gross revenue and gross operating profit of the relevant properties, of $55,734,000 (2010: $47,280,000) for the Group have been recognised as an expense in the income statement during the year.

Included in the non-cancellable operating lease rental payables above are commitments with an associate amounting to $484,124,000 (2010: $410,642,000).

33 COMMITMENTS (CONT'D)

(b) The Group and the Company lease out some of their investment properties and development properties. Non-cancellable operating lease rentals are receivable as follows:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Within 1 year	231,461	244,731	45,145	52,176
After 1 year but within 5 years	302,476	353,106	21,812	43,082
After 5 years	33,503	46,395	–	–
	567,440	644,232	66,957	95,258

Included in the above non-cancellable operating lease rental receivables are amounts relating to the investment properties classified as held for sale (Note 11) as set out below.

The leases for these properties will be assigned or novated to the purchasers on completion of the sale. Consequently, there will be no operating lease rental receivable by the Group for these investment properties classified as held for sale in the future after the sales are completed.

	Group	
	2011	2010
	$'000	$'000
Within 1 year	–	5,707
After 1 year but within 5 years	–	4,687
	–	10,394

Contingent rents, generally determined based on a percentage of tenants' revenue, of $4,822,000 (2010: $4,600,000) and $640,000 (2010: $414,000) have been recognised as income by the Group and the Company, respectively, in the income statement during the year.

Included in the non-cancellable operating lease rental receivables above are commitments with related parties which are set out below.

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Non-cancellable operating lease rental receivables from:				
- an associate	3,435	249	3,435	249
- a jointly-controlled entity	163	38	–	–
- a fellow subsidiary	5,355	6,053	221	501
- an associate of ultimate holding company	159	318	–	–
- a related entity controlled by a key management personnel of ultimate holding company	863	252	–	–
- subsidiaries	–	–	1,730	1,482
	9,975	6,910	5,386	2,232

(c) As at 31 December 2011, the Group has capital commitments of US$102,291,000 (approximately $132,058,000) (2010: US$86,170,000 (approximately $111,418,000)) in relation to investment in financial assets with related parties.

34 RELATED PARTIES

Other than as disclosed elsewhere in the financial statements, the transactions with related parties based on terms agreed between the parties are as follows:

	Group 2011 $'000	Group 2010 (Restated) $'000
Insurance premium paid and payable to an associate of ultimate holding company	613	240
Management services fees received and receivable from:		
- fellow subsidiaries	2,101	1,457
- an associate	13,287	12,440
- jointly-controlled entities	4,007	4,875
- a related entity controlled by a key management personnel	191	396
	19,586	19,168
Maintenance services fees received and receivable from:		
- fellow subsidiaries	269	206
- an associate	107	–
- jointly-controlled entities	737	703
	1,113	909
Recovery of costs from jointly-controlled entities	115	63
Rental and rental-related income received and receivable from:		
- fellow subsidiaries	820	688
- an associate	590	453
- an associate of ultimate holding company	163	159
- a jointly-controlled entity	130	–
- related entities controlled by a close family member of a key management personnel of ultimate holding company	307	274
	2,010	1,574
Sale of a motor vehicle to a jointly-controlled entity	–	485
Management services fees paid and payable to a fellow subsidiary	3,607	1,088

34 RELATED PARTIES (CONT'D)

	Group 2011 $'000	Group 2010 (Restated) $'000
Professional fees paid and payable to firms of which directors of the Company are members:		
- charged to the income statement	–	3
- included as cost of property, plant and equipment and cost of development properties	785	198
	785	201
Rental and rental-related expenses paid and payable to:		
- fellow subsidiaries	175	148
- an associate	85,373	73,312
- a jointly-controlled entity	750	689
	86,298	74,149
Compensation paid and payable to key management personnel:		
- short-term employee benefits	36,258	37,787
- other long-term benefits	192	217
- share-based payment of a subsidiary	2,630	(1,689)
	39,080	36,315
Amounts owing to a key management personnel	214	376

In 2010, certain key management personnel (including close family members) of the Group and ultimate holding company entered into sale and purchase agreements with the Group to purchase residential properties with total sales value amounting to $7,730,000 and $6,511,000 respectively. Revenue from these sales will be recognised by the Group progressively based on the percentage of completion of the residential projects.

35 DISPOSAL AND ACQUISITION OF SUBSIDIARIES

During the year, there were the following disposals of subsidiaries:

(a) On 18 April 2011, the Group via CDL Entertainment & Leisure Pte Ltd, an indirect wholly-owned subsidiary held by its 55% owned subsidiary, Millennium & Copthorne Hotels plc (M&C), disposed of its 100% shareholding in CDL Hotels (Phils.) Corporation for a nominal consideration of US$1.00.

(b) On 9 May 2011, the Group's wholly-owned subsidiary, Ace Venture Limited, disposed of its 100% shareholding in Allventure Limited (Allventure), to Scottsdale Properties Pte. Ltd., a company in which the Group has an indirect shareholding of 50.1%. The consideration for the sale was $5,814,000.

(c) On 1 September 2011, the Group via Millennium Hotel Stuttgart GmbH, an indirect wholly-owned subsidiary held by M&C, disposed of its 100% shareholding in SI-Erlebnis-Centrum Stuttgart GmbH for a consideration of Euro25,000 (approximately $44,000).

35 DISPOSAL AND ACQUISITION OF SUBSIDIARIES (CONT'D)

The effect of the disposal of subsidiaries on the cashflow of the Group was as follow:

	Note	Carrying Amount $'000
Property, plant and equipment	3	27
Financial assets	37	211,524
Deferred tax assets		15
Other non-current assets		60,905
Trade and other receivables		1,380
Cash at bank		1,992
Trade and other payables		(260,709)
Provisions		(4,957)
Provision for taxation		(1,668)
Net assets disposed		8,509
Transfer from foreign currency translation reserve		131
Net loss on disposal of subsidiaries	29	(2,782)
Cash proceeds from disposal		5,858
Repayment of shareholders' loan		260,459
Cash of disposed subsidiaries		(1,992)
Net cash inflow		264,325

There were the following acquisitions of subsidiaries in 2010:

(a) On 15 November 2010, Beijing Fortune Co., Ltd. (Beijing Fortune) which owns and operates the Grand Millennium Beijing became a 70% owned subsidiary following the Group's 54% owned subsidiary, Millennium & Copthorne Hotels plc (M&C) exercising an option to buy an additional 40% interest from Beijing Xiangjiang Xinli Real Estate Development Co., Ltd. for a consideration of RMB189,257,000. Beijing Fortune was previously a jointly-controlled entity which M&C held a 30% interest. From 15 November 2010 to 31 December 2010, Beijing Fortune contributed revenue of $4,236,000 and a net loss of $1,406,000 to the consolidated profit for the year. If the acquisition had occurred on 1 January 2010, management estimates the Group's revenue and profit for the year would have been $3,159,905,000 and $819,389,000 respectively.

(b) On 31 December 2010, the Group acquired the remaining 50% interest in its jointly-controlled entity, Glengary Pte. Ltd. for a consideration of $9,039,000. If the acquisition had occurred on 1 January 2010, management estimates the Group's profit for the year would have been $830,163,000. There is however, no effect on the Group's revenue.

No further adjustments was made during 2011 to the fair value of the assets and liabilities acquired on the above acquisitions.

35 DISPOSAL AND ACQUISITION OF SUBSIDIARIES (CONT'D)

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition dates:

	Pre-acquisition carrying amount $'000	Finalised fair value adjustment $'000	Fair value on acquisition $'000
Property, plant and equipment	128,031	623	128,654
Lease premium prepayment - non-current	57,502	30,198	87,700
Lease premium prepayment - current	1,622	860	2,482
Consumable stocks	387	–	387
Trade and other receivables	2,528	–	2,528
Cash at bank	36,952	–	36,952
Trade and other payables	(40,299)	4,499	(35,800)
Interest-bearing borrowings	(32,276)	–	(32,276)
Non-current term loan	(93,071)	–	(93,071)
Deferred taxation	–	(7,921)	(7,921)
	61,376	28,259	89,635
Non-controlling interests (based on share of net assets)	(15,689)	(7,128)	(22,817)
Net assets acquired	45,687	21,131	66,818
Amount previously accounted for as jointly-controlled entities			(4,539)
Goodwill (*)			17,042
Gain arising in respect of step up acquisition (**)			(17,662)
Fair value of the tax indemnity to former shareholders (***)			(15,578)
Cash consideration paid, satisfied in cash			46,081
Cash acquired			(36,952)
Net cash outflow			9,129

The transaction costs incurred for the above acquisitions amounted to $417,000.

* This arose from acquisition of Beijing Fortune. In 2006 when the initial 30% interest in Bejing Fortune was acquired and in 2007 when the option price for the additional 40% interest and the subsequent tax indemnity (refer***) was agreed, the ultimate value of M&C's interest in the hotel was expected to be considerably in excess of its cost. However, after the opening of the hotel in April 2008 and the difficult economic conditions and over supplied hotel situation in Beijing post 2008 Olympics, the trading and value of the hotel fell. Although the value of the hotel increased subsequently, as reflected in the gain on step acquisition (refer **), it has not yet attained the level originally anticipated. Upon completion of the acquisition, management of M&C conducted an impairment review on the goodwill which is allocated to the hotel. It was determined that the recoverable value of the acquired business should be based on the aggregate of the fair value of Beijing Fortune's identifiable assets and liabilities as shown on the above table which supported their carrying value. The goodwill reflects the strategic development opportunities in this region and is not supported by the recoverable value of Beijing Fortune. The goodwill had accordingly been written-off to the income statement.

** This was derived by applying 30% to the fair value of the net assets acquired, adjusted to exclude a control premium, less the carrying cost of the original investment. This amount has been credited to the income statement under "other operating income".

*** This represents the fair value of a liability for additional costs of securing the land on which Grand Millennium Beijing is sited. The transfer of land attracts land appreciation tax and foreign enterprise income not originally factored into the land sale price. A definitive framework agreement to purchase the original 30% interest and then take up an option to purchase an additional 40% interest was later supplemented in September 2007 with a deed of indemnity to remedy the tax issue. Under the terms of that indemnity, it is only applicable in the event that M&C's interest steps up to 70% and this represents 70% of the total tax liability.

36 FINANCIAL INSTRUMENTS BY CATEGORY

Set out below is an analysis of the Group's financial instruments:

	Note	Loans and receivables $'000	Available-for-sale financial assets $'000	Financial assets at fair value through profit or loss $'000	Fair value – hedging instruments $'000	Liabilities at amortised cost $'000	Total $'000
Group							
2011							
Assets							
Financial assets	8	–	156,739	26,288	–	–	183,027
Other non-current assets*		252,745	–	–	–	–	252,745
Trade and other receivables excluding prepayments and tax recoverable		1,160,189	–	–	–	–	1,160,189
Cash and cash equivalents	15	2,603,005	–	–	–	–	2,603,005
		4,015,939	156,739	26,288	–	–	4,198,966
Liabilities							
Interest-bearing borrowings	19	–	–	–	–	4,405,830	4,405,830
Trade and other payables excluding deferred income	27	–	–	–	1,870	870,970	872,840
Other liabilities	24	–	–	–	–	96,973	96,973
		–	–	–	1,870	5,373,773	5,375,643

* Excluding deferred tax assets, intangible assets, deferred expenditure, prepayment and certain loans to a jointly-controlled entity for which settlement is neither planned nor likely to occur in the foreseeable future.

	Note	Loans and receivables $'000	Available-for-sale financial assets $'000	Financial assets at fair value through profit or loss $'000	Fair value – hedging instruments $'000	Liabilities at amortised cost $'000	Total $'000
Group							
2010							
Assets							
Financial assets	8	–	168,521	247,264	–	–	415,785
Other non-current assets**		111,894	–	–	–	–	111,894
Trade and other receivables excluding prepayments and tax recoverable		826,946	–	–	–	–	826,946
Cash and cash equivalents	15	1,873,826	–	–	–	–	1,873,826
		2,812,666	168,521	247,264	–	–	3,228,451
Liabilities							
Interest-bearing borrowings	19	–	–	–	–	4,205,301	4,205,301
Trade and other payables excluding deferred income	27	–	–	–	2,685	853,390	856,075
Other liabilities	24	–	–	–	–	77,015	77,015
		–	–	–	2,685	5,135,706	5,138,391

** Excluding deferred tax assets, intangible assets, prepayment and certain loans to a jointly-controlled entity for which settlement is neither planned nor likely to occur in the foreseeable future.

36 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

	Note	Loans and receivables $'000	Available-for-sale financial assets $'000	Liabilities at amortised cost $'000	Total $'000
Company					
2011					
Assets					
Financial assets	8	–	23,752	–	23,752
Other non-current assets#		5,491	–	–	5,491
Trade and other receivables excluding prepayments		4,224,210	–	–	4,224,210
Cash and cash equivalents	15	1,572,120	–	–	1,572,120
		5,801,821	23,752	–	5,825,573
Liabilities					
Interest-bearing borrowings	19	–	–	2,641,364	2,641,364
Trade and other payables excluding deferred income	27	–	–	1,148,553	1,148,553
Other liabilities	24	–	–	166,825	166,825
		–	–	3,956,742	3,956,742
2010					
Assets					
Financial assets	8	–	32,353	–	32,353
Other non-current assets#		18,704	–	–	18,704
Trade and other receivables excluding prepayments		3,574,271	–	–	3,574,271
Cash and cash equivalents	15	981,090	–	–	981,090
		4,574,065	32,353	–	4,606,418
Liabilities					
Interest-bearing borrowings	19	–	–	2,548,182	2,548,182
Trade and other payables excluding deferred income	27	–	–	1,241,169	1,241,169
Other liabilities	24	–	–	171,203	171,203
		–	–	3,960,554	3,960,554

Excluding certain loans to subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future.

37 FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and market risk, such as interest rate risk, foreign currency risk and equity price risk.

The Group has a system of controls in place to maintain an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee provides independent oversight of the effectiveness of the financial risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken for speculative purposes except for its use as hedging instruments where appropriate and cost efficient.

Credit risk

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of these financial assets.

Transactions involving financial instruments are entered into only with counterparties that are of acceptable credit quality. Cash and fixed deposits are placed with banks and financial institutions which are regulated.

The Group establishes an allowance for impairment that represents its estimate of the specific loss component in respect of trade and other receivables. The allowance account in respect of trade receivables and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

At the reporting date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the reporting date.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents and credit facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000
Group					
2011					
Term loans	2,416,278	2,521,984	939,489	1,582,495	–
Bonds and notes	1,819,133	1,931,831	436,438	1,444,018	51,375
Bank loans	54,991	55,011	55,011	–	–
Trade and other payables*	872,840	873,582	871,712	1,870	–
Bank overdrafts	115,425	116,184	116,184	–	–
Other liabilities	96,973	102,057	1,878	98,888	1,291
	5,375,640	5,600,649	2,420,712	3,127,271	52,666
2010					
Term loans	2,105,129	2,207,206	417,280	1,674,200	115,726
Bonds and notes	2,031,553	2,179,887	355,881	1,824,006	–
Bank loans	67,767	67,823	67,823	–	–
Trade and other payables*	856,075	856,792	854,411	2,381	–
Bank overdrafts	852	852	852	–	–
Other liabilities	77,015	77,015	135	76,880	–
	5,138,391	5,389,575	1,696,382	3,577,467	115,726

* Excluding deferred income.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	After 1 year but within 5 years $'000
Company				
2011				
Term loans	1,488,739	1,524,484	825,406	699,078
Bonds and notes	1,097,634	1,176,263	289,410	886,853
Bank loans	54,991	55,011	55,011	–
Trade and other payables*	1,148,553	1,148,890	1,148,890	–
Other liabilities	166,825	171,165	4,341	166,824
	3,956,742	4,075,813	2,323,058	1,752,755
2010				
Term loans	1,403,901	1,439,052	242,203	1,196,849
Bonds and notes	1,096,745	1,209,100	23,688	1,185,412
Bank loans	47,536	47,576	47,576	–
Trade and other payables*	1,241,169	1,241,169	1,241,169	–
Other liabilities	171,203	174,827	3,624	171,203
	3,960,554	4,111,724	1,558,260	2,553,464

* Excluding deferred income.

It is not expected that the cash flows in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its interest-bearing financial assets and debt obligations. The Group adopts a policy of managing its interest rate exposure by maintaining a debt portfolio with both fixed and floating interest rates. Where appropriate, the Group uses interest rate derivatives to hedge its interest rate exposure for specific underlying debt obligations.

Interest rate derivatives are used to manage interest rate risk, to the extent that the perceived cost is considered to outweigh the benefit from the flexibility of variable rate borrowings, and the Group actively monitors the need and timing for such derivatives.

Where used, interest rate derivatives are classified as cash flow hedges and stated at fair value within the Group's statement of financial position. Further details of interest rate derivatives in place at 31 December 2011 are provided below:

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

Cash flow hedges

A subsidiary of the Group has entered into a number of interest rate swaps in 2010 to fix the interest relating to the payment of quarterly interest charges arising on floating rate unsecured bonds totalling US$50 million, and designated these as cash flow hedges. The risk being hedged is the variability of cash flows arising from movements in interest rates. The hedges are in place until the bonds mature in March 2013. The fair value of the interest rate swaps as at 31 December 2011 was a £0.3 million (approximately $674,000) liability (2010: £0.4 million (approximately $845,000)).

The cash flows occur on a quarterly basis until the loan balance matures in March 2013 and the hedges are designated as cash flow hedges, which are considered to be highly effective. The carrying value of the hedging instruments is restated to its fair value at each reporting date, with the effective portion of changes in fair value since inception being taken to the hedging reserve. The gain recognised in other comprehensive income during the year in respect of the change in fair value of these hedging instruments was £0.1 million (approximately $255,000) (2010: £0.4 million (approximately $845,000) loss). There was no ineffectiveness recognised in the income statement that arose from this cash flow hedge.

Interest rates analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, their nominal interest rates at the reporting date and carrying amounts are illustrated as below:

	Note	Interest rates per annum		Carrying amount		
		Floating rate %	Fixed rate %	Floating rate $'000	Fixed rate $'000	Total $'000
Group						
2011						
Financial assets						
Cash and cash equivalents		–	0.0035 to 5.90	–	2,318,519	2,318,519
Amounts owing by jointly-controlled entities*		–	1.50 to 8.50	–	689,060	689,060
Amounts owing by associates	6	2.87 to 3.01	–	139,428	–	139,428
				139,428	3,007,579	3,147,007
Financial liabilities						
Bank overdrafts	15					
- secured		3.00	–	(868)	–	(868)
- unsecured		0.15 to 0.90	–	(114,557)	–	(114,557)
Term loans	20					
- secured		0.73 to 7.65	–	(837,803)	–	(837,803)
- unsecured		0.65 to 4.35	1.61	(1,503,569)	(74,906)	(1,578,475)
Bank loans	22					
- unsecured		0.68 to 0.82	–	(54,991)	–	(54,991)
Bonds and notes	21					
- secured		–	2.00 to 3.02	–	(154,780)	(154,780)
- unsecured		0.40 to 1.30	1.34 to 4.85	(367,419)	(1,296,934)	(1,664,353)
Amounts owing to an associate	6	7.54	–	(23,908)	–	(23,908)
Amount owing to a fellow subsidiary	14	–	2.50	–	(61,634)	(61,634)
				(2,903,115)	(1,588,254)	(4,491,369)
Total				(2,763,687)	1,419,325	(1,344,362)

* Carrying amount is net of impairment losses.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

		Interest rates per annum		Carrying amount		
	Note	Floating rate %	Fixed rate %	Floating rate $'000	Fixed rate $'000	Total $'000
Group						
2010						
Financial assets						
Cash and cash equivalents		–	0.01 to 6.00	–	1,645,671	1,645,671
Amounts owing by jointly-controlled entities*		–	0.75 to 4.75	–	426,457	426,457
Financial assets designated at fair value through profit or loss		–	15.00	–	211,379	211,379
				–	2,283,507	2,283,507
Financial liabilities						
Bank overdrafts	15	3.54	–	(852)	–	(852)
Term loans	20					
- secured		0.68 to 7.17	–	(727,977)	–	(727,977)
- unsecured		0.62 to 5.75	–	(1,377,152)	–	(1,377,152)
Bank loans	22					
- secured		5.95 to 6.65	–	(20,231)	–	(20,231)
- unsecured		0.52 to 0.81	–	(47,536)	–	(47,536)
Bonds and notes	21					
- secured		–	3.01 to 3.88	–	(299,784)	(299,784)
- unsecured		0.96 to 1.25	1.34 to 4.85	(367,143)	(1,364,626)	(1,731,769)
Amounts owing to a fellow subsidiary	14	–	2.50	–	(28,359)	(28,359)
				(2,540,891)	(1,692,769)	(4,233,660)
Total				(2,540,891)	590,738	(1,950,153)

* Carrying amount is net of impairment losses.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

	Note	Interest rates per annum Floating rate %	Fixed rate %	Carrying amount Floating rate $'000	Fixed rate $'000	Total $'000
Company						
2011						
Financial assets						
Cash and cash equivalents		–	0.01 to 0.81	–	1,447,562	1,447,562
Amounts owing by:						
- subsidiaries*		0.51 to 1.85	1.00 to 3.57	996,311	1,170,231	2,166,542
- jointly-controlled entities*		–	1.50 to 2.00	–	264,366	264,366
				996,311	2,882,159	3,878,470
Financial liabilities						
Amounts owing to a subsidiary	5	–	1.34 to 3.57	–	(200,695)	(200,695)
Term loans	20					
- secured		0.73 to 1.55	–	(161,965)	–	(161,965)
- unsecured		0.65 to 1.66	1.61	(1,251,868)	(74,906)	(1,326,774)
Bonds and notes (unsecured)	21	–	2.48 to 4.85	–	(1,097,634)	(1,097,634)
Bank loans	22	0.68 to 0.82	–	(54,991)	–	(54,991)
				(1,468,824)	(1,373,235)	(2,842,059)
Total				(472,513)	1,508,924	1,036,411
2010						
Financial assets						
Cash and cash equivalents		–	0.03 to 0.50	–	971,731	971,731
Amounts owing by:						
- subsidiaries*		0.51 to 2.40	1.00 to 13.00	822,720	1,699,199	2,521,919
- jointly-controlled entities*		–	1.50	–	164,321	164,321
				822,720	2,835,251	3,657,971
Financial liabilities						
Amounts owing to a subsidiary	5	–	1.34 to 3.57	–	(150,304)	(150,304)
Term loans	20					
- secured		0.68 to 1.43	–	(232,535)	–	(232,535)
- unsecured		0.62 to 1.71	–	(1,171,366)	–	(1,171,366)
Bonds and notes (unsecured)	21	–	2.48 to 4.85	–	(1,096,745)	(1,096,745)
Bank loans	22	0.60 to 0.61	–	(47,536)	–	(47,536)
				(1,451,437)	(1,247,049)	(2,698,486)
Total				(628,717)	1,588,202	959,485

* Carrying amount is net of impairment losses.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

Sensitivity analysis

For the variable rate financial assets and liabilities, a 100 basis points (bp) increase at the reporting date would have the impact as shown below. A decrease in 100 bp in interest rate would have an equal but opposite effect. This analysis, which is based on reporting date of each interest-bearing financial asset and liability, assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the effect of qualifying borrowing costs allowed for capitalisation and tax effect.

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
100 bp increase				
Reduction in profit before income tax and on accumulated profits	(29,119)	(25,309)	(4,328)	(6,071)

There is no impact on other components of equity.

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Group's entities. The currencies giving rise to this risk are primarily the United States Dollar, Singapore Dollar ,Thai Bhat, Hong Kong Dollar, Japanese Yen, Sterling Pound and Renminbi.

The Group has a decentralised approach to the management of foreign exchange risk. The Group manages its foreign exchange exposure by adopting a policy of matching receipts and payments, and asset purchases and borrowings, in the currency of the relevant entity, where possible. Entities in the Group may have different approaches to the identification and management of this risk. Entities in the Group may borrow in currencies other than their functional currencies to fund investments that are denominated in their borrowing currencies. Forward foreign exchange contracts are used purely as a hedging tool, where an active market for the relevant currency exists, to minimise the Group's exposure to movements in exchange rates on firm commitments and specific transactions.

Hedging of transaction exposure is undertaken with approved counterparties and within designated limits, using spot or short-term forward contracts to buy or sell the currency concerned, once the timing and the underlying amount of exposure have been determined. Foreign exchange derivatives may also be used to hedge specific transaction exposure where appropriate. Further details of foreign exchange derivatives in place at 31 December 2011 are provided below:

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

Cash flow hedges

A number of forward cross currency swaps were executed in February 2010 by a subsidiary of the Group to hedge the foreign currency risk in respect of the repayment in February 2013 of a US$30 million loan using Korean Won. This loan was extended to a subsidiary in Korea, whose functional currency is Korean Won. The proceeds of the US dollar loan were converted into Korean Won on inception, and the risk being hedged is the variability of the cash flow associated with the repayment of the US$30 million loan principal on its maturity date in February 2013, arising from movement of Korean Won against the US dollar over that 3-year period.

The hedges are designated as cash flow hedges, which are considered to be highly effective.

The carrying value of the hedging instruments is restated to its fair value at each reporting date, with the effective portion of changes in fair value since inception being taken to the hedging reserve. The gain recognised in other comprehensive income during the year in respect of the change in fair value of these hedging instruments was £0.2 million (approximately $551,000) (2010: £0.4 million (approximately $845,000) loss).

The Group's and the Company's exposure to foreign currencies are as follows:

	United States Dollar $'000	Singapore Dollar $'000	Thai Baht $'000	Hong Kong Dollar $'000	Japanese Yen $'000	Sterling Pound $'000	Renminbi $'000	Others $'000
Group								
2011								
Financial assets	1,333	–	–	253	–	9,471	–	729
Trade and other receivables*	39,148	297,870	1,266	–	–	–	3,539	6
Cash and cash equivalents	64,761	76,118	–	1,619	–	25,024	16,140	207
Amount owing (to)/ by subsidiaries (net)	(26,364)	(358,579)	108,339	129,980	51,234	5,137	1,247	(58)
Interest-bearing borrowings	(351,754)	(136,000)	–	(67,578)	(103,089)	–	–	–
Trade and other payables**	(319)	(737)	–	(30)	(19)	–	(74)	(8)
	(273,195)	(121,328)	109,605	64,244	(51,874)	39,632	20,852	876

* Excluding prepayments.
** Excluding deferred income.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

	United States Dollar $'000	Singapore Dollar $'000	Thai Baht $'000	Sterling Pound $'000	Others $'000
Group					
2010					
Financial assets	3,348	–	–	15,548	370
Trade and other receivables*	707	236	1,307	–	1,527
Cash and cash equivalents	66,009	77,213	–	27,355	2,957
Amount owing (to)/by subsidiaries (net)	99,036	(343,561)	111,071	4,902	52,061
Interest-bearing borrowings	(458,601)	(216,000)	–	–	(47,536)
Trade and other payables**	(1,010)	(2,868)	–	(2)	(508)
	(290,511)	(484,980)	112,378	47,803	8,871

* Excluding prepayments.
** Excluding deferred income.

	United States Dollar $'000	Hong Kong Dollar $'000	Japanese Yen $'000	Others $'000
Company				
2011				
Trade and other receivables*	–	–	–	6
Cash and cash equivalents	461	230	–	10
Amount owing (to)/by subsidiaries (net)	(21,919)	(11,459)	51,227	(6)
Interest-bearing borrowings	(57,406)	(67,578)	(103,089)	–
Trade and other payables	(11)	(17)	(18)	(7)
	(78,875)	(78,824)	(51,880)	3
2010				
Trade and other receivables*	84	–	–	2
Cash and cash equivalents	3,546	72	–	15
Amount owing (to)/by subsidiaries (net)	(21,952)	(11,472)	61,509	(6)
Interest-bearing borrowings	(46,134)	–	(47,536)	–
Trade and other payables	(125)	–	(72)	(5)
	(64,581)	(11,400)	13,901	6

* Excluding prepayments.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

Sensitivity analysis

A 10% strengthening of the following major currencies against the functional currency of each of the Group's entities at the reporting date held by the Group and the Company would increase/(decrease) profit, and accumulated profits, and other components of equity before any tax effect by the amounts shown below. Similarly, a 10% weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit before income tax $'000	Equity $'000
Group		
2011		
United States Dollar	(15,717)	(22,593)
Singapore Dollar	22,765	(20,200)
Thai Baht	10,961	–
Hong Kong Dollar	(7,621)	–
Japanese Yen	(5,188)	–
Sterling Pound	3,963	–
Renminbi	2,086	–
2010		
United States Dollar	(21,985)	(27,568)
Singapore Dollar	(14,529)	(20,580)
Thai Baht	11,238	–
Sterling Pound	4,781	–
Company		
2011		
United States Dollar	(7,887)	–
Hong Kong Dollar	(7,882)	–
Japanese Yen	(5,188)	–
2010		
United States Dollar	(6,458)	–
Hong Kong Dollar	(1,140)	–
Japanese Yen	1,390	–

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Equity price risk

The Group and the Company are exposed to equity price changes arising from quoted equity investments available for sale and held for trading, and unquoted investments held for trading. An increase in the underlying equity prices of the above investments at the reporting date by 10% (2010: 5%) and 5% (2010: 5%) for the Group and the Company, respectively, would increase profit, and accumulated profits, and other components of equity before any tax effect by the amounts shown below. Similarly, a decrease in the underlying equity prices by 10% (2010: 5%) and 5% (2010: 5%) for the Group and the Company respectively would have an equal but opposite effect. This analysis assumes that all other variables remain constant.

	Group $'000	Company $'000
2011		
Quoted equity investments available for sale and held for trading		
Equity	3,708	956
Profit before income tax	2,403	–
Unquoted investments held for trading		
Profit before income tax	140	–
2010		
Quoted equity investments available for sale and held for trading		
Equity	2,685	1,386
Profit before income tax	1,640	–
Unquoted investments held for trading		
Profit before income tax	101	–

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values

Fair values versus carrying amounts

The carrying amounts of the financial instruments of the Group and the Company carried at cost or amortised cost are not materially different from their fair values as at the reporting date except as follows:

	2011 Carrying amount $'000	2011 Fair value $'000	2010 Carrying amount $'000	2010 Fair value $'000
Group				
Assets carried at amortised cost				
Deposit receivables	5,762	7,628	4,628	6,119
Interest receivables	–	–	48,777	43,115
	5,762	7,628	53,405	49,234
Liabilities carried at amortised cost				
Bonds and notes				
- secured	(154,780)	(158,952)	(99,816)	(100,403)
- unsecured	(979,050)	(1,004,669)	(1,245,853)	(1,256,919)
Long-term deposits	(9,466)	(9,187)	(9,625)	(8,050)
Term loans (unsecured)	(74,906)	(75,224)	–	–
	(1,218,202)	(1,248,032)	(1,355,294)	(1,365,372)
Company				
Liabilities carried at amortised cost				
Bonds and notes (unsecured)	(829,746)	(853,697)	(1,096,745)	(1,105,554)
Term loans (unsecured)	(74,906)	(75,224)	–	–
	(904,652)	(928,921)	(1,096,745)	(1,105,554)

Fair values have been determined for measurement and disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investments in equity and convertible notes

The fair values of quoted investments that are classified as available for sale and held for trading are their quoted bid prices at the reporting date.

The fair values of unquoted equity investments held for trading are estimated using the applicable price to earnings ratios for similar listed companies adjusted for the specific circumstances of the issuer.

The fair values of unquoted equity investments available for sale (except as described below) are estimated using valuation techniques that incorporate assumptions that are not evidenced by prices from observable current market transactions. Instead, they are based on unobservable inputs reflecting assumptions about the way assets would be priced.

The fair values of certain unquoted equity investments available for sale have not been determined as the fair value cannot be determined reliably. As a result, the variability in the range of recoverable fair value estimates derived from valuation techniques is expected to be significant.

The fair value of convertible notes is determined using the Black-Scholes model. Measurement inputs include the fair value of the convertible notes issuer's shares on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility of publicly available information), weighted average expected life of the instrument (based on general noteholder behaviour), expected dividends, and the risk-free interest rate.

Amounts owing by and to subsidiaries, associates and jointly-controlled entities

The fair values of amounts owing by and to subsidiaries, associates and jointly-controlled entities are estimated as the present value of future cash flows, discounted at market interest rates.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values (cont'd)

Fair values versus carrying amounts (cont'd)

Non-derivative financial assets and liabilities

The fair values of borrowings which reprice after six months and other non-derivative financial assets and liabilities, determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar agreements.

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables, and interest-bearing borrowings) or those which reprice within six months are assumed to approximate their fair values because of the short period to maturity or repricing. All other financial assets and liabilities are discounted to determine their fair values.

Derivatives

Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate. For interest rate swaps, bank valuations are used.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group					
2011					
Available-for-sale financial assets		37,166	–	9,307	46,473
Financial assets at fair value through profit or loss		24,888	–	1,400	26,288
		62,054	–	10,707	72,761
Derivative financial liabilities	27	–	(1,870)	–	(1,870)
		62,054	(1,870)	10,707	70,891
2010					
Available-for-sale financial assets		53,764	–	9,141	62,905
Financial assets at fair value through profit or loss		33,872	–	213,392	247,264
		87,636	–	222,533	310,169
Derivative financial liabilities	27	–	(2,685)	–	(2,685)
		87,636	(2,685)	222,533	307,484
Company					
2011					
Available-for-sale financial assets		19,122	–	–	19,122
2010					
Available-for-sale financial assets		27,723	–	–	27,723

During the financial year ended 31 December 2011, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair value hierarchy (cont'd)

The reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3:

	Note	Available-for-sale financial assets $'000	Financial assets at fair value through profit or loss $'000	Total $'000
Group				
At 1 January 2011		9,141	213,392	222,533
Total gains or losses recognised in the income statement		–	(448)	(448)
Disposal of subsidiaries	35	–	(211,524)	(211,524)
Purchases		205	–	205
Translation differences on consolidation		(39)	(20)	(59)
At 31 December 2011		9,307	1,400	10,707
Total gains or losses for the year included in the income statement for assets held at the end of the reporting period		–	(448)	(448)
At 1 January 2010		9,842	205,365	215,207
Total gains or losses recognised in the income statement		–	2,006	2,006
Purchases		55	–	55
Issues		–	6,338	6,338
Translation differences on consolidation		(756)	(317)	(1,073)
At 31 December 2010		9,141	213,392	222,533
Total gains or losses for the year included in the income statement for assets held at the end of the reporting period		–	2,006	2,006

The financial instruments that are recorded in the Level 3 category comprise unquoted equity investments and investment in unquoted convertible notes. The fair value of these financial instruments are measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable current market transactions. Instead, they are based on 'unobservable' inputs reflecting management's 'own assumptions' about the way assets would be priced.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair value hierarchy (cont'd)

Although the Group believes that its estimate of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects:

		Effect on fair value	
	Fair value	Favourable changes	Unfavourable changes
	$'000	$'000	$'000
Group			
2010			
Financial assets at fair value through profit or loss	211,379	5,893	(7,377)

For 2011, the Group has no significant exposure to the effect on fair value changes.

For 2010, the favourable and unfavourable effects of using reasonably possible alternative assumptions have been calculated by recalibrating the model values. The most significant unobservable input in relation to financial assets at fair value through profit or loss relates to risk-adjusted discount rate. The discount rate was increased/decreased by 1% from the discount rate as at reporting date to arrive at the possible favourable/unfavourable effects.

38 OPERATING SEGMENTS

Information reported to the Board of Directors for the purposes of resource allocation and assessment of segment performances is specifically focused on the functionality of services provided. The following summary describes the operations in each of the Group's reportable segments:

- Property development – *develops and purchases residential properties for sale*
- Hotel operations – *owns and manages hotels*
- Rental properties – *develops and purchases investment properties for lease*
- Others – *comprises club operator and owner, investment in shares, property management, project management and consultancy services and provider of information technology and procurement services. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2011 and 2010.*

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

38 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2011					
Total revenue (including inter-segment revenue)	1,343,744	1,563,486	290,047	152,314	3,349,591
Inter-segment revenue	–	–	(9,280)	(59,846)	(69,126)
External revenues	1,343,744	1,563,486	280,767	92,468	3,280,465

The hotel operations are operated in the following geographical segments and revenue is set out as follows:

	2011 $'000
United States	438,532
Europe	377,712
Singapore	300,754
Rest of Asia	349,090
New Zealand	97,398
	1,563,486

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2011					
Profit from operating activities	530,520	284,844	309,248	2,757	1,127,369
Share of after-tax profit of associates and jointly-controlled entities	7,323	14,622	39,214	808	61,967
Finance income	15,939	7,133	2,530	2,569	28,171
Finance costs	(17,753)	(24,392)	(25,351)	(13,568)	(81,064)
Net finance costs	(1,814)	(17,259)	(22,821)	(10,999)	(52,893)
Reportable segment profit before income tax	536,029	282,207	325,641	(7,434)	1,136,443

38 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2011					
Depreciation and amortisation	355	67,321	64,357	1,308	133,341
Other material non-cash items					
Net loss on disposal and dilution of subsidiaries	–	3,504	–	(6,265)	(2,761)
Gain on dilution of investment in an associate	–	–	418	–	418
Gain on dilution, disposal and liquidation of jointly-controlled entities	–	–	1,678	4,223	5,901
Impairment losses on:					
- amounts owing by a jointly-controlled entity	–	959	–	–	959
- property, plant and equipment and investment properties	–	30,125	14,056	–	44,181
Investments in associates and jointly-controlled entities	255,794	293,983	520,914	24,547	1,095,238
Other segment assets	5,931,304	4,168,162	3,253,138	508,973	13,861,577
Reportable segment assets	6,187,098	4,462,145	3,774,052	533,520	14,956,815
Tax recoverable					1,996
Deferred tax assets					3,655
Total assets					14,962,466
Reportable segment liabilities	2,650,352	1,336,125	1,403,401	188,206	5,578,084
Deferred tax liabilities					367,304
Provision for taxation					321,074
Total liabilities					6,266,462
Additions to non-current assets*	72,598	307,092	298,249	40,688	718,627

* Non-current assets include investment properties, property, plant and equipment, lease premium prepayment, investments in associates and jointly-controlled entities, and intangible assets.

38 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development (Restated) $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total (Restated) $'000
2010					
Total revenue (including inter-segment revenue)	1,124,815	1,577,419	343,935	147,935	3,194,104
Inter-segment revenue	(21)	–	(11,440)	(79,227)	(90,688)
External revenues	1,124,794	1,577,419	332,495	68,708	3,103,416

The hotel operations are operated in the following geographical segments and revenue is set out as follows:

	2010 $'000
United States	460,880
Europe	396,962
Singapore	297,576
Rest of Asia	318,430
New Zealand	103,571
	1,577,419

	Property development (Restated) $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total (Restated) $'000
2010					
Profit from operating activities	366,984	212,200	389,451	21,508	990,143
Share of after-tax profit/(loss) of associates and jointly-controlled entities	48,673	7,504	55,632	(1,385)	110,424
Finance income	16,195	8,788	8,290	2,367	35,640
Finance costs	(10,770)	(23,745)	(30,919)	(3,274)	(68,708)
Net finance costs	5,425	(14,957)	(22,629)	(907)	(33,068)
Reportable segment profit before income tax	421,082	204,747	422,454	19,216	1,067,499

38 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development (Restated) $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total (Restated) $'000
2010					
Depreciation and amortisation	46	72,404	66,834	1,382	140,666
Other material non-cash items					
Gain arising in respect of step up acquisition of a jointly-controlled entity	–	17,662	–	–	17,662
Gain on dilution of investment in an associate	–	12,759	12,711	–	25,470
Goodwill written off in respect of additional interest acquired in a jointly-controlled entity to become a subsidiary	–	17,042	–	–	17,042
Impairment losses on:					
- amounts owing by a jointly-controlled entity	–	1,188	–	–	1,188
- property, plant and equipment and investment properties	–	30,840	23,863	–	54,703
Investments in associates and jointly-controlled entities	200,976	175,626	522,623	36,252	935,477
Other segment assets	5,089,376	4,197,132	3,153,467	577,657	13,017,632
Reportable segment assets	5,290,352	4,372,758	3,676,090	613,909	13,953,109
Tax recoverable					6,257
Deferred tax assets					3,392
Total assets					13,962,758
Reportable segment liabilities	2,465,336	1,410,026	1,336,506	83,193	5,295,061
Deferred tax liabilities					423,081
Provision for taxation					264,357
Total liabilities					5,982,499
Additions to non-current assets*	34,729	302,397	26,421	760	364,307

* Non-current assets include investment properties, property, plant and equipment, lease premium prepayment, investments in associates and jointly-controlled entities, and intangible assets.

38 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

Geographical segments

The property development, hotel operations and rental properties segments are managed on a worldwide basis.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Singapore $'000	United States $'000	United Kingdom $'000	Other countries $'000	Total $'000
2011					
Revenue	1,876,546	449,895	296,329	657,695	3,280,465
Non-current assets #	3,294,428	1,081,553	923,798	2,106,288	7,406,067
Reportable segment assets	9,648,831	1,219,386	1,036,049	3,052,549	14,956,815
2010 (Restated)					
Revenue	1,772,611	469,769	299,084	561,952	3,103,416
Non-current assets #	3,236,566	1,125,806	908,293	1,948,253	7,218,918
Reportable segment assets	9,006,124	1,252,672	1,003,297	2,691,016	13,953,109

Include investment properties, property, plant and equipment, lease premium prepayment, investments in associates and jointly-controlled entities, and intangible assets.

39 SUBSEQUENT EVENTS

In January 2012, the Group via its indirect wholly-owned subsidiary, Vinemont Investments Pte. Ltd. acquired 100% equity interest in Thailand Shareholder Investments Limited (TSIL) from a related party for a cash consideration of US$147.1 million. TSIL holds 49% equity interest in Dolruetai Co., Ltd (Dolruetai) which in turns owns 95% equity interest in Phuket Square Company Limited (Phuket Square). Phuket Square owns a retail and hotel development in Phuket known as the Jungceylon Shopping Mall and Millenium Resort Patong Phuket respectively, and a piece of land at Sukhumvit, Bangkok that is currently being developed into a retail mall.

In March 2012, Dolruetai further increased its equity interest in Phuket Square from 95% to 99.99% with the acquisition of an additional 300,000 shares in Phuket Square for a cash consideration of Baht 200 million.

40 NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED

The Group has not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

- Amended FRS 12 *Amendments to FRS 12 Income Taxes: Deferred Tax Recovery of Underlying Assets*
- Amendments to FRS 107 *Disclosures-Transfers of Financial Assets*
- FRS 110 *Consolidated Financial Statements*
- FRS 111 *Joint Arrangements*
- FRS 112 *Disclosures of Interests in Other Entities*
- FRS 113 *Fair Value Measurements*

The Group is presently assessing the impact of the adoption of these standards and its consequential amendments. The Group has not considered the impact of accounting standards issued after the balance sheet date.

41 SIGNIFICANT INVESTMENTS

The following are the Group's significant investments:

		Principal Activity	Country of Incorporation	Effective Group Interest 2011 %	2010 %
	Subsidiaries **Direct/Indirect Subsidiaries of the Company**				
*	100G Pasir Panjang Road Pte Ltd	Property holding	Singapore	**99**	99
*	Allinvest Holding Pte Ltd	Property owner and investment holding	Singapore	**100**	100
*	Aston Properties Pte Ltd	Property owner, developer and investment holding	Singapore	**100**	100
*	Bloomsville Investments Pte Ltd	Property owner, developer and investment holding	Singapore	**100**	100
*	CBM Pte. Ltd.	Provision of building maintenance, security, cleaning and related services to commercial and residential buildings	Singapore	**100**	100
*	CBM Parking Pte. Ltd.	Provision of car park operation, management and related services	Singapore	**100**	100
*	CBM International Pte. Ltd.	Investment holding and provision of building maintenance, security, cleaning and related services to commercial and residential buildings	Singapore	**100**	100
*	CBM Security Pte. Ltd.	Provision of security services, consultancy services related to security matters, supply of equipment, security escort services and facilities management services	Singapore	**100**	–
*	CBM Solutions Pte. Ltd.	Advisors, consultants and service providers	Singapore	**100**	100
*	CDL Land Pte Ltd	Property owner and developer	Singapore	**100**	100
*	CDL Management Services Pte. Ltd.	Provision of project and property management and consultancy services	Singapore	**100**	100
*	CDL Properties Ltd	Property owner and investment holding	Singapore	**100**	100
*	Central Mall Pte Ltd	Property owner	Singapore	**100**	100
*	Chestnut Avenue Developments Pte. Ltd.	Property owner and developer	Singapore	**60**	60

41 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2011 %	Effective Group Interest 2010 %
	Subsidiaries (cont'd) **Direct/Indirect Subsidiaries of the Company (cont'd)**				
*	Cideco Pte. Ltd.	Property owner	Singapore	100	100
*	City Condominiums Pte Ltd	Property owner, developer and investment holding	Singapore	100	100
*	City Developments Realty Limited	Investment in shares and investment holding	Singapore	100	100
*	City e-Solutions Limited	Investment holding and provision of consultancy services	Cayman Islands	53	53
*	City Serviced Offices Pte. Ltd.	Operating serviced offices	Singapore	100	100
*	City Sunshine Holdings Pte. Ltd.	Property owner and developer	Singapore	100	100
*	Citydev Investments Pte. Ltd.	Investment in shares and investment holding	Singapore	100	100
*	Citydev Nahdah Pte. Ltd.	To issue Islamic trust certificates and to act as trustee for the certificate holders	Singapore	100	100
*	Citydev Real Estate (Singapore) Pte Ltd	Property owner	Singapore	100	100
*	Cityview Place Holdings Pte. Ltd.	Property owner and developer	Singapore	100	100
^^	Chongqing Eling Property Development Co., Ltd.	Property owner and developer	People's Republic of China	100	100
*	Darfera Pte Ltd	Property owner and developer	Singapore	100	100
*	Eccott Pte Ltd	Investment holding and property owner	Singapore	100	100
**	Educado Company Limited	Investment holding and share dealing	Hong Kong	100	100
*	Elishan Investments Pte Ltd	Property owner	Singapore	100	100
*	Elite Holdings Private Limited	Property owner and developer	Singapore	100	100
*	Empire City Consultant Pte Ltd	Management of properties	Singapore	100	100
^	eMpire Investments Limited	Investment holding	Bermuda	100	100
*	Fairsteps Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100

41 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2011 %	Effective Group Interest 2010 %
	Subsidiaries (cont'd) **Direct/Indirect Subsidiaries of the Company (cont'd)**				
*	Glades Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	**100**	100
*	Grande-Terre Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	**100**	100
*	Grand Isle Holdings Pte. Ltd.	Property owner and developer	Singapore	**100**	100
*	Guan Realty (Private) Limited	Property owner and developer	Singapore	**100**	100
*	Highgrove Investments Pte Ltd	Property owner	Singapore	**100**	100
*	Hong Leong Properties Pte. Limited	Property owner	Singapore	**100**	100
*	Impac Holdings Pte. Ltd.	Property ownership and sales	Singapore	**100**	100
*	Island City Garden Development Pte. Ltd.	Property owner, developer and investment holding	Singapore	**100**	100
*	Land Equity Development Pte Ltd	Property owner	Singapore	**100**	100
**	Lingo Enterprises Limited	Property holding and property investment	Hong Kong	**100**	100
**	Millennium & Copthorne Hotels plc	Investment holding	England and Wales	**55**	54
*	New Vista Realty Pte. Ltd.	Property owner and developer	Singapore	**100**	–
*	Novel Developments Pte. Ltd.	Property owner and developer	Singapore	**100**	–
**	Pacific Height Enterprises Company Limited	Property investment	Hong Kong	**100**	100
**	Palmerston Holdings Sdn. Bhd.	Property owner and developer	Malaysia	**51**	51
^	Reach Across International Limited	Investment holding	British Virgin Islands	**100**	100
*	Republic Plaza City Club (Singapore) Pte Ltd	Owner and operator of clubs	Singapore	**100**	100
*	Singapura Developments (Private) Limited	Property owner, developer and investment holding	Singapore	**100**	100
*	Sunshine Plaza Pte Ltd	Property owner, developer and investment holding	Singapore	**100**	100

41 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2011 %	Effective Group Interest 2010 %
	Subsidiaries (cont'd) **Direct/Indirect Subsidiaries of the Company (cont'd)**				
^^	Suzhou Global City Genway Properties Co., Ltd.	Property owner and developer	People's Republic of China	100	–
*	Target Realty Limited	Property owner, developer and investment holding	Singapore	99	99
***	Tianjin Trophy Real Estate Co., Ltd.	Property investment	People's Republic of China	100	100
^	Wideachieve Holdings Limited	Investment holding	British Virgin Islands	100	100
	Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels plc				
**	Anchorage-Lakefront Limited Partnership	Hotel owner	USA	55	54
**	Beijing Fortune Hotel Co. Ltd.	Hotel owner and operator	People's Republic of China	38	38
**	Bostonian Hotel Limited Partnership	Hotel owner	USA	55	54
**	CDL (New York) LLC	Hotel owner	USA	55	54
**	CDL Hotels (Chelsea) Limited	Hotel owner and operator	England and Wales	55	54
**	CDL Hotels (Korea) Ltd.	Hotel owner and operator	Republic of Korea	55	54
**	CDL Hotels (Malaysia) Sdn. Bhd.	Hotel owner and operator	Malaysia	55	54
**	CDL Hotels (UK) Limited	Hotel owner and operator	England and Wales	55	54
**	CDL Hotels USA Inc.	Hotel investment holding company	USA	55	54
**	CDL Investments New Zealand Limited	Investment and property management company	New Zealand	26	25
**	CDL West 45th Street LLC	Hotel owner	USA	55	54
**	Chicago Hotel Holdings, Inc.	Hotel owner and operator	USA	55	54
*	City Hotels Pte. Ltd.	Hotel operator and investment holding company	Singapore	55	54

41 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2011 %	Effective Group Interest 2010 %
	Subsidiaries (cont'd)				
	Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels plc (cont'd)				
**	Copthorne Hotel (Birmingham) Limited	Hotel owner and operator	England and Wales	**55**	54
**	Copthorne Hotel (Gatwick) Limited	Hotel owner and operator	England and Wales	**55**	54
**	Copthorne Hotel (Manchester) Limited	Hotel owner and operator	England and Wales	**55**	54
**	Copthorne Hotel (Newcastle) Limited	Hotel owner and operator	England and Wales	**52**	51
**	Copthorne Hotel (Slough) Limited	Hotel owner and operator	England and Wales	**55**	54
**	Copthorne Hotel Holdings Limited	Hotels investment holding company	England and Wales	**55**	54
**	Copthorne Hotels Limited	Hotels investment holding company	England and Wales	**55**	54
*	Copthorne Orchid Hotel Singapore Pte Ltd	Property owner and developer	Singapore	**55**	54
**	Gateway Regal Holdings LLC	Hotel owner and operator	USA	**55**	54
**	Grand Plaza Hotel Corporation	Hotel owner and operator and investment holding company	Philippines	**36**	35
*	Harbour View Hotel Pte. Ltd.	Hotel operator	Singapore	**55**	54
**	Hong Leong Ginza TMK	Property owner	Japan	**68**	–
**	Hong Leong Hotel Development Limited	Hotel owner and operator	Taiwan	**45**	44
^	Hong Leong Hotels Pte Ltd.	Investment holding company	Cayman Islands	**55**	54
**	Hospitality Group Limited	Holding company	New Zealand	**27**	27
*	Hospitality Holdings Pte. Ltd.	Investment holding company	Singapore	**55**	54
*	King's Tanglin Shopping Pte. Ltd.	Property owner	Singapore	**55**	54
**	London Britannia Hotel Limited	Hotel owner and operator	England and Wales	**55**	54

41 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2011 %	Effective Group Interest 2010 %
	Subsidiaries (cont'd)				
	Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels plc (cont'd)				
**	London Tara Hotel Limited	Hotel owner and operator	England and Wales	55	54
**	M&C Crescent Interests, LLC	Property owner	USA	55	54
**	M&C Hotel Interests, Inc	Hotel management services company	USA	55	54
**	M&C Hotels France SAS	Hotel owner	France	55	54
*	M&C REIT Management Limited	REIT investment management services	Singapore	55	54
**	Millennium & Copthorne Hotels New Zealand Limited	Hotel investment holding company	New Zealand	39	38
*	Millennium & Copthorne International Limited	Hotels and resorts management	Singapore	55	54
**	Millennium & Copthorne Middle East Holdings Limited	Hotel management service company	Hong Kong	28	28
**	Quantum Limited	Holding company	New Zealand	27	27
*	Republic Hotels & Resorts Limited	Hotel operator and investment holding company	Singapore	55	54
*	Republic Iconic Hotel Pte. Ltd.	Hotel owner and operator	Singapore	55	54
**	RHM-88, LLC	Hotel owner and operator	USA	55	54
**	WHB Biltmore LLC	Hotel owner and operator	USA	55	54
	Direct/Indirect Subsidiaries of City e-Solutions Limited				
**	Richfield Hospitality, Inc.	Investment holding and provision of hospitality related services	USA	53	53
**	Sceptre Hospitality Resources, Inc.	Provision of reservation system services	USA	53	53
^	SWAN Holdings Limited	Investment holding	Bermuda	53	53
**	SWAN USA, Inc.	Holding company	USA	53	53

41 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2011 %	Effective Group Interest 2010 %
	Associates				
	Associates of Millennium & Copthorne Hotels plc				
*	CDL Hospitality Trusts	See Note (1)	Singapore	**19**	19
*	First Sponsor Capital Limited	Investment holding company	British Virgin Islands	**22**	22
	Jointly-controlled Entities				
	Jointly-controlled Entities of the Company				
*	Aster Land Development Pte Ltd	Property development and investment dealing activities	Singapore	**30**	30
*	Bartley Development Pte. Ltd.	Property development	Singapore	**30**	–
*	Branbury Investments Ltd	Property owner	Singapore	**43**	43
*	Burlington Square Investment Pte Ltd	Holding of properties for long-term investment and rental purposes	Singapore	**25**	25
*	Burlington Square Properties Pte Ltd	Property trading	Singapore	**25**	25
*	Camborne Developments Pte Ltd	Property owner and developer	Singapore	**50**	50
****	CBM GISCO Integrated Facilities Management LLC	Provision of facilities management services	United Arab Emirates	**49**	49
**	CBM Qatar LLC (formerly known as CBM Afrina LLC)	Provision of facilities management services	State of Qatar	**30**	30
**	Exchange Tower Ltd.	Property owner and investment holding	Thailand	**39**	39
*	Freshview Developments Pte. Ltd.	Property owner and developer	Singapore	**50**	–
*	Grange 100 Pte. Ltd.	Property investment and owner	Singapore	**40**	40
*	Granmil Holdings Pte Ltd	Property owner and developer	Singapore	**40**	40
**	Krungthep Rimnam Ltd.	Hotel business	Thailand	**49**	49
*****	OOO "Soft-Project"	Hotel and property owner and developer	Russia	**50**	50
*	Richmond Hotel Pte Ltd	Property owner, developer and investment holding	Singapore	**33**	33
*	South Beach Consortium Pte. Ltd.	Property owner, developer and investment holding	Singapore	**50.1**	33

41 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2011 %	Effective Group Interest 2010 %
	Jointly-controlled Entities (cont'd)				
	Jointly-controlled Entities of the Company (cont'd)				
*	Summervale Properties Pte. Ltd.	Property owner and developer	Singapore	50	50
*	TC Development Pte. Ltd.	Property owner and developer	Singapore	50	50
*	Tomlinson Hotel Pte. Ltd.	Hotel owner	Singapore	33	33
*	Tripartite Developers Pte. Limited	Property developer	Singapore	33	33
	Jointly-controlled Entities of Millennium & Copthorne Hotels plc				
**	Fena Estate Company Limited	Hotel owner and operator	Thailand	27	27
^	New Unity Holdings Limited	Investment holding company	British Virgin Islands	27	27
	Jointly-controlled Entities of City e-Solutions Limited				
**	RSF Syracuse Partners, LLC	Provision of hospitality related services	USA	26	26
**	RSF Carolina Partners, LLC	Provision of hospitality related services	USA	26	–

* Audited by KPMG LLP Singapore

** Audited by other member firms of KPMG International

*** Audited by Ernst & Young Hua Ming

**** Audited by Deloitte & Touche LLP, Abu Dhabi

***** Audited by BDO Unicorn Inc

^ Not subject to audit by law of country of incorporation

^^ Auditors have not been appointed as at 31 December 2011

Note (1) CDL Hospitality Trusts is a stapled group comprising CDL Hospitality Real Estate Investment Trust ("H-REIT"), a real estate investment trust, and CDL Hospitality Business Trust ("HBT"), a business trust. H-REIT has an investment strategy of investing directly or indirectly, in a diversified portfolio of income-producing real estate which is primarily used for hospitality and/or hospitality-related purposes, whether wholly or partially, and real-estate related assets in relation to the foregoing.

HBT is a business trust which is dormant. It exists primarily as a "master lessee of last resort" and will become active if H-REIT is unable to appoint a master lessee for any of the hotels in its portfolio at the expiry of the relevant master lease agreement or for a newly acquired hotel. HBT may also become active if it undertakes certain hospitality and hospitality-related development projects, acquisitions and investments which may not be suitable for H-REIT.

STATISTICS OF ORDINARY SHAREHOLDINGS

As at 6 March 2012

Class of Shares	:	Ordinary Shares
No. of Ordinary Shares issued	:	909,301,330
No. of Ordinary Shareholders	:	10,488
Voting Rights	:	1 vote for 1 ordinary share

There are no treasury shares held in the issued share capital of the Company.

Range of Ordinary Shareholdings	No. of Ordinary Shareholders	%	No. of Ordinary Shares	%
1 - 999	1,309	12.48	386,318	0.04
1,000 - 10,000	8,364	79.75	21,770,333	2.40
10,001 - 1,000,000	784	7.47	32,842,492	3.61
1,000,001 and above	31	0.30	854,302,187	93.95
	10,488	100.00	909,301,330	100.00

Based on information available to the Company as at 6 March 2012, approximately 32.39% of the issued ordinary shares of the Company is held by the public, and accordingly, Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited has been complied with.

MAJOR ORDINARY SHAREHOLDERS LIST – TOP 20 AS AT 6 MARCH 2012

No.	Name	No. of Ordinary Shares Held	%
1	Hong Leong Holdings Limited	138,787,477	15.26
2	Hong Leong Investment Holdings Pte. Ltd.	131,169,335	14.43
3	Citibank Nominees Singapore Pte Ltd	113,626,079	12.49
4	DBS Nominees (Pte) Ltd	101,936,243	11.21
5	BNP Paribas Securities Services	58,583,124	6.44
6	DBSN Services Pte Ltd	55,378,428	6.09
7	HSBC (Singapore) Nominees Pte Ltd	41,265,797	4.54
8	UOB Nominees (Pte) Ltd	27,551,719	3.03
9	Hong Realty (Private) Limited	24,888,799	2.74
10	Euroform (S) Pte. Limited	19,603,045	2.16
11	Hong Leong Corporation Holdings Pte Ltd	15,929,833	1.75
12	NIN Investment Holdings Pte Ltd	15,161,490	1.67
13	Garden Estates (Pte.) Limited	14,152,365	1.56
14	Raffles Nominees (Pte) Ltd	13,164,293	1.45
15	SGI Investment Holdings Pte Ltd	10,752,414	1.18
16	Daiwa (Malaya) Private Limited	9,469,000	1.04
17	Gordon Properties Pte. Limited	9,304,616	1.02
18	Smith New Court (Singapore) Pte Ltd	8,053,127	0.88
19	OUB Nominees Pte Ltd	6,430,985	0.71
20	Interfab Private Limited	5,648,781	0.62
		820,856,950	90.27

STATISTICS OF ORDINARY SHAREHOLDINGS

As at 6 March 2012

Substantial Shareholders as shown in the Register of Substantial Shareholders

	No. of Ordinary Shares in which they have interest			
	Direct Interest	Deemed Interest	Total	%
Hong Realty (Private) Limited	32,088,799	30,488,981[(1)]	62,577,780	6.882
Hong Leong Holdings Limited	148,787,477	19,546,445[(2)]	168,333,922	18.512
Hong Leong Investment Holdings Pte. Ltd.	140,169,335	300,146,809[(3)]	440,316,144	48.424
Davos Investment Holdings Private Limited	–	440,316,144[(4)]	440,316,144	48.424
Kwek Holdings Pte Ltd	–	440,316,144[(4)]	440,316,144	48.424
Aberdeen Asset Management plc and its subsidiaries	–	173,080,969[(5)]	173,080,969	19.035
Aberdeen Asset Management Asia Limited	–	118,323,871[(6)]	118,323,871	13.013
Aberdeen Asset Managers Limited	–	91,855,598[(7)]	91,855,598	10.102

Notes

(1) Hong Realty (Private) Limited ("HR") is deemed under Section 7 of the Companies Act, Chapter 50 ("Companies Act") to have an interest in the 30,488,981 Ordinary Shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(2) Hong Leong Holdings Limited ("HLH") is deemed under Section 7 of the Companies Act to have an interest in the 19,546,445 Ordinary Shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(3) Hong Leong Investment Holdings Pte. Ltd. ("HLIH") is deemed under Section 7 of the Companies Act to have an interest in the 300,146,809 Ordinary Shares held directly and/or indirectly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof which includes (i) the 62,577,780 Ordinary Shares held directly and indirectly by HR; and (ii) the 168,333,922 Ordinary Shares held directly and indirectly by HLH, out of which 9,304,616 Ordinary Shares have been identified as ordinary shares in which HR is also deemed to have an interest in under note [(1)] above.

(4) Davos Investment Holdings Private Limited and Kwek Holdings Pte Ltd are deemed under Section 7 of the Companies Act to have an interest in the 440,316,144 Ordinary Shares held directly and/or indirectly by HLIH in which they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(5) The deemed interest of Aberdeen Asset Management plc and its subsidiaries (the "Aberdeen Group") is based on the last notification to the Company on 7 February 2012 and relates to Ordinary Shares held by various accounts managed or advised by the Aberdeen Group whereby the Aberdeen Group is given disposal rights and voting rights for 106,780,571 Ordinary Shares and disposal rights without voting rights for 66,300,398 Ordinary Shares.

(6) The deemed interest of Aberdeen Asset Management Asia Limited ("AAMAL") is based on the last notification to the Company on 29 December 2011 and relates to Ordinary Shares held by various accounts managed or advised by AAMAL whereby AAMAL is given disposal rights and voting rights for 72,889,571 Ordinary Shares and disposal rights without voting rights for 45,434,300 Ordinary Shares.

(7) The deemed interest of Aberdeen Asset Managers Limited ("AAML") is based on the last notification to the Company on 4 November 2011 and relates to Ordinary Shares held by various accounts managed or advised by AAML whereby AAML is given disposal rights and voting rights for 42,094,500 Ordinary Shares and disposal rights without voting rights for 49,761,098 Ordinary Shares.

STATISTICS OF PREFERENCE SHAREHOLDINGS

As at 6 March 2012

Class of Shares	:	Non-Redeemable Convertible Non-Cumulative Preference Shares ("Preference Shares")
No. of Preference Shares issued	:	330,874,257
No. of Preference Shareholders	:	2,649
Voting Rights	:	Entitled to attend, speak and vote at any class meeting of the Holders of Preference Shares. 1 vote for each Preference Share.

Not entitled to attend and vote at any General Meeting of the Company except as provided below:

(a) If the Preference Dividend (or any part thereof) due and payable and accrued is in arrears and has remain unpaid for at least 6 months, such right to attend and vote shall continue until such Preference Dividend (or any part thereof) in arrears and unpaid has been paid in full;

(b) If the resolution in question varies the rights attached to the Preference Shares; or

(c) If the resolution in question is for the winding up of the Company.

Range of Preference Shareholdings	No. of Preference Shareholders	%	No. of Preference Shares	%
1 - 999	398	15.02	177,406	0.05
1,000 - 10,000	1,896	71.58	5,247,526	1.58
10,001 - 1,000,000	336	12.68	25,235,266	7.63
1,000,001 and above	19	0.72	300,214,059	90.74
	2,649	100.00	330,874,257	100.00

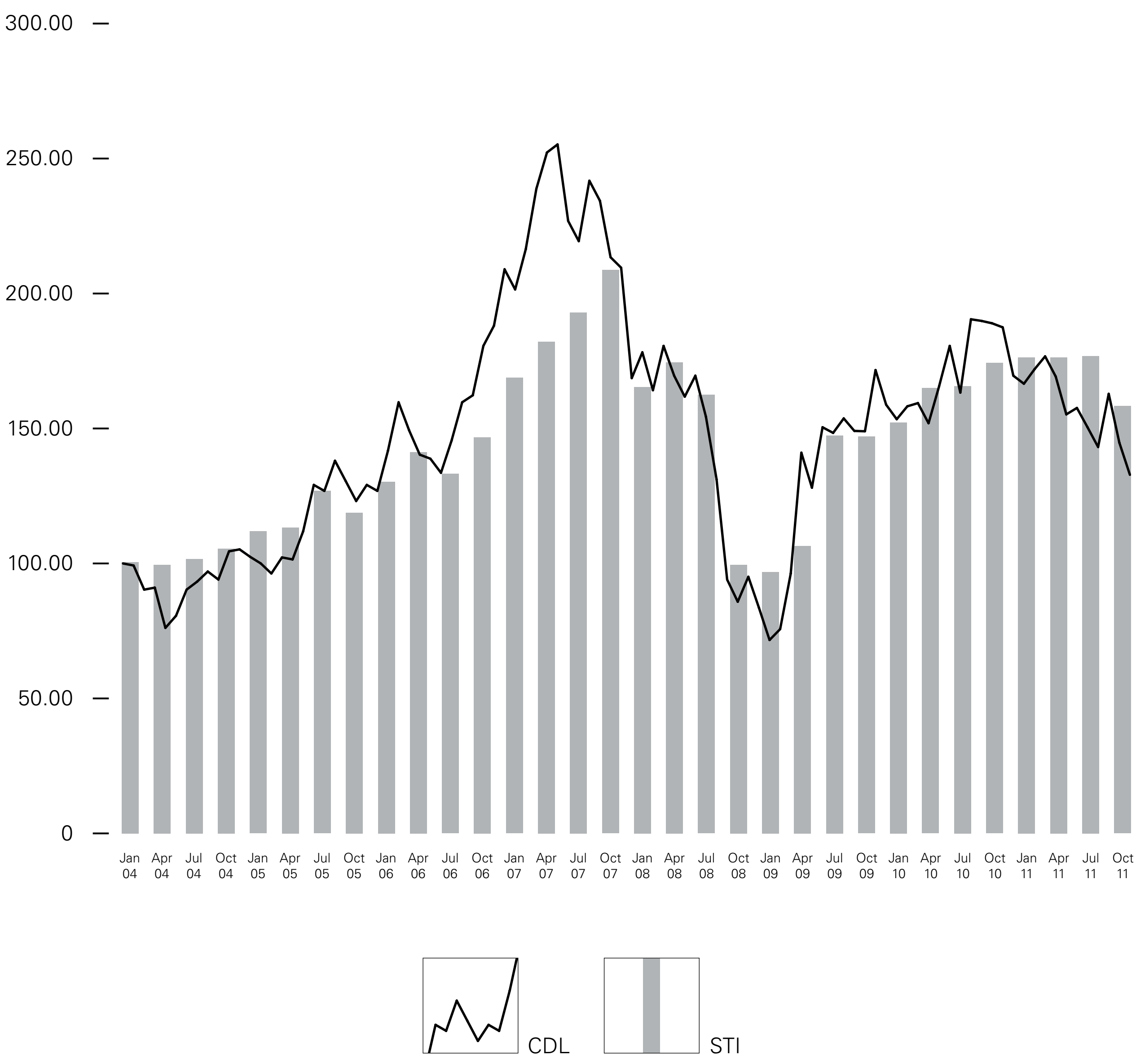
MAJOR PREFERENCE SHAREHOLDERS LIST – TOP 20 AS AT 6 MARCH 2012

No.	Name	No. of Preference Shares Held	%
1	DB Nominees (Singapore) Pte Ltd	76,222,521	23.04
2	Mandai Properties Pte Ltd	64,931,000	19.62
3	Citibank Nominees Singapore Pte Ltd	39,259,752	11.87
4	HSBC (Singapore) Nominees Pte Ltd	31,221,343	9.44
5	Aster Land Development Pte Ltd	26,913,086	8.13
6	Raffles Nominees (Pte) Ltd	17,436,451	5.27
7	Fairmount Development Pte Ltd	7,000,000	2.12
8	DBS Nominees Pte Ltd	6,863,844	2.07
9	AmFraser Securities Pte. Ltd.	5,000,000	1.51
10	Guan Hong Plantation Private Limited	5,000,000	1.51
11	Bank of Singapore Nominees Pte Ltd	4,682,467	1.42
12	Hong Leong Foundation	3,564,038	1.08
13	Upnorth Development Pte. Ltd.	3,000,000	0.91
14	Maybank Kim Eng Secs Pte Ltd	2,197,800	0.66
15	Interfab Private Limited	2,054,102	0.62
16	Hong Leong Finance Nominees Pte Ltd	1,482,000	0.45
17	Freddie Tan Poh Chye	1,300,000	0.39
18	United Overseas Bank Nominees Pte Ltd	1,079,791	0.33
19	Lim & Tan Securities Pte Ltd	1,005,864	0.30
20	Sun Yuan Overseas Pte Ltd	972,000	0.29
		301,186,059	91.03

SHARE TRANSACTION STATISTICS

8-YEAR SHARE PRICE PERFORMANCE

NORMALISED VALUES



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Ninth Annual General Meeting of City Developments Limited (the "Company") will be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Friday, 27 April 2012 at 3.00 p.m. for the following purposes:

(A) ORDINARY BUSINESS

1. To receive the audited financial statements and the reports of the Directors and Auditors for the year ended 31 December 2011.

2. To declare a final tax-exempt (one-tier) ordinary dividend of 8.0 cents per ordinary share, and a special final tax-exempt (one-tier) ordinary dividend of 5.0 cents per ordinary share, for the year ended 31 December 2011 as recommended by the Directors.

3. To approve Directors' Fees of $308,000.00 for the year ended 31 December 2011 (2010: $308,000.00) and Audit Committee Fees of $47,500.00 per quarter for the period from 1 July 2012 to 30 June 2013 (period from 1 July 2011 to 30 June 2012: $47,500.00 per quarter), with payment of the Audit Committee Fees to be made in arrears at the end of each calendar quarter.

4. To re-appoint the following Directors pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act") to hold office from the date of this Annual General Meeting until the next Annual General Meeting:

   (a) Mr Kwek Leng Beng
   (b) Mr Chee Keng Soon
   (c) Mr Foo See Juan
   (d) Mr Tang See Chim

5. To re-elect Mr Tan Poay Seng, a Director retiring in accordance with the Articles of Association of the Company.

6. To re-appoint Messrs KPMG LLP as Auditors and to authorise the Directors to fix their remuneration.

(B) SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without any modifications, the following resolutions as Ordinary Resolutions:

7. That authority be and is hereby given to the Directors to:

   (a) (i) issue ordinary shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require ordinary shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into ordinary shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

   (b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue ordinary shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution was in force;

   provided that:

   (1) the aggregate number of ordinary shares to be issued pursuant to this Ordinary Resolution (including ordinary shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding ordinary shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 50% of the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (2) of this Ordinary Resolution), of which the aggregate number of ordinary shares to be issued other than on a *pro rata* basis to shareholders of the Company does not exceed 20% of the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (2) of this Ordinary Resolution).

(2) (subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited ("SGX- ST")) for the purpose of determining the aggregate number of ordinary shares that may be issued under paragraph (1) of this Ordinary Resolution, the total number of issued ordinary shares, excluding treasury shares, shall be based on the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for:

(i) new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of ordinary shares;

(3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

8. That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares ("Ordinary Shares") and/or non-redeemable convertible non-cumulative preference shares ("Preference Shares") in the capital of the Company not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "Market Purchase") on the SGX-ST; and/or

(ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they may, in their absolute discretion, deem fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("Share Purchase Mandate");

(b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked in general meeting; or

(iii) the date on which the purchases or acquisitions of Ordinary Shares and/or Preference Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"Prescribed Limit" means in relation to any purchase or acquisition of Ordinary Shares, the number of issued Ordinary Shares representing 10% of the total number of issued Ordinary Shares as at the date of the passing of this Resolution, (excluding any Ordinary Shares held as treasury shares), and in relation to any purchase or acquisition of Preference Shares, the number of issued Preference Shares representing 10% of the total number of issued Preference Shares as at the date of the passing of this Resolution; and

"Maximum Price" in relation to an Ordinary Share or Preference Share to be purchased (as the case may be) means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price of the Ordinary Shares or Preference Shares (as the case may be); and

(ii) in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price of the Ordinary Shares or Preference Shares (as the case may be),

where:

"Average Closing Price" means the average of the Closing Market Prices of the Ordinary Shares or Preference Shares (as the case may be) over the last five (5) Market Days on the SGX-ST, on which transactions in the Ordinary Shares or Preference Shares were recorded, immediately preceding the day of the Market Purchase by the Company, and deemed to be adjusted for any corporate action that occurs after such 5-Market Day period;

"Closing Market Price" means the last dealt price for an Ordinary Share or Preference Share (as the case may be) transacted through the SGX-ST's Central Limit Order Book (CLOB) trading system as shown in any publication of the SGX-ST or other sources;

"Highest Last Dealt Price" means the highest price transacted for an Ordinary Share or Preference Share (as the case may be) as recorded on the SGX-ST on the Market Day on which there were trades in the Ordinary Shares or Preference Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

"day of the making of the offer" means the day on which the Company makes an offer for the Off-Market Purchase of Ordinary Shares or Preference Shares, as the case may be, from holders of Ordinary Shares or holders of Preference Shares, stating the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase, calculated on the foregoing basis) for each Ordinary Share or Preference Share, and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"Market Day" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

9. (a) That approval be and is hereby given for the purpose of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and its associated companies that are not listed on the SGX-ST, or an approved exchange, over which the Company, its subsidiaries and/or its interested person(s), have control, or any of them, to enter into any of the transactions falling within the category of Interested Person Transactions, particulars of which are set out in the Company's Circular to Shareholders dated 28 April 2003 (the "Circular") with any party who is of the class or classes of Interested Persons described in the Circular, provided that such transactions are entered into in accordance with the review procedures for Interested Person Transactions as set out in the Circular, and that such approval (the "IPT Mandate"), shall unless revoked or varied by the Company in General Meeting, continue in force until the next Annual General Meeting of the Company; and

(b) That the Directors of the Company and each of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

(C) TO TRANSACT ANY OTHER BUSINESS

By Order of the Board

Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong
Company Secretaries

Singapore
3 April 2012

NOTICE OF ANNUAL GENERAL MEETING

The Company had on 29 February 2012 advised that the Ordinary Shares Transfer Books and Register of Holders of ordinary shares of the Company will be closed on 4 May 2012. Duly completed registrable transfers received by the Company's Registrar, M & C Services Private Limited of 138 Robinson Road #17-00, The Corporate Office, Singapore 068906, up to 5.00 p.m. on 3 May 2012 will be registered to determine ordinary shareholders' entitlement to the dividends for the year ended 31 December 2011.

Entitlements of ordinary shareholders, being Depositors, to the said dividends will be determined based on the ordinary shares credited to their securities accounts with The Central Depository (Pte) Limited as at 5.00 p.m. on 3 May 2012.

The Directors have recommended a final tax-exempt (one-tier) ordinary dividend of 8.0 cents per ordinary share and a special final tax-exempt (one-tier) ordinary dividend of 5.0 cents in respect of the financial year ended 31 December 2011 for approval by ordinary shareholders at the Annual General Meeting to be held on 27 April 2012. The final dividends, if approved, will be payable on 18 May 2012.

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be deposited at the registered office of the Company at 36 Robinson Road, #04-01 City House, Singapore 068877 not less than 48 hours before the time appointed for holding the Meeting.

3. Completion and return of the instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy, to the Meeting.

4. With reference to item 3 of the Ordinary Business above, the Directors' Fees of $308,000.00 excludes Audit Committee Fees of $47,500.00 per quarter.

5. With reference to item 4(a) of the Ordinary Business above, Mr Kwek Leng Beng will, upon re-appointment as a Director of the Company, remain as a member of the Board and Nominating Committees.

6. With reference to item 4(b) of the Ordinary Business above, Mr Chee Keng Soon will, upon re-appointment as a Director of the Company, remain as Lead Independent Director and Chairman of the Audit, Nominating and Remuneration Committees, and is considered independent by the Board.

7. With reference to item 4(c) of the Ordinary Business above, Mr Foo See Juan will, upon re-appointment as a Director of the Company, remain as a member of the Audit and Nominating Committees, and is considered independent by the Board.

8. With reference to item 4(d) of the Ordinary Business above, Mr Tang See Chim will, upon re-appointment as a Director of the Company, remain as a member of the Board, Audit and Remuneration Committees, and is considered independent by the Board.

9. With reference to item 5 of the Ordinary Business above, Mr Tan Poay Seng was appointed a Director of the Company on 2 February 2012 and pursuant to the Company's Articles of Association, is due to retire at this Meeting. He is considered independent by the Board.

10. Mr Han Vo-Ta, a Director retiring at the Meeting pursuant to the Company's Articles of Association has notified the Company that he will not be seeking re-election as a Director of the Company at the Meeting.

11. The Ordinary Resolution proposed in 7 above, if passed, will empower the Directors of the Company from the date of the Meeting until the next Annual General Meeting (unless such authority is previously revoked or varied at a general meeting), to issue ordinary shares and/or make or grant Instruments that might require new ordinary shares to be issued up to a number not exceeding 50% of the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company, of which up to 20% may be issued other than on a *pro rata* basis to shareholders. The aggregate number of ordinary shares which may be issued under this Ordinary Resolution will be calculated based on the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company at the time that this Ordinary Resolution is passed, after adjusting for new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of ordinary shares.

12. The Ordinary Resolution proposed in 8 above, if passed, will empower the Directors of the Company to make purchases or otherwise acquire the Company's issued Ordinary Shares and/or Preference Shares from time to time subject to and in accordance with the guidelines set out in Annexure I of the Appendix Accompanying this Notice. This authority will expire at the conclusion of the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting or when such purchases or acquisitions are carried out to the full extent mandated.

13. The Ordinary Resolution proposed in 9 above, if passed, will renew the IPT Mandate first approved by Shareholders on 29 May 2003 to facilitate the Company, its subsidiaries and its associated companies to enter into Interested Person Transactions, the details of which are set out in Annexure II and Appendix A of the Appendix Accompanying this Notice. The IPT Mandate will continue in force until the conclusion of the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.

Note on voting restriction pursuant to Rule 921(7) of the SGX-ST Listing Manual

Hong Leong Investment Holdings Pte. Ltd. and its subsidiaries, the Directors of the Company and their associates, who are also shareholders of the Company and being Interested Persons under the IPT Mandate, are required to abstain from voting at the Meeting in respect of the Ordinary Resolution 9 in relation to the proposed renewal of the IPT Mandate.

CITY DEVELOPMENTS LIMITED

(Co. Reg. No. 196300316Z)

(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT:
1. For investors who have used their CPF monies to buy City Developments Limited's ordinary shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and holders of City Developments Limited's Preference shares and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the 49th Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format, with the Company Secretary of City Developments Limited. (Agent Banks: please see note No. 9 on required format).

* I/We, ____________________ with NRIC / Passport Number : ____________________

of ____________________

being a *member/members of City Developments Limited (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings: No. of Ordinary Shares	%

*and/or

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Forty-Ninth Annual General Meeting of the Company ("AGM") to be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Friday, 27 April 2012 at 3.00 p.m., and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the AGM.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions		**For**	**Against**
	ORDINARY BUSINESS:			
1.	Adoption of Reports and Financial Statements			
2.	Declaration of a Final Ordinary Dividend and a Special Final Ordinary Dividend			
3.	Approval of Directors' Fees and Audit Committee Fees			
4.	Re-appointment of Directors under Section 153(6) of the Companies Act, Chapter 50:	(a) Mr Kwek Leng Beng		
		(b) Mr Chee Keng Soon		
		(c) Mr Foo See Juan		
		(d) Mr Tang See Chim		
5.	Re-election of Mr Tan Poay Seng as Director			
6.	Re-appointment of KPMG LLP as Auditors			
	SPECIAL BUSINESS:			
7.	Authority for Directors to issue ordinary shares and/or make or grant offers, agreements or options pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of Singapore Exchange Securities Trading Limited			
8.	Renewal of Share Purchase Mandate			
9.	Renewal of IPT Mandate for Interested Person Transactions			

Dated this ____________ day of ____________ 2012

No. of ordinary shares held

____

Signature(s) of Member(s) or Common Seal of Corporate Shareholder

*Delete accordingly

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Notes:

1. Please insert the total number of ordinary shares held by you. If you have ordinary shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of ordinary shares. If you have ordinary shares registered in your name in the Register of Members, you should insert that number of ordinary shares. If you have ordinary shares entered against your name in the Depository Register and ordinary shares registered in your name in the Register of Members, you should insert the aggregate number of ordinary shares. If no number is inserted, this instrument appointing a proxy or proxies shall be deemed to relate to all the ordinary shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the AGM.
5. This instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 36 Robinson Road, #04-01 City House, Singapore 068877 not less than 48 hours before the time appointed for the AGM.
6. This instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney duly authorised or a duly authorised officer. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50.
8. The Company shall be entitled to reject an instrument of proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any instrument of proxy or proxies lodged if the member, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
9. Agent Banks acting on the request of CPF Investors who wish to attend the AGM as Observers are required to submit in writing, a list with details of the investor's name, NRIC/Passport Number, address and number of ordinary shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary, at the registered office of the Company not less than 48 hours before the appointed time for the AGM.

1st fold here

AGM
PROXY FORM

Affix
Stamp
Here

The Company Secretary
CITY DEVELOPMENTS LIMITED
36 Robinson Road
#04-01 City House
Singapore 068877

2nd fold here

3rd fold and glue overleaf. Do not staple

MIX
From responsible sources
FSC™ C095364

Produced by
Corporate Communications Department, City Developments Limited &
Group Corporate Affairs, Hong Leong Group Singapore

A METAFUSION DESIGN

CITY DEVELOPMENTS LIMITED

Conserving the Environment • Caring for the Community

www.cdl.com.sg

36 Robinson Road, #20-01 City House, Singapore 068877
Tel: (65) 6877 8228 Fax: (65) 6223 2746

Co. Reg. No. 196300316Z