CITY DEVELOPMENTS LIMITED

ANNUAL REPORT 2012

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Just as a painter transforms his masterpiece with each brushstroke, City Developments Limited (CDL) has been shaping and enhancing the global cityscape since 1963 with each of our distinct architectural landmarks.

As a leading real estate developer with an extensive international business portfolio, we view our role as more than just a builder of living spaces, but also a developer of lives and communities in the countries we operate in.

As we embark on our 50th year, we will continue to redefine the landscape with architectural gems and remain guided by our ethos to conduct business responsibly, to conserve the present as we build into the future sustainably.

A global hotelier, CDL has scored another first with the introduction of W Singapore – Sentosa Cove. The latest 240-room hotel addition at the exclusive Sentosa Cove precinct will join a stable of celebrated W Hotels Worldwide that are synonymous with chic, glamourous, trendy and luxurious lifestyles. The W brand is set to revolutionise luxury waterfront living and invigorate the marina community in Singapore, cementing the city as one of the most compelling destinations in the world to visit.

CREATING ICONS THAT DEFINE THE LANDSCAPE

We seize every opportunity to pioneer cutting-edge lifestyle concepts. Fresh ideas, splashes of innovation and a dose of creativity, coupled with keeping up with global trends, demands and having our pulse on evolving consumer expectations – that has been our *modus operandi* since 1963. In our pursuit of perfection, we aspire to continuously develop legacies and create indelible landmarks.

LEADING THE INDUSTRY IN SUSTAINABLE DEVELOPMENT

CDL has been championing the development of Green building in Singapore through innovation for close to two decades. We believe that it is crucial to 'Conserve as we Construct', mindful of the impact our operations have on the environment. Our investment in the development of green design, features and state-of-the-art engineering solutions for our properties is testament to our conviction for sustainable development. With over 60 Building and Construction Authority (BCA) Green Mark awarded properties to date, each CDL development continues to be designed sensitively, built sustainably and managed sensibly.

The Residences at W Singapore – Sentosa Cove is not only an architectural masterpiece that exudes a contemporary, fashionable vibe, but has also been accorded a Platinum accolade for its innovative green features. Designed with sustainability in mind, this coveted waterfront residence, together with W Singapore – Sentosa Cove hotel, Quayside Isle and The Oceanfront @ Sentosa Cove make up a total of four uniquely sustainable properties developed by CDL that bear the distinction of being the only BCA Green Mark Platinum projects – the highest status for green buildings in Singapore – on Sentosa Cove.

For illustration only

Quayside Isle (QI) at Sentosa Cove is CDL's latest retail development. It is the first and only destination within the luxury waterfront precinct that offers a diverse selection of over 20 international dining concepts and specialty retail stores. With breathtaking views of the marina, QI is set to be the Capri of Southeast Asia and the ultimate attraction for trendsetters, well-heeled Cove residents and tourists alike, on Singapore's idyllic Sentosa Island. Together with the newly-opened W Singapore – Sentosa Cove hotel and The Residences at W Singapore – Sentosa Cove, QI completes CDL's vision for a vibrant marina lifestyle hub when it was first awarded this integrated site in 2006.

INSPIRING THE WORLD WITH VISIONARY LEADERSHIP

When we build, it is with a strong vision for the future. We challenge ourselves to see limitless possibilities in the spaces that we develop and expand our senses to create trendsetting lifestyle concepts that will shape new horizons and enliven our cityscapes. Our innovative spirit spurs us to transform our vision into reality. It is this foresight and boldness that has afforded us our enviable position as a respected industry leader and property pioneer in Singapore.

MAKING A DIFFERENCE IN OUR COMMUNITIES

At CDL, beyond the brick and mortar aspects of our business, there is a deep commitment to create a positive impact on the social landscape. Through a host of key signature programmes and sustained efforts in our community engagement, we focus on initiatives in aid of the less fortunate, youth development, arts promotion and environmental conservation.

CDL employees spent their Staff Day 2012 focusing not on themselves, but dedicated it to people who needed help the most. They banded together to brighten up the Marsiling neighbourhood by painting colourful murals at the children's playground, refurbishing and repainting selected units at two rental blocks in the Marsiling district and distributing food hampers to needy residents.

10-YEAR FINANCIAL HIGHLIGHTS

Year	2003	2004[3]	2005
Revenue	$2,326m	$2,380m	$2,374m
Profit before tax	$214m	$503m	$404m
Profit for the year attributable to owners of the Company	$152m	$227m	$200m
Net gearing ratio	0.64	0.55	0.50
Return on equity	3.3%	5.2%	4.4%
Net asset value per share	$5.56	$4.99	$5.12
Basic earnings per share	18.8 cents	25.3 cents	20.8 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	–	5.0 cents
b) Preference dividend (net) per share	–	2.19 cents	3.90 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 2012 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.

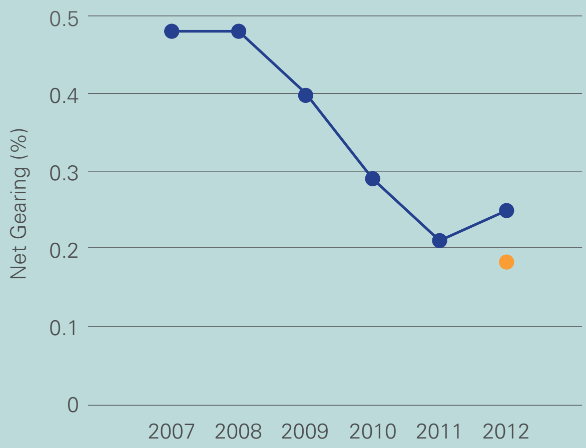
2006	2007	2008	2009	2010[3]	2011	2012
$2,547m	$3,106m	$2,945m	$3,273m	$3,103m	$3,280m	**$3,354m**
$692m	$955m	$834m	$832m	$1,067m	$1,136m	**$960m**
$352m	$725m	$581m	$593m	$784m	$799m	**$678m**
0.40	0.48	0.48	0.40	0.29	0.21	**0.25**
7.4%	13.9%	10.7%	9.9%	12.5%	11.7%	**9.3%**
$5.21	$5.72	$5.97	$6.57	$6.89	$7.51	**$8.03**
37.0 cents	78.3 cents	62.5 cents	63.8 cents	84.8 cents	86.4 cents	**73.2 cents**
7.5 cents	7.5 cents[1]	7.5 cents[1]	8.0 cents[1]	8.0 cents[1]	8.0 cents[1]	**8.0 cents[2]**
7.5 cents	10.0 cents	–	–	–	5.0 cents[1]	**–**
10.0 cents	12.5 cents[1]	–	–	10.0 cents[1]	5.0 cents[1]	**5.0 cents[2]**
3.90 cents	3.90 cents	3.90 cents[1]	3.90 cents[1]	3.90 cents[1]	3.90 cents[1]	**3.90 cents[1]**

Capital Management

	As at 31/12/12	As at 31/12/11
Cash and cash equivalents	$2,162m[a]	$2,603m
Net borrowings	$2,357m	$1,816m
Net gearing ratio[b]	0.25	0.21
Net gearing ratio if fair value gains on investment properties are taken in	0.18	0.15
Interest cover ratio	17.4 times	21.8 times

[a] Includes cash and cash equivalents classified as assets held for sale.
[b] 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.

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 that the City Developments Group achieved strong residential sales from property development in Singapore, despite challenging conditions, and highest revenue ever of $3.4 billion for the full year ended 31 December 2012.

GROUP PERFORMANCE

For the fourth quarter ended 31 December 2012 (Q4 2012), the Group delivered a strong set of results with revenue of $886.4 million (Q4 2011: $721.5 million) and net profit after tax and non-controlling interests of $249.3 million (Q4 2011: $163.2 million), up by 22.8% and 52.8% respectively. This was backed by better performance from the property development segment. Revenue and pre-tax profit of this business segment increased by 83.0% and 35.7% respectively.

For the full year ended 31 December 2012, the Group posted revenue of $3,353.7 million (2011:$3,280.5 million) – the highest revenue achieved since inception in 1963. Net profit after tax and non-controlling interest was $678.3 million (2011: $798.6 million). Excluding all one-off gains, the net profit after tax and non-controlling interests would have increased by 5.8% compared to FY 2011, on a like-for-like basis. This profit is core earnings from the Group's business activities. The Group has been unlocking shareholder value on its non-core assets to recycle capital for new opportunities that may avail.

In terms of pre-tax profit, the property development segment continued to be the lead contributor, making up 48.8% (2011: 47.2%) of the Group's pre-tax profit and the hotel operations, primarily from the Group's subsidiary, Millennium & Copthorne Hotels plc (M&C), was the second highest, contributing 26.1% (2011: 24.8%) of the Group's pre-tax profit.

Basic earnings per share of the Group stood at 73.2 cents (2011:86.4 cents).

As at 31 December 2012, the Group's balance sheet remained healthy with a relatively low gearing ratio at 25.0% (2011: 21.0%). The Group is the only major listed property developer that states investment properties at cost, less accumulated depreciation and impairment losses. Had the Group factored in fair value gains on investment properties, the net gearing ratio would be reduced further to 18.0%. The interest cover of the Group is at 17.4 times (2011: 21.8 times).

The Board is recommending a special ordinary dividend of 5.0 cents per share in addition to the ordinary dividend of 8.0 cents per share. The total dividend proposed for 2012 amounts to 13.0 cents per share.

Property

In Q4 2012, the Singapore economy grew moderately by 1.5% on a year-on-year basis, an improvement from the flat growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 3.3%, a contrast from its 4.6% contraction in the preceding quarter. For the whole of 2012, Singapore's economy slowed to 1.3% as compared to the 5.2% expansion in 2011, weighed down by weakness in the externally-oriented sectors.

In Q4 2012, developers sold 4,353 private residential units (excluding Executive Condominiums). This is 26% lower than the 5,916 units sold in Q3 2012. The decline could be due to fewer new property launches and property cooling measures imposed by the Government in October 2012, which included restriction on loan tenure and tighter loan-to-value (LTV) limits.

Overall, Singapore's residential market remained resilient. A total of 22,197 private residential units were sold by developers in 2012 compared with 15,904 units in 2011. This figure has surpassed the historical high achieved in 2010 by 36%.

Urban Redevelopment Authority (URA) data indicated that the Residential Property Price Index (PPI) increased from 208.2 points in Q3 2012 to 212.0 points in Q4 2012. Overall prices of private residential properties increased by 1.8%

quarter-on-quarter in Q4 2012, compared to 0.6% increase in the previous quarter. For 2012 as a whole, prices of private residential properties increased by about 2.8% (based on preliminary Q4 2012 flash estimate), lower than the 5.9% increase in 2011.

In end December 2012, the Group previewed its joint venture project Echelon. Designed by award-winning architectural firm SCDA Architects Pte Ltd, this 508-unit distinctive residence comprises two iconic 43-storey towers. Centrally positioned at the fringe of the city and around the prime Tanglin residential enclave, Echelon at Alexandra View is a mere stone's throw to the Redhill MRT Station, providing seamless connectivity to the rail network. The Central Business District (CBD) is only a 6-minute drive away. Echelon met with much enthusiastic response. To date, 428 units (over 84%) of the development have been sold. The Group had tendered strategically for this coveted piece of land in 2011 and since then, subsequent land sales in this area have transacted at prices significantly higher.

During the year, besides Echelon, the Group also successfully launched another four projects with strong take-up.

HAUS@SERANGOON GARDEN, a joint venture development with an exclusive community of 97 terraces, was launched in July 2012. Located in the popular Serangoon Garden estate, it is a stone's throw to Serangoon Garden Circus, famous Chomp Chomp food centre, myVillage and many other amenities. It is the first sustainable landed housing estate in Singapore to be accorded the top tier Building and Construction Authority (BCA) Green Mark Platinum Award. The project is now 99% sold.

UP@Robertson Quay, launched in May 2012, is a trendy mixed development comprising 70 exclusive apartments and an adjoining 300-room M Social Hotel. Within the prestigious District 9 enclave and by the Singapore River, some apartments offer up to 7.2 metre floor-to-floor heights, private timber pool decks and dual-purpose furniture options. To date, about 75% of the apartments have been sold. M Social Hotel, to be managed by M&C, is a new lifestyle concept and an extension of its M-family stable of brands. It will offer affordably priced, fee-based hotel services to the apartments. Construction for this development will be commencing soon.

The joint venture 702-unit Bartley Residences, launched in February 2012 is now 100% sold. This condominium is a mere 2-minute walk to Bartley MRT station and located opposite the reputable Maris Stella High School.

In January 2012, the Group launched The Rainforest, its 466-unit joint venture Executive Condominium (EC), located at Choa Chu Kang Avenue 3, a 5-minute walk to Choa Chu Kang MRT Station. This EC is now fully sold. ECs have grown in popularity after the Government raised the monthly income ceiling for new EC purchases. This gives more families the added option of buying an EC, besides resale flats and private property. It also facilitates upgrading for existing HDB flat owners. The Group's 602-unit Blossom Residences EC at Segar Road, launched in July 2011 is also fully sold.

Other on-going projects for sale continued to sell well and the Group currently has limited inventory stock.

The Palette, a joint venture 892-unit condominium, located in a private estate at Pasir Ris Grove and within walking distance of Pasir Ris MRT station, launched in end 2011, is now over 99% sold.

Over 80% of the 521-unit riverfront H_2O Residences at Sengkang have been sold to date. Another joint venture project, the 501-unit Hedges Park, located at the popular Changi/Pasir Ris locality also registered good sales with around 90% sold.

For the year under review, the Group, together with its joint venture associates, sold a total of 2,395 units (including ECs) with total sales value of about $2.78 billion (2011: 1,818 units with total sales value of $1.76 billion).

During the period under review, profits were booked in from numerous projects such as 368 Thomson, Buckley Classique, Cube 8, Hundred Trees and H_2O Residences.

Profits were also booked in from The Glyndebourne which is developed by M&C and several other joint venture projects such as NV Residences, Tree House, Bartley Residences, The Gale and Hedges Park.

However, no profit was recognised from The Palette, HAUS@SERANGOON GARDEN, UP@Robertson Quay and Echelon as construction of these projects are either in early stages or not commenced yet. In addition, no profit was realised from the two fully sold EC developments, The Rainforest and Blossom Residences, due to current accounting requirements for ECs.

In November 2012, the Group won a tender for an EC housing site located at Sengkang West Way / Fernvale Link for $135 million. CDL won this hotly-contested bid by a mere 0.1% margin. Situated in an established residential area, the 14,100.8 square-metre (sq m) site is easily accessible by major expressways. The site is a few minutes' walk from Layar LRT station and the upcoming Seletar Mall. The Group is planning to launch this 372-unit project around mid-year. Given the popularity of ECs in Singapore and its convenient access to the nearby LRT station, the Group expects this development to be well received.

The Singapore office market improved marginally despite the uncertainties of the global economy. URA statistics showed that the prices of office space moderated by 0.3% in Q4 2012, compared to an increase of 1.9% in the previous quarter. For the whole of 2012, prices of office space increased by 1.4%, which is modest when compared with the increase of 13.8% in 2011.

The overall rentals for office space fell by 0.3% quarter-on-quarter in Q4 2012, as compared to the decline of 0.1% in Q3 2012. For the whole of 2012, rentals of office space held steadily, declined by a mere 0.1%, compared with the increase of 8.4% in 2011.

CHAIRMAN'S STATEMENT

In Q4 2012, the Group's office portfolio continued to enjoy healthy occupancy of about 94.5% as compared to national average of 90.6%.

Construction for the joint venture, iconic South Beach development on Beach Road is progressing well. The 190 ultra-luxurious units at South Beach Residences will comprise a good mix of two, three and four-bedroom apartments and penthouses. The 654-room South Beach Hotel and the South Beach Club will be imbued with revolutionary design concepts, inspired by renowned creative designer Philippe Starck. While the construction schedule has been delayed slightly due to shortage of manpower on the part of its main contractor, the project is still on track to complete in 2015 as planned.

Quayside Isle (QI), the Group's latest retail development situated in Sentosa Cove, was completed in end Q4 2012. It is located right next to The Residences at W Singapore – Sentosa Cove, which is the only condominium on Sentosa Island that has F&B and retail offerings at its doorstep. QI is part of a total integrated development comprising the newly opened W Singapore – Sentosa Cove hotel and the Residences.

QI offers a myriad of international dining concepts and specialty retail stores, over a retail space of more than 40,000 square feet (sq ft), all under one roof. About 80% of QI has been leased out to date and its first restaurants opened in mid-December 2012. QI is the finishing touch of the integrated marina lifestyle hub that the Group had envisioned to inject vibrancy and create buzz for this exclusive lifestyle destination when it was first awarded the site in 2006 based on its unique design proposal. QI is the trendiest hot spot for visitors to Sentosa Island and convenient for the well-heeled Cove's residents. With panoramic views of the marina while dining al fresco or walking along its scenic boardwalk, QI is a must visit; and set to be the new crown jewel of Sentosa and Capri of Southeast Asia.

CDL China Limited, a wholly-owned subsidiary of the Group, has received planning approval for its luxury residential development at Eling Hill in Chongqing and its sizable mixed-use development next to Jinji Lake in Suzhou in December 2012 and February 2013 respectively. Similar approval is expected for its Huang Huayuan project in the central district of Chongqing within the next few months.

With these approvals in hand, the next milestone is the commencement of construction for the various projects. For the Eling and Jinji Lake projects, construction is expected to begin around the middle of 2013. For Huang Huayuan, it will likely be in the second half of this year. These projects will be launched at the appropriate time as the China property market improves.

Hotel

In spite of more challenging conditions in some markets in the second half of 2012, M&C, in which the Group had a 55% interest, achieved net profit after tax and non-controlling interests of £45.9 million in Q4 2012 (Q4 2011: £40.4 million). Profit before tax increased 24.0% as a result of £10.5 million gain arising from insurance settlement for Copthorne Hotel Christchurch Central which was damaged in the earthquake. RevPAR for the quarter grew by 0.9% with steady trading in all regions.

For the year under review, on a like-for-like, constant currency basis, M&C hotels achieved good operating profit margins with revenue up 1.1% to £762.0 million (2011: £753.8 million). Like-for-like excludes Kingsgate Hotel Parnell Auckland (lease expired in July 2012), Millennium Hotel & Resort Stuttgart (lease expired in August 2011), Kuala Lumpur land sale (in August 2011), the three Christchurch hotels (closed in February 2011 due to earthquake damage) and Copthorne Orchid in Singapore (closed in April 2011 for development into condominiums). The above factors affected year-on-year comparisons. Overall, M&C's net profit after tax and non-controlling interests was £135.0 million (2011: £160.9 million). Basic earnings per share decreased by 17.6% to 42.0p (2011: 51.0p).

M&C's global RevPAR (in constant currency terms) grew by 3.4% to £67.32 (2011: £65.11) due to higher average room rates. Singapore and London both breached the annual £100 RevPAR barrier for the first time, achieving £101.14 (2011: £96.42) and £105.91 (2011: £97.92) respectively, whilst Rest of Asia delivered the strongest RevPAR growth over the year, increasing by 8.5% to £62.57 (2011: £57.69).

M&C's operating strategy in 2012 was consistent with previous years, with focus on achieving an optimal balance between occupancy and average room rate across the estate. This has enabled it to achieve good levels of profitability despite some regions seeing signs of economic uncertainty affecting personal and corporate hospitality budgets. The results affirm the earnings benefit of a balanced portfolio of assets in good locations, as well as M&C's ability to respond effectively to changes in the economic climate, while continuing to control costs, invest in its assets and improve the brand's attractiveness to customers.

M&C also strengthened its financial position in 2012. Strong cash flow from operating activities enabled it to turn cash-positive in 2012, ending the year with zero gearing. Net debt at 31 December 2011 of £100.2 million was reversed to a net cash position of £52.2 million at 31 December 2012 with cash reserves of £396.7 million and £258.2 million undrawn committed bank facilities. Most of the facilities are unsecured with unencumbered assets representing 87.3% of its fixed assets and investment properties.

In the current hotel trading environment, M&C considers it vital to continue investing in its asset portfolio in order to enhance trading performance, especially in its main gateway city properties. In 2010, M&C announced its plan to upgrade and enhance returns from four key hotels – ONE UN (then the Millennium UN Plaza), Millennium London Mayfair, Grand Hyatt Taipei and Millennium Seoul Hilton. In 2012, its asset management enhancement programme has been expanded with additional projects, including Millennium Minneapolis, Orchard Singapore, and further upgrades of ONE UN and Millennium Seoul Hilton.

By the end of 2012, major enhancements had been undertaken at Orchard Singapore, Millennium Seoul Hilton and ONE UN, with additional work commenced at Grand Hyatt Taipei and Millennium Minneapolis. Results from those hotels where significant renovations have been completed, have been in line with M&C's expectations for higher room rates and RevPAR. The improved performance affirms M&C management's strategic vision for asset management and it has no intention to dispose of key assets, especially in gateway cities. M&C will also continue to progressively upgrade and improve its regional properties, particularly in the US and UK. Capital spending on its asset enhancement programme is estimated at £240 million. About £46 million had been invested by 31 December 2012. The timing of this investment, beyond what has already commenced is dependent on planning and other consents.

In Q3 2012, M&C closed 461 rooms (over 50% of its inventory) in the west wing of the Grand Hyatt Taipei, in order to commence a major upgrading of the hotel. Being its largest hotel in Asia, this has had an impact on revenue from the region in the second half 2012. The current stage of the refurbishment is scheduled to complete during second half 2013, after which the east wing containing 392 rooms will be refurbished. The M&C Board anticipates a strong performance from this hotel once all work is fully completed in 2014.

Construction of M&C's new hotel in Tokyo's Ginza district is scheduled to complete end next year. Construction cost is expected to total about £43 million. The hotel is expected to open in Q1 2015.

The Glyndebourne condominium development (the site of the former Copthorne Orchid Hotel) continues to make good progress. 144 of the 150 units released have been sold, amounting to a sale value of $522.5 million. Most of the structural work is complete. Sales proceeds collected to date total $227.7 million (£107.7 million) representing 43.58% of the sales value. The CDL Group has been progressively recognising profit for this project based on stages of construction. However, based on UK accounting standards, M&C's profits will only be booked in when the construction of the entire development is completed.

In Q1 2013, M&C announced that it had entered into a conditional sale and purchase (S&P) agreement with the South Korean company Woo Yang Industrial Development Co., Ltd to acquire 1,563.7 sq m of land adjacent to the Millennium Seoul Hilton Hotel, for KWon 29.5 billion (£17.2 million). Completion is expected to take place in Q2 2013, subject to certain terms and conditions being met. The site has considerable potential to enhance M&C's existing operations in Seoul, detailed plans for which will be drawn up in due course.

First Sponsor Capital Limited (FSCL), M&C's associate, continues to make good progress with development in Chengdu, China. M&C's investment in FSCL is a key part of its China strategy, enabling it to participate in hotel ownership through mixed property development. FSCL currently has plans for two hotels and a serviced apartment building that will be managed by M&C.

Progress on the Wenjiang development land site in Chengdu, purchased in November 2011 and named as Millennium Waterfront, is on track. The land is intended for residential, commercial and hotel development. The total residential component comprises 50 blocks with 7,110 apartments. Five blocks of 779 residential units was launched for sale since 24 November 2012. As at 31 December 2012, 370 out of the 779 residential units launched have been sold either under option or S&P agreements. Development will be phased according to demand. Construction of the Millennium branded hotel with convention facilities is scheduled to commence in 2013.

As at 31 December 2012, over 98% of residential component of Chengdu Cityspring was sold either under S&P or option agreements. With the handover of the residential units sold in April 2012, FSCL recognised a pre-tax profit of US$46.2 million from these residential sales, thus contributing to the significant increase in profit for the year. The 195-room M Hotel Chengdu is scheduled to open in 2013 and will be managed by M&C. The remaining portion of the development comprises small-office home-office (SOHO) and retail units which are available for sale or rental. The SOHO units for sale are 77% sold either under option or S&P agreements, with over 85% of the sales proceeds collected. These SOHO units are expected to be handed over to the buyers in mid-2013 when profit will be recognised.

For the year ended 31 December 2012, M&C has recognised £9.3 million as its share of net profit after tax of FSCL relating to the residential component of Chengdu Cityspring.

During 2012, M&C opened five hotels under management contract in the Middle East and one in Taiwan. Currently, its worldwide pipeline comprises 21 hotels offering 5,440 rooms mainly under management contracts. Of these, two hotels will open in China during 2013.

CURRENT YEAR PROSPECTS

Property

The Government expects Singapore's GDP growth in 2013 to remain modest at between 1.0% to 3.0%. The outlook is cautiously positive in relation to the expected sluggishness in the global economy and also as the city undergoes economic restructuring in order to create sustainable growth.

CHAIRMAN'S STATEMENT

To provide adequate supply to meet continued demand from home buyers, the Ministry of National Development (MND) announced that its Confirmed List for the first half 2013 (1H 2013) Government Land Sales (GLS) Programme will comprise 12 private residential sites (including five EC sites) and a commercial & residential site, as compared to 14 private residential sites (including five EC sites) in 1H 2012. These sites can yield about 6,900 private residential units (including 3,100 EC units) and 33,000 sq m GFA of commercial space. Most of the private residential sites in this programme, including the five EC sites, are located in Outside Central Region or in locations in Rest of Central Region where more affordable private housing is expected to be built. Several choice residential sites were released in the Confirmed and Reserve List.

In December 2011, to contain the escalation of property prices, the Singapore Government introduced an Additional Buyer's Stamp Duty (ABSD), where developers must complete and sell all units on GLS residential sites within five years or face a 10% ABSD. The ABSD for non-individual buyers was raised to 15% with effect from 12 January 2013.

On another aspect, under the Residential Property Act, developers whose shareholders and directors are not all Singaporeans, have to obtain a Qualifying Certificate (QC) to purchase residential property for development. This applies specifically to private land including collective sales sites, and is imposed to control foreign ownership of land in Singapore. Under the QC policy, affected developers – many of whom are established listed companies, are required to complete and obtain temporary occupation permit (TOP) for its development within a Project Completion Period (PCP). They are also required to sell all units within two years of obtaining the TOP and not allowed to rent out unsold units. Penalties on late completion and unsold units will be levied.

The QC conditions make it difficult for affected developers to buy land from the private market, thereby limiting the stock in trade and developers have no alternatives but to bid aggressively for GLS sites. In addition, with the recent ABSD for GLS residential sites, it makes it even more challenging for developers. The Group hopes that the QC policy can be reviewed and to reconsider the definition of foreign ownership as many listed developers are substantially owned or controlled by Singaporeans, and have been disadvantaged by this ruling.

The Group expects competitive bidding to continue from developers for the plum GLS sites in 1H 2013, as many have limited or no land bank, which in turn, is likely to result in property price increases. It believes that with a relaxation of the QC policy and with less punitive restrictions, developers can look towards both the GLS as well as private collective sale for land, which could balance out the high bidding process and better manage escalating land cost.

The Group will continue to be selective and strategic in its land replenishment strategy. In order to diversify its risks and to tender competitively, the Group has partnered like-minded associates from its sister companies to bid for key sites. Increasingly, this formula is being used by other developers. On 5 February 2013, the Group made a successful bid in a joint tender for a prime site at Commonwealth Avenue for $562.8 million. The 12,086.8 sq m land parcel is nestled in the heart of Queenstown, conveniently located next to Queenstown MRT station. The Group is familiar with this city-fringe locale; having successfully launched the nearby Echelon project end of last year. It will explore a high-rise residential development with about 690 units on this site.

In 2012, the Group and its joint venture associates were successful in securing four public land tenders. These include a residential site along Mount Vernon Road, located adjacent to Bartley MRT station; a residential site located in Buangkok Drive / Sengkang Central, just next to the Buangkok MRT station; a residential-cum-commercial site located at Tai Thong Crescent, situated within walking distance to Potong Pasir MRT station; and the EC housing site located at Sengkang West Way / Fernvale Link, near the Layar LRT station mentioned earlier. Notably, all the sites that the Group has successfully acquired are near MRT / LRT stations.

The Singapore Government announced additional property cooling measures on 11 January 2013. The measures include raising ABSD rates, lowering LTV, tightening mortgage and HDB ownership for Permanent Residents. Seller's Stamp Duty (SSD) for industrial properties were also introduced for the first time to discourage speculative activity in the sector. This is the seventh round of cooling measures announced by the Government since 2009 and it is the most comprehensive set of measures so far. The latest round of property measures sharpens the focus on filtering speculative demand further, sparing only the first time home purchasers and genuine upgraders. The Government has highlighted that the new ABSDs and loan rules are significant, but are temporary and will be reviewed in the future.

The Group supports the Government's intent to consolidate the market, contain escalating housing prices and foster financial prudence amongst home buyers and investors, so as to achieve a sustainable property market, which will be beneficial to all stakeholders. It believes that if prices trend up in a straight-line, it may also fall in the same manner when conditions change.

To ensure that housing remains affordable, the Government has expedited the development of about 200,000 units, to increase the supply of public and private housing. However, the Group is concerned that there will likely be a time lag between physical completion and theoretical numbers on projected demand. In the event where the economy does not improve, there may be some oversupply, which will not be so easily arrested in a timely manner. This delicate balance is critical especially with a home ownership rate of 90.1% in Singapore.

The resilience of the private residential property market is currently supported substantively by the low interest rate environment, lack of alternative good investment options, abundant liquidity and seemingly genuine demand for homebuyers who look forward to Singapore's future. Notably, the sub-sale private residential market has been less active since the recent cooling measures were introduced. The Group is of the view that the buying statistics can be distilled further so that measures introduced can appropriately address different market segments.

The Group is heartened to note that the Government is pragmatic and has highlighted that its calibrated measures are intended to stabilise the prices of private and HDB properties and not to cause a collapse in the property market. It believes that the Government would react promptly to lift some of the property measures when there is a change in market conditions.

Although URA data showed that sales of new private homes in Singapore jumped by 42% month-on-month to 2,013 units in January 2013 despite the latest round of cooling measures, this may not be an accurate reflection of the months ahead. The investment sentiment in the residential luxury segment is likely to be affected for a period of time. The buying interest in mass and mid-market projects could be moderated over the next few months as the latest cooling measures would require investors to increase their upfront payments – higher stamp duties and cash outlay, as well as stricter financing requirements. However, new and innovative mass market residential projects that are located near MRT stations and shopping amenities would continue to sell but at a slower pace. The Group expects property prices in prime locations for the mass market to remain somewhat stable.

The Group is planning to launch a number of projects over the next few months, subject to market conditions.

The first project is D'Nest, a 912-unit condominium located at Pasir Ris Grove, within walking distance to Pasir Ris MRT. This is the Group's fourth development in this exclusive estate following its successful projects nearby which includes the sold-out Livia and NV Residences as well as The Palette, which is almost sold-out. D'Nest comprises 12 blocks of 11 to 13 storey apartments, providing a wide variety of unit types, ranging from one to five-bedroom apartments and sprawling penthouses. It is also uniquely designed with three Clubhouses to encourage greater interaction amongst residents so as to promote a more inclusive society. It is also strategically located minutes' drive to Ikea, Courts and Giant Hypermarts, Downtown East and the Pasir Ris Park.

The second project is Bartley Ridge, a 868-unit joint venture development located along Bartley Road / Mount Vernon Road. Comprising one to four-bedroom apartments and Dual Key units, this project is within a 2-minute walk to Bartley MRT station. It is also diagonally across the consortium's

Nestled within the tranquil Pasir Ris Grove residential enclave, D'Nest is one of CDL's planned launches for the first half of 2013.

Bartley Residences which was launched successfully last year and is now fully sold.

The third project is located in Buangkok Drive / Sengkang Central, just a 2-minute walk to the Buangkok MRT station and well connected to the expressways. The locale is also well served by amenities such as Compass Point and Hougang Mall. This much sought-after project will yield 616 units within six blocks, providing a good selection of one to five-bedroom types and penthouses. The project's facilities feature a Clubhouse, a 50-m lap pool, family and spa pools and cabanas. Designed with lifestyle cabins such as gourmet, pet-lover, adventure and gardener's cabins, this project creates a unique landscape layout for its residents.

The Group is also planning to launch its sixth EC project to date, after The Florida, Nuovo, The Esparis, Blossom Residences and The Rainforest. Located at Fernvale Link (along Sengkang West Way) and only minutes to the Layar LRT Station, this latest 372-unit EC is only a 5-minute walk to the upcoming Seletar Mall and a short drive to Compass Point, Greenwich Mall and the Seletar Aerospace. Housed within four blocks of 20 to 25-storeys high, this EC will provide choice selection of three to five-bedroom apartments.

Based on anecdotal evidence, non-financial institutions such as legal, social media, pharmaceutical and energy sectors are leasing more office space in Singapore, while demand has softened especially in the financial sectors such as banks and financial services companies. Currently, the demand for larger office floor plates is lower due to the uncertainties in the global economy. Based on reports, rents at the CBD-fringe areas, such as Marina Centre, Anson Road / Tanjong Pagar and Orchard Road, are holding firm, which is in contrast to the slight decline in CBD and Marina Bay area.

Latest URA statistics indicated that office rents in the Downtown Core and Orchard planning areas fell marginally in Q4 2012. The near-term outlook for the office sector is expected to remain stable. Analysts have reported that the CBD office rents are forecast to bottom out in 2013, as global economic growth is expected to strengthen gradually in 2013.

CHAIRMAN'S STATEMENT

However, sales of strata-titled offices improved recently as investors turn to them as investment assets due to limited supply and abundant liquidity.

Hotel

In 2013, M&C will focus on improving return on investment (ROI) from its existing asset portfolio through a number of strategic initiatives. It will deploy its strong balance sheet to invest in its existing asset portfolio, thereby supporting M&C's core earnings engine. Its strategy to enhance returns from select hotels through the asset management plan is on track. M&C is supporting the refurbishment process with improvements to its customer offering and a refreshed global sales and brand strategy designed to improve both revenues and return on assets.

Hotel trading is likely to become increasingly competitive in certain cities, both as a result of global economic uncertainty and increased supply of new hotel rooms in some gateway cities where M&C operates. M&C considers that its owner/operator business model, combined with its strong balance sheet and a global spread of assets in many key travel destinations, places it in a good position to withstand the pressure which may result from such conditions, while continuing to build a foundation for future growth.

Like-for-like, M&C's overall RevPAR was down 1.1% in the first six weeks of 2013, with falls in each of its three main gateway cities: Singapore down 10.2%, London down 9.6% and New York down 1.6%. While this reflects competitive trading conditions, the period is not indicative for the year as a whole.

GROUP PROSPECTS

2013 remains unpredictable on the global economic front, though there is some positive recovery, albeit slow. The Group has already established some growth platforms and will build upon them while it continually seeks for new opportunities.

Besides residential developments in Singapore, the Group will also focus on deriving more earnings from its overseas growth engines. Existing platforms include its hotel operations which is a key contributor – in particular M&C's over 100 global hotels and its hospitality REIT. For its foray into China market, it has FSCL (M&C's associate) which has established a proven track record in China and upcoming projects via its wholly-owned CDL China Limited; plus other investment properties in the region. The Group expects its revenue from its overseas investments to grow. We will study and strategise other new platforms and growth opportunities that will provide the Group with a balanced and diversified portfolio both domestically and internationally, for sustainable growth.

For property development in Singapore, the Group has already pre-sold quite a number of projects with locked in profits yet to be booked. With some of its land bank not developed yet, together with its recent successful land tenders with prime sites located near MRT / LRT stations, the Group is positive on its upcoming launches.

The Group envisages some headwind for the private residential property market, particularly in the high-end segment. Some developers will sail through better than others. The Group's land banking strategy has afforded it with a diverse portfolio that caters to different market segments. From ECs, mass, mid to high-end developments, it can extract the appropriate sites to market at the right time. Furthermore, as some of these sites are the Group's historical land bank, with new additions reasonably acquired, the Group believes it is in a better position to weather any challenges that may arise in the near-term.

The Group also has some projects overseas that are in the pipeline for development, in particular, its China projects.

Hotel operations will remain a steady income generator for the Group. This segment is the highest revenue and second highest profit contributor to the Group's earnings. The Group will hold on to its key assets for long-term investment. M&C is expected to benefit from increased ROI when its refurbishment works in its key hotels in gateway cities are completed. M&C's strong financial position will enable it to make the necessary investment to ensure that it maintains and enhances its sound competitive position within the global hospitality market. Although prices continue to remain unjustifiably high, M&C will continue to monitor acquisition opportunities in the year ahead.

The Group's rental properties are expected to remain stable, with high yields overall for its properties, given its relatively low book cost.

It expects to remain profitable over the next 12 months.

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 Eric Chan who joined the Board on 26 July 2012. 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

28 February 2013

董事主席报告

我谨代表董事部同仁，欣然呈报城市发展集团，尽管面对充满挑战的环境，住宅产业方面仍取得强劲的销售成绩，截至2012年12月31日的财政年获得历年最佳的营收达34亿元。

集团表现

截至2012年12月31日的第四季度(Q4 2012)，集团各方面的业绩都有显著的表现，营业总额达8亿8640万元(同比Q4 2011年为7亿2150万元)，涨幅为22.8%；税后归股东净利达至2亿4930万元(同比Q4 2011年为1亿6320万元)，涨幅为52.8%。此乃由于房地产发展业务的较优越表现。此业务的收入与税前盈利分别提高了83.0%与35.7%。

截至2012年12月31日，集团全年营业总额为33亿5370万元(2011年为32亿8050万元)，这是集团自1963年成立以来所创下的最高营业纪录。税后归股东净利达至6亿7830万元(2011年为7亿9860万元)。除开所有的一次性收益，在按类似对等原则计算的基础上，税后归股东净利和2011财政年相比，增涨了5.8%。这是集团业务的核心收益。集团一直努力提升股东价值，把资金从非核心业务转移到未来可能出现的新投资机会。

在税前盈利方面，房地产发展方面依然是营业额的主要贡献者，占集团税前盈利的48.8%(2011年为47.2%)。而来自集团子公司千禧国敦酒店集团(M&C)的酒店业营业方面则排列第二，占集团税前盈利之26.1%(2011年为24.8%)。

集团每股基本盈利为73.2分(2011年为86.4分)。

截至2012年12月31日，集团的资产负债情况依然稳健，净负债与资产比率为25.0%（2011年为21.0%)。本地主要的上市房产发展商中集团是唯一按成本扣除累计折旧和资本减损成本来呈报其投资产业的公司。如果本集团将投资产业的公平价值计算在内，净负债与资产比率实为18.0%。集团的利息偿付比率为17.4倍(2011年为21.8倍)。

董事部建议在2012年派发普通股息每股8分，特别股息每股5分，总为每股13分。

房地产业

2012年第四季度，新加坡经济年比增长放缓至1.5%，较第三季度的零增长来得好。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2012年第四季度增长了3.3%，和上一季度的负4.6%相比，差别显著。整体上，新加坡经济在2012年全年增长放缓，只有1.3%，2011年的增长率则为5.2%，主要受外贸疲弱的拖累。

2012年第四季度，发展商共出售4,353个私宅单位（执行共管公寓除外)。相比之下，2012年第三季度共出售5,916个单位，跌幅为26%。下滑的主要原因可能是开盘的项目少了，加上政府从2012年10月开始实施降温措施，限制贷款年限及紧缩贷款与估值比率。

整体上，新加坡住宅市场依然稳定，发展商在2012年总共售出22,197个私宅单位，相比下，2011年的总销售量只有15,904个单位，2012年总销量甚至比2010年的历来高峰还高出36%。

市区重建局(URA)数据显示，私宅产业价格指数(PPI)从2012年第三季度的208.2升至第四季度的212.0。整体上，2012年第四季度的私宅价格季度环比涨了1.8%，对第三季度的季度环比则为0.6%。2012年整体上，私宅价格提高了大约2.8%(按2012年第四季度的初期数据估算)，与2011年5.9%的涨幅相比，进一步得到缓解。

2012年12月下旬，集团预售联营发展项目盛峰（Echelon)。这个项目由得奖设计公司SCDA设计私人有限公司负责设计，共有508个各具特性的单位，融入两栋高43层楼的坐标式摩天大楼。亚历山大景的盛峰楼盘地理位置优越，位处市区边缘，毗邻东陵黄金高尚住宅区，距离红山地铁站只有一箭之遥，坐拥地铁系统之便利。如果驾驶，只稍6分钟即可抵达中央商业区。楼盘推出后，广受欢迎。至今已经售出428个单位（超过84%)。本集团于2011年有策略地竞投这幅地块，之后该地区的地价都比本集团的成功标价来得高。

除了盛峰，集团也推出了其他四个楼盘，销售业绩都很好。

另一个联营项目为实龙岗花园大道的豪舍(HAUS@SERANGOON GARDEN)，这是个排屋发展项目，97个单位自成一个社区，于2012年7月公开发售。这个楼盘位于实龙岗花园圆环附近，靠近著名的忠忠熟食中心，购物中心myVillage以及其他设施。有地私宅项目中，这是第一个荣获建设局(BCA)颁发最高荣誉“绿色建筑标志白金奖”的项目。99%的单位已经找到买主，几乎售罄。

2012年5月，罗伯森码头的UP@Robertson Quay开盘。这个综合发展项目，有70个时尚的单位，衔接着拥有300间客房的M Social酒店。楼盘位处尊贵的第九区地段，新加坡河畔。有些个别单位的楼层高度甚至达7.2米，私用池边木平台，还可以选择双用家具。至今75%的单位已经卖出。千禧国敦集团管理的M Social酒店，提供全新的生活方式选择，并扩展M酒店品牌的触角。酒店客房定价适中，并为单位住客提供有偿酒店服务。有关建筑工程即将启动。

2012年2月推出的另一项联营楼盘Bartley Residences，702个单位，100%售罄。楼盘距离巴特礼地铁站只有2分钟，对面就是名校海星中学。

2012年1月集团发售雨林阁(The Rainforest)，推出466个执行共管公寓单位。位置就在蔡厝港第三道，只稍步行5分钟即可抵达蔡厝港地铁站。雨林阁开盘后至今已全部售出。政府调高购买执行共管公寓的月入上限后，这类公寓越来越受欢迎，因为更多家庭除了转售组屋和私人住宅，还多了执行共管公寓的选择。同时，也为现有的组屋用户提供了提升的可能。除此，2011年7月开盘，位于实加路拥有602个单位的执行共管公寓花盛园(Blossom Residences)，经已售罄。

其它已经推出的楼盘还在销售，业绩不俗，剩余单位不多。

集团在巴西立林推出联营房产梦彩苑(The Palette)，位于巴西立地铁站附近，共有892个共管公寓单位，自2011年年底推出后，认购率现今已达99%。

至于位于盛港新镇中心的云水苑(H_2O Residences)，521个单位中，超过80%的单位已售出。集团的另一个联营项目Hedges Park共管公寓，就在热门的樟宜/巴西立边上，501个单位中，接近90%成功出售。

在这个财政年，集团与其联营伙伴总共出售了2,395个单位(包括执行共管公寓)，销售总值为27亿8000万元(2011年为1,818个单位，总值17亿6000万元)。

董事主席报告

本财政年度，好几个房产项目的收益也相继入帐，这包括汤申368(368 Thomson)，百丽经典(Buckley Classique)，尚居(Cube 8)， 百树园(Hundred Trees)和云水苑。

收益相继入帐的还包括M&C发展的格林豪廷公寓(Glyndebourne)，以及数个联营房产项目如心怡苑(NV Residences)、翠林屋(Tree House)、 Bartley Residences、The Gale 以及 Hedges Park。

但是，梦彩苑、豪舍、UP@Robertson Quay 以及盛峰等项目，由于建筑工程仍在初期，或者还未启动，相关收益还有待入账。此外，虽然雨林阁和花盛园都成功售謦，由于目前对执行共管公寓实施的会计条例缘故，集团尚未能把其盈利纳入帐目。

2012年11月，集团成功以1亿3500万元投得盛港西大道/芬维尔连路一幅地段来发展执行共管公寓。有关竞标过程非常激烈，本集团最终以0.1%的微差得标。这个住宅区地段占地14,100.8平方米，直通多道高速公路，临近也有轻轨站以及计划建造的利达购物商场 (Seletar Mall)。集团计划在年中开盘，出售372个单位。有鉴于执行共管公寓很受新加坡人的欢迎以及位于轻轨列车附近，估计会受买家的青睐。

至于办公产业市场方面，尽管全球经济局势不明朗，新加坡的办公产业市场的形势却稍有进步。市区重建局的数据显示2012年第四季度的办公楼产业价格的季度同比微升0.3%，对第三季度则提高了1.4%。整体上，2012年全岛办公产业价格只微升1.4%，和2011年13.8%的涨幅相比，微不足道。

2012年第四季度的办公楼租金季度同比滑落0.3%，2012年第三季度则微跌0.1%。纵观2012年的租用情况，出租率相当平稳，和2011年的租用率上扬8.4%相比，2012年只退低0.1%。

按2012年第四季度计算，本集团的办公产业出租率依然稳健，达94.5%，高于全国90.6%的平均值。

美芝路的联营项目South Beach是本集团的地标之一，进展令人满意。项目中的房产楼盘共建190个超级豪华单位，大小组合均匀，从两房至四房式公寓乃至顶楼公寓都有。而酒店以及会所方面则由著名创意设计师 Philippe Starck负责，设计概念新颖独特。建筑工程进度由于主要承包商面对人手短缺的困难，稍有延误，不过依然可以根据原定时间表于2015年竣工。

升涛湾的圣景湾(Quayside Isle) 乃是本集团最新的零售业务，于2012年第四季度竣工，位于W 升涛湾公寓旁，该公寓也是圣淘沙岛上唯一附带餐饮和零售商店的公寓，一切尽在咫尺。圣景湾乃是W新加坡升涛湾酒店和房产整体发展项目的其中一个单元。

圣景湾占地40,000平方英尺，引进众多顶级国际美食概念和精品零售商店，应有尽有。目前租用率已达80%，第一批餐馆于2012年12月中已经开张营业。圣景湾的设计融入了滨海生活的概念，这也是集团在2006年得标时的发展愿景，希望为这个专属的生活时尚区注入活力和人潮，这个独特的发展概念也是集团当年得标的原因。圣景湾是圣陶沙旅人必到的最新聚点，同时方便升涛湾富贵住户的消费。圣景湾坐拥无敌海景，不论是享用露天晚餐还是在圣陶沙步道上漫步，都不能错过圣景湾。她将成为圣陶沙之御宝，东南亚风光明媚的卡普里。

集团的子公司城市发展（中国）有限公司2012年12月获得重庆鹅岭半山的奢华住宅项目的设计规划许可，2013年2月也获得苏州金鸡湖畔综合发展项目的设计规划许可。集团估计未来几个月应该也能争取到重庆市中心黄花园项目的设计规划许可。

取得许可证后，下一个里程碑就是启动建筑工程。鹅岭山以及金鸡湖的项目估计2013年年中就可以动土，黄花园的开发很可能是今年下半年的事项。中国房地产市场渐有起色，集团将瞄准时机，推出楼盘。

酒店

2012年下半年，有些市场的形势颇为严峻，尽管如此，集团占有55%权益的M&C的表现依然不负所望，2012年第四季度税后归股东净利高达4590万英镑(Q4 2011年为4040万英镑)。税前盈利猛升24%，主要是因为 Copthorne Hotel Christchurch Central 因遭受地震破坏，争取到保险理赔金而以1050万英镑的盈利入账。各区域的营运业绩相当平稳，客房平均收入(RevPAR)当季微升0.9%。

以本财政年来说，按类似对等原则计算以及固定汇率计算的基础上，M&C取得良好的营运利润率，收入上涨1.1%达7亿6200万英镑(2011年为7亿5380万英镑)。所谓按类似对等原则计算，是排除了以下酒店的业绩：Kingsgate Hotel Parnell Auckland(租约于2012年7月期满)；Millennium Hotel & Resort Stuttgart(租约于2011年8月期满)；吉隆坡的土地销售(2011年8月)；基督城三家酒店(2011年2月在地震中毁损而结业)以及国敦胡姬酒店(2011年4月结业并改建为公寓)。以上因素影响年度同比数据。整体而言，M&C的税后归股东净利为1亿3500万英镑(2011年为1亿6090万英镑)。每股基本盈利达42便士，下滑17.6%(2011年为51便士)。

M&C全球客房平均收入，在固定汇率计算下，提高到67.32英镑(2011年为65.11英镑)，增幅3.4%，归功于房租率的提高。新加坡和伦敦客房平均收入更首次突破100英镑，分别取得101.14英镑 (2011年为 96.42英镑)以及105.91英镑 (2011年为 97.92英镑)。集团在亚洲其他地区的酒店客房平均收入涨幅最为强大，涨幅达8.5%，从2011的57.69英镑提高到62.57英镑。

M&C为2012年制定的营运策略是贯彻前几年制定的经营理念，在各营运地点争取最佳的入住率和客房平均收入。集团这几年往这个方向前进，已经获得颇为可观的盈利，尽管有些地区经济形势不明朗，影响了个人和企业的住宿消费。这项成绩再度确认集团可以通过确保集团在地理优越的地点保持均衡的资产组合，维持收入水平。当然，集团也不能忽视M&C管理层在经济气候幻变时所做出的迅速反应，并且在控制成本，加强资产投资力度以及提高品牌吸引力来留住客户方面所做出的努力。

M&C在2012年间的财务状况得到巩固。2012年营运活动的大量资金周转令该集团的现金流量正向，以零净负债与资产比率结束2012年。截至2011年12月31日的1亿20万英镑净负债逆转成截至2012年12月31日的5220万英镑净现金情况，并且持有现金储备3亿9670万英镑，以及未动用的承诺型银行信贷总数为2亿5820万英镑。无抵押或债务关系的资产占M&C固定资产和投资物业的87.3%。

按目前的酒店经营环境，M&C认为有必要继续投资以加强其资产组合，改善业绩表现，特别是在热门旅游城市。2010年，M&C宣布翻新旗下四大酒店以便提高收入。这四间酒店为ONE UN，原为纽约联合国广场千禧酒店(Millennium UN Plaza)，伦敦梅菲尔千禧酒店(Millennium London Mayfair)，台北君悦大饭店(Grand Hyatt Taipei)，及首尔希尔顿千禧酒店(Millennium Seoul Hilton)。在2012年，这翻新计划已扩展到其它酒点，其中包扩Millennium Minneapolis、新加坡乌节大酒店，还有对ONE UN和首尔希尔顿千禧酒店更进一轮的装修工程。

截至2012年年底，新加坡乌节大酒店、首尔希尔顿千禧酒店、ONE UN都已经完成了主要的翻新工程，而台北君悦大饭店以及Millennium Minneapolis除了完成主要翻新工程外，还展开了额外的装修工程。这些酒店经过大翻新后，业绩一如M&C所期待那般，入住率提高了，客房平均收入也相对提高了。这些成绩肯定了M&C管理层在产业策略的眼光，管理层目前不打算脱售主要物业，尤其该集团名下在热门旅游城市的物业。M&C也将陆续翻新或改进其名下散布在各区域的物业，特别是美国和英国的物业。该集团估计物业提升计划所需资金达2亿4000万英镑，截至2012年12月31日，集团已经在这方面投入了4600万英镑。除了已经展开的翻新工程，翻新投资的时间表未能明确敲定，主要是得配合经营计划和各种许可的授权。

2012年第三季度，M&C关闭了台北君悦大饭店西翼461间客房(50%以上的客房)以便进行重大翻新工程。这是集团在亚洲规模最大的酒店，自然冲击集团亚洲区域2012年下半年的业绩。按目前的装修进度，预计2013年下半年完工，然后轮到东翼的392间客房进行翻新。待2014年有关装修全部完成后，M&C管理层很有信心，台北君悦大饭店的业绩将会更上一层楼。

M&C在东京银座的新酒店预定明年竣工。建筑成本估计为4300万英镑。酒店预定于2015年第一季开张营业。

格林豪廷公寓楼盘(国敦胡姬酒店旧址)的建筑进度令人满意。所推出的150个单位，有144个单位成交，销售额达5亿2250万元。目前所有的结构工程经已完成。至今已收取的销售款额为2亿2770万元 (1亿770万英镑)，占销售额之43.58%。城市发展集团按施工进度，已逐步确认收益，不过根据英国的会计原则，只有等到工程完全结束，M&C才能把收益入账。

2013第一季度，M&C宣布与韩国公司Woo Yang Industrial Development Co., Ltd签署了有条件性销售合约，准备以295亿韩元 (1720万英镑)购入首尔希尔顿千禧酒店毗邻的一幅面积1,563.7平方米的地皮。如果条件附合，有关交易有望在2013年第二季度完成。这幅地皮对集团在首尔的业务大有裨益。有关发展蓝图将在日后公布。

M&C联营企业First Sponsor 资本有限公司 (FSCL)在中国成都的开发工作进展顺利。M&C对公司的投资乃是集团进军中国的主要策略之一，让集团得以通过综合房产发展的渠道筹划建立名下酒店。FSCL目前计划建造两家酒店和一栋服务式公寓，全部交由M&C管理。

2011年11月在成都买下的温江发展地段如期进展，项目命名为千禧河畔，将建造住宅、商业中心和酒店。住宅方面将盖50栋楼，提供7,110个住房单位。2012年11月24日，集团推出其中5栋楼共779个住房单位，截至2012年12月31日，已经有370个单位在销售合约或选择权协议中售出。项目的发展进度视需求将分阶段推出市场。千禧品牌的酒店兼会议中心则预定在2013年启动建筑工程。

截至2012年12月31日，成都城市春天的住宅单元，已经有98%按销售合约或选择权协议中交易。2012年4月交付了成功出售的单位之后，FSCL获得了税前盈利4620万美元，为集团带来可观的利润。至于拥有195间客房的成都M酒店，定于2013年开张，并由M&C负责经营。城市春天的其他发展项目包括小型办公楼和居家办公楼(SOHO)以及零售单位供租赁或买卖。SOHO单元中供销售的单位已经按销售合约或选择权协议中售出77%，其中85%已经付款落实认购。集团预定在2013年年中交付单位，将利润入账。

截至2012年12月31日，通过FSCL城市春天住宅物业的销售业绩，M&C已经获得930万英镑应得净利。

2012年，M&C在管理协议下，在中东与台湾开设了5家及一家酒店。目前，M&C在全球预期营业的酒店共21家，提供5,440间客房，大部分都在管理协议下经营，其中两家酒店将在2013年在中国开业。

今年展望

房地产业

新加坡政府预测2013年国内生产总值维持介于1.0%至3.0%的轻微增长，而由于全球经济疲软，而且因为国内经济正在重组以便取得可持续的发展，经济展望审慎乐观。

国家发展部(MND)为了确保足够的住宅单位以应付国人购买房子的需求，公布了2013年上半年政府售地计划(GLS)中所圈定的12个私宅地段（其中包括5个为执行共管公寓地段）以及一个商业兼住宅地段。相比之下，2012年上半年GLS圈定的地段有14个(包括5个执行共管公寓地段)。这些地段足够建造6,900个私宅单位(包括3,100间执行共管公寓)，并提供总建筑面积达33,000平方米的商业用地。这些地段，包括指定为建造5个执行共管公寓的地段，都在市中心以外或者在市中心某些价格比较相宜的地段。圈定和备用名单上有好些是本集团的理想地段。

2011年12月，为了控制房屋价格的上扬，新加坡政府推出了征收私人房产额外买方印花税(ABSD)，发展商都必须在5年内发展和出售GLS地段的所有单位，否则发展商就必须缴付10%额外买方印花税。2013年1月12日开始，非个人买主所需缴付的买方印花税提高到15%。

此外，按住宅房地产法令，如果发展商的股东和董事之中有外籍人士，发展商必须申请合格证明(QC)才能购买用以建造住宅的地段。这条法令特别针对私地包括集体出售地段。有关法令是为了控制外籍人士操控新加坡土地。在QC 条例下，受影响的发展商，大部分是上市公司，他们必须在特定的工程时限(PCP)完成工程并获得临时入伙准证(TOP)。他们也必须在领取TOP的两年内把所有单位脱售，未售出的单位不能出租。逾期完工或未售出单位都必须缴付罚金。

上述QC条件给受影响的发展商筑起高墙，限制了发展商在私有市场的购地选择，迫使发展商更积极的竞投政府所圈之地。此外，上述额外买方印花税也进一步束缚了发展商。集团认为大部分上市发展商主要由新加坡人拥有或控股，希望政府可以检讨有关合格证明的条例，重新考虑有关外籍拥有权的定义，让这些发展商不至于遭受不利的影响。

集团估计由于许多发展商的土地库很有限，甚至缺乏土地库，所以发展商都会积极竞投2013年上半年招标的政府圈地。如果有关QC条例变得宽松，减低惩罚性限制，发展商除了政府圈定地段，也能考虑集体销售的土地，遏制高价竞投的现象，更有效的控制土地成本的飙升。

对于补充集团的土地库，我们继续秉持精选和策略路线。集团过去曾和目标一致的联营伙伴一起竞投重要地段。如今，其他发展商也采用这个方式。2013年2月5日，集团在联合竞标中成功以5亿6280万元投下联邦大道一黄金地段。有关地段大约12,086.8平方米，位于女皇镇中心，与女皇镇地铁站毗邻。集团对这个内市郊地区并不陌生，去年成功推出同一邻里的盛峰楼盘。集团将考虑建造高楼住宅，供应690个单位。

董事主席报告

2012年，集团及其联营企业成功在政府公地招标中投得四幅地。这包括翡珑山路巴特礼地铁站旁的住宅地皮；万国地铁站旁，即万国通道/盛港中心的住宅地皮；波东巴西地铁站附近，泰同弯一幅住宅兼商用地皮；以及拉雅轻轨站附近，盛港西大道/芬维尔连路一幅执行共管公寓地皮。值得一提的是，集团所标得的四幅地都位于地铁/轻轨站附近。

2013年1月11日，新加坡政府宣布实施额外的降温措施。这包括提高额外买方印花税，降低贷款与估值比率，缩紧贷款，限制永久居民购买组屋。政府也首次征收工业房产卖家印花税(SSD)以打击投机活动。自2009年以来，这是政府第七次的降温措施，这次的降温措施也是最为全面的，加强打击投机买卖，以照顾首次买主及真正的住屋提升者。政府也表明新的额外买方印花税及贷款收缩是必然的措施，但属于短期措施，并会不时检讨和调整。

集团支持政府施政的用意，了解这些措施都是为了巩固市场机制，舒缓飙升的房价，并令住房用户和投资者更审慎的处理房产融资，长远来说对房产市场的健全生存大有裨益，对各方都有好处。集团相信，如果房产价直线上升，日后经济条件改变的时候，也可能会以同样的姿态直线下滑。

为确保国人能负担得起住房，政府加快步伐建造200,000个单位，提高公宅和私宅的供应量。但是集团担心实际完工单位数目与理论上估算的需求在时间上会有差距。如果经济形势依然不明朗，供应可能过剩，这个问题就不可能及时处理了。考虑到新加坡居者有其屋的比率达90.1%，这当中的平衡技巧十分关键。

目前支撑着私宅市场的因素包括低利率、缺乏其他有竞争力的投资选择、资金流动率强以及看好新加坡未来的真实买家。本集团注意到，最近的降温政策出台后，私宅转售市场的活动显著减少了。集团认为可以进一步解读买主数据，以便能对不同市场实施更完善的措施。

集团感到欣慰的是政府的用意是务实的，并曾强调其对市场的调节措施是为了稳定私宅和组屋的价格，不是为了令市场崩溃。集团相信市场条件改善后，政府应当会适当地解除某些管制措施。

尽管新加坡市区重建局的数据显示，截至2013年1月，降温措施出台后，新私宅销售量逐月季同比跃升42%，达至2,013个单位，有关数据未必能用来预测未来数月的形势。因为新措施要求更高的预交款额，如更高的印花税和现金投入，并且又缩紧了贷款，豪华私宅的投资情绪可能会消沉一阵子，而未来数月的大众价位及中价位楼盘可能会放缓，但是估计接近地铁站、购物中心等设施，新颖而有创意的大众住宅楼盘依然有看头，只是销售步伐会缓和下来。集团估计黄金地段的大众楼盘，价格仍将保持稳定。

集团正计划于未来数月，根据市场情况，将好几个楼盘推出市场。

首先是 位于Pasir Ris Grove 的 鸣翠苑(D'Nest)，12栋楼，每栋高11-13层，共有912个单位，房型为1-5房式，以及顶楼单位，并附带有三个设计独特的会所，鼓励住户交流。交通便利，步行即可到巴西立地铁站，驾驶只稍几分钟即可到达宜家、Courts和Giant霸级市场、职总度假村(Downtown East)以及巴西立公园。这是集团在巴西立的第四个房产发展项目，其他成功销售的楼盘包括售罄的丽雅苑(Livia)和心怡苑，以及接近完全出售的梦彩苑。

其次是Bartley Ridge。这是位于巴特礼路/翡珑山的联营楼盘，共有868个单位，房型为1-4房式，还有双钥匙单位。公寓距离巴特礼地铁站不过两分钟步行时间。斜对面就是去年放盘，已经售罄的Bartley Residences。

接下来的楼盘也只稍步行就可到万国地铁站，而且连接数条高速公路。楼盘位于万国通道/盛港中心，附近的设施包括盛港购物中心(Compass Point) 和后港购物中心。这个楼盘十分受欢迎，共有6栋楼，616个单位，房型为1-5房式以及顶楼单位。本发展项目的卖点还包括一个会所，50米游泳池，家庭和按摩浴池以及亭阁，此外还有适合各种生活方式的专辟空间，如美食、宠物、户外活动及园艺活动，为住户提供别出心裁的生活环境。

集团也准备推出旗下第六个执行共管公寓楼盘。楼盘位于拉雅轻轨站附近，盛港西大道/芬维尔连路。继福乐园(The Florida)，绿雅园(Nuovo)，怡景园(The Esparis)，花盛园以及雨林阁之后，本楼盘将提供372个单位，分4栋楼建造，每栋高20-25层，房型为3-5房式。附近即将兴建利达购物商场，开车到盛港购物中心，格林威治商场(Greenwich Mall)以及实利达航空园(Seletar Aerospace) 也不远。

根据非正式数据，非金融机构，如法律、社交媒体、制药以及能源业界的机构对办公房产租赁的需求越来越高，而金融机构如银行和金融服务公司的有关需求则放缓了。目前，由于环球经济不明朗，大型办公场地的租赁少人问津。根据报告，中央商业区外围地区，如滨海中心，安顺路/丹戎巴葛及乌节路一带，租金稳定；反而是中央商业区内以及滨海湾一带的租金稍微回落。

市区重建局的最近数据显示，2012年第四季度，市中心核心地带及乌节路一带的办公楼租金微跌，而可预见的未来，办公楼租金应该会稳定下来。分析报告预测，2013年全球经济逐步回稳，中央商业区内的办公楼租金估计2013年将从谷底回弹。

另一方面，分层地契办公楼的销售则有起色。由于供应短少，市场流动资金又强劲，投资者转而瞄准这类办公楼。

酒店

2013年，M&C的目标将采用策略，提高现有物业组合的投资回报。凭借亮丽的资产负债表，M&C将投资于其现有的物业以巩固其核心盈利。此外，通过精选的酒店资产管理提供回报的策略已经按计划运行。通过翻新和重新装潢，M&C希望为客户带来更好的服务，以崭新的全球销售和品牌策略来推动营业额和产业回报。

酒店销售业绩会面对越来越激烈的竞争，特别是在一些热门旅游城市，这一方面是受全球经济的阴霾影响，一方面也是因为热门旅游城市的新酒店也日益增加，客房供应多了起来。M&C认为其业主/经营管理代理的营业模式，外加有利的资产负债数据，并且在全球多个主要旅游地点都有物业，因而有信心抵受压力，面对竞争，继续增长。

按类似对等原则计算上，整体上，2013年首六周客房平均收益滑落了1.1%，三大主要旅游城市的平均收益都滑落了：新加坡向下滑10.2%，伦敦降9.6%，纽约跌1.6%。尽管这说明激烈的竞争形势，这不能预估全年的走势。

集团展望

2013年的前景持续难以预测，尽管全球经济有些正面而缓慢的发展势头。本集团已经搭建好一些可增长的平台而将据此发展开来， 同时不断地寻求新的增长机遇。

除了新加坡的住宅业务，集团也将致力于海外的发展机制以获取更多收益。现有的平台包括其酒店营运业务，这是集团的一大支柱，特别通过M&C在全世界超过100家酒店以及其旅业房产信托投资(REIT)。集团也通过FSCL(M&C联营企业)进军中国，该公司目前已经打响了名堂，展示了良好的业绩，而集团的独资子公司城市发展(中国)有限公司也将展开好些房地产项目以及一些在本区域其他地方的投资物业。集团期待从其海外投资的不断加大获得利益。在国内和国际，集团将钻研和策略化地为本集团提供均衡与多样化的新平台与发展机会，以取得持续的发展。

对于新加坡的产业发展，集团已经预售了好几个楼盘，套回资金和盈利只待入账。集团的土地库还有地皮待开发，近期也成功标得好些毗邻地铁站/轻轨列车的黄金地段，对于未来的楼盘发售业绩，集团充满信心。

本集团预见私宅方面会遭遇逆风情况，特别是高价位的房产业务会受到冲击。有些发展商将会比一些同行较以顺风渡过。本集团奉行的土地库存策略，已经促使其能透过多元发展，来应付不同的市场需求。从执行共管公寓、大众住房、中阶层以及高档价的房地产，它都能适时供应合适的地段。此外，就土地库存中，集团久来的库存地皮加上以合理价购入的新地段，本集团相信它是处在较好的位置来抵挡渡过任何短期内可见到的挑战。

本集团也有一些正在计划中的海外项目可供发展，特别是集团在中国的房地产项目。

酒店业务将持续为集团带来稳定的收入。它是本集团的最高营利额和第二高盈利的贡献者。本集团将守住此主要业务作为长远投资项目。当集团在热门旅游城市的酒店都完成翻新和装潢后，M&C的投资回报估计将跃升，而M&C的强劲财力，将有能力在全球市场继续投资以维持并巩固其市场地位。在收购方面，尽管价格高得不合理，M&C仍然会留意机会。

集团的租赁产业预期保持稳健状况， 由于其账目成本较低，整体上，将继续提供高收益。

本集团对于未来的12个月营业前景，预期会有盈利。

鸣谢

本人谨代表董事部，衷诚感谢与集团利益相关的各方，包括股东、客户和商业伙伴对本集团的，坚定不移的支持。本人也乘此机会热烈欢迎于2012年7月26日加入董事部的Eric Chan 先生。同时也感谢董事部各成员这一年来的宝贵指导和意见，以及管理层和员工过去一年来坚定不移的奉献和承诺。

郭令明
执行主席

2013年2月28日

CORPORATE NETWORK

(Over 80 locations in 27 countries)
as at 28 February 2013

City Developments Limited (CDL) has been Singapore's property pioneer since 1963. It 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. Its China division and wholly-owned subsidiary, CDL China Limited, has been strategically making inroads in China's key cities.

With an extensive network of more than 350 subsidiaries and associated companies under its wings, CDL has five 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 30,000 luxurious and quality homes catering to a wide range of market segments. As one of Singapore's biggest landlords, it owns over 7.8 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 3.2 million square feet that has the vast potential of being developed into over 9.3 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 28 February 2013

- **HONG LEONG GROUP SINGAPORE**
  - **CITY DEVELOPMENTS LIMITED***
    - 136 Subsidiary Companies
    - 29 Associated Companies
    - 5 Limited Liability Corporations
    - **53% City e-Solutions Limited***
      - 16 Subsidiary Companies
      - 6 Associated Companies
    - **55% Millennium & Copthorne Hotels plc***
      - **ASIA**
        - Republic Hotels & Resorts Limited (100%)
          - 25 Subsidiary Companies
          - 1 Associated Company
        - Grand Plaza Hotel Corporation* (66%)#
          - 1 Associated Company
        - 33 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* (67%)
            - 1 Subsidiary Company
      - **EUROPE AND MIDDLE EAST**
        - 39 Subsidiary Companies
        - 1 General Partnership
        - 10 Subsidiary Companies
      - **NORTH AMERICA**
        - 33 Subsidiary Companies
        - 15 Limited Liability Corporations
        - 13 Limited Partnerships
        - 2 General Partnerships
        - MCHNZ Investments Limited (100%)
          - 30 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, 72

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 27 April 2012 pursuant to Section 153(6) of the Companies Act, Chapter 50 (Section 153(6)). He also sits on the Nominating Committee (NC).

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).

At the Securities Investors Association Singapore (SIAS) Investors' Choice Awards in October 2012, Mr Kwek together with Mr Kwek Leng Joo, emerged joint winners as "Partners in the Office of the CEO" in the Brendan Wood International – SIAS TopGun CEO Designation Award. This Award is accorded to CEOs who are best in class rated by shareholders.

MR KWEK LENG JOO, 59

Appointed as Director and Managing Director of CDL on 8 February 1980 and 1 January 1995 respectively, Mr Kwek is the chairman of the Corporate Social Responsibility & Corporate Governance (CSR & CG) Committee. He 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. He is also the Chairman of the Board of Trustees of National Youth Achievement Award Council and a member of the Board of Trustees of Nanyang Technological University, National Climate Change Network and Marina Bay Public Advisory Panel.

To raise the importance of Corporate Social Responsibility (CSR) in the business community in Singapore, Mr Kwek was elected as the President of Singapore Compact for CSR, which is the national CSR society and country focal point for the United Nations (UN) Global Compact in Singapore.

Mr Kwek emerged joint winners together with Mr Kwek Leng Beng, as "Partners in the Office of the CEO" in the Brendan Wood International – SIAS TopGun CEO Designation Award given out at the SIAS Investors' Choice Awards in October 2012. This Award is accorded to CEOs who are best in class rated by shareholders.

MR CHEE KENG SOON, 80

Appointed a Director of CDL on 29 March 1995, Mr Chee was last re-appointed on 27 April 2012 pursuant to Section 153(6). He is also the chairman of the Audit & Risk Committee (ARC), NC and Remuneration Committee (RC) 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, 72

Appointed a Director of CDL on 2 June 1986, Mr Foo was last re-appointed on 27 April 2012 pursuant to Section 153(6). He also sits on the ARC and NC. 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.

Kwek Leng Peck | Tang See Chim | Yeo Liat Kok Philip | Tan Poay Seng | Chan Soon Hee Eric

MR KWEK LENG PECK, 56

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. There were no changes in Mr Kwek's directorships in listed companies in the preceding 3-year period.

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 TANG SEE CHIM, 80

Appointed a Director of CDL on 28 August 1995, Mr Tang was last re-appointed a Director on 27 April 2012 pursuant to Section 153(6). He also sits on the ARC and RC.

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, 66

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

Mr Yeo is Chairman of SPRING Singapore, a government development agency with the mission of nurturing local enterprises especially small and medium enterprises. He is 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 Millennium Development Agenda.

Mr Yeo is an independent non-executive Director of Hitachi Ltd of Japan from June 2012 and he is also the Chairman of Accuron Technologies, Singapore Aerospace Manufacturing Private Limited, Ascendas Property Fund Trustee Pte. Ltd. and Hexagon Development Advisors Pte. Ltd. and MTIC Holdings Pte. Ltd. In the preceding 3-year period, he was an independent non-executive Director of United Overseas Bank Limited until his retirement in April 2012.

Mr Yeo holds a Bachelor of Applied Science (Industrial Engineering) from the University of Toronto, Canada, a Master of Science (Systems Engineering) from the University of Singapore and a Master of Business Administration from Harvard University, USA. He received an honorary Doctorate in Engineering from the University of Toronto, an honorary Doctorate in Medicine from the Karolinska Institutet, Sweden, an honorary 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, 46

Appointed a Director of CDL on 2 February 2012, Mr Tan was last re-elected on 27 April 2012. He also sits on the CSR & CG Committee.

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.

MR CHAN SOON HEE ERIC, 59

Appointed a Director of CDL on 26 July 2012, Mr Chan also sits on the ARC.

Mr Chan is a founder and currently the Chief Executive Officer of Thoughts Advisory Pte. Ltd. which provides consultancy services to assist entrepreneurs to further develop their strategic and business plans. He had been a practising public accountant for the past 22 years (prior to his retirement in September 2011).

Mr Chan is a member of the Institute of Certified Public Accountants of Singapore and a Fellow of the Association of Chartered & Certified Accountants.

SENIOR MANAGEMENT

Chia Ngiang Hong | Goh Ann Nee | Tan Seng Chee | Anthony Chia

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 First Vice President of Real Estate Developers' Association of Singapore (REDAS). A much-respected contributor to the real estate industry of Singapore, Mr Chia is currently a Board member of the Singapore Green Building Council (SGBC) as well as a member of the Charity Council, Ministry of Culture, Community and Youth (MCCY). He also sits on the Advisory Panel in Building and Construction Authority (BCA) Academy and is a Certified Property Manager with the 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.

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 four years, Anthony Chia has been instrumental in key projects such as South Beach, W Singapore – Sentosa Cove, One Shenton and other key residential and commercial projects. Graduating from Harvard, Anthony has extensive experience in planning, architecture and construction, in both the public and private sectors, having headed departments in the Urban Redevelopment Authority (URA) and the Housing and Development Board (HDB). He is active in various URA and BCA panels and is a former member of the Board of Architects Singapore. He was recently awarded the Ministry of National Development (MND) Medallion 2012 for his contributions. Following his service with the Singapore government, he relocated to Hong Kong for the massive Cyberport project and was with PCCW for over five years.

HEADS OF DEPARTMENT

Administration
Cindy Tan

Branding & Strategic Marketing
Mark Fong

Business Development & Asset Management
Sim Boon Hwee

Corporate Communications
Belinda Lee

Corporate Development
Kwek Eik Sheng

Corporate Secretarial Services
Catherine Loh

Customer Service
Foo Chui Mui

Group Accounts (Group Reporting & Consolidation)
Ong Siew Toh

Esther An Daniel T'ng Ananda Arawwawela

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 since 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 DANIEL T'NG

General Manager,
Property & Facilities Management (PFM)

Mr Daniel T'ng joined CDL in 2012 to head the Property and Facilities Management Division. He holds a degree in Bachelor of Science in Estate Management (Honours) from Heriot-Watt University and two Master's Degrees, one in Business Administration from the University of Adelaide (Australia) and the other in Project Management from the National University of Singapore. He has about 30 years of experience in the property and facilities management industry in Singapore and the region. He also has extensive experience in managing strata-titled developments, lease management, project consultancy and general management as well as business development.

MR ANANDA ARAWWAWELA

General Manager, Hotel Assets Management

Mr Ananda Arawwawela has a wealth of experience in hotel management spanning over 34 years in Singapore and the region. Prior to joining CDL in 2013, he was the Managing Director of The St. Regis Singapore and Area Managing Director for Singapore, responsible for Starwood Hotels and Resorts' operations in Singapore. Other senior regional positions in the hospitality industry he has held include Managing Director of Sheraton Hong Kong Hotel and Towers and Area Managing Director of Hong Kong and Macau. Mr Arawwawela has also served as Chairman of the Hong Kong Hotels Association and Board Member of the Hong Kong Tourism Board.

Group Accounts (Subsidiaries & Joint Ventures)
Yiong Yim Ming

Human Resource
Tan Ying

Internal Audit
Jennifer Vayding

Leasing
Corinne Yap

Legal
Sharifah Shakila Shah

Marketing
Lee Mei Ling

PFM (Development Property)
Jacqueline Wong

PFM (Development Property)
Tay Cheow Chuan

PFM (Investment Property)
Anthony Goh

Projects (Operations)
Kelly Tan

Projects & Head, Green Building
Allen Ang

Treasury
Lim Whee Kong

CALENDAR OF FINANCIAL EVENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2012

Date	Event
	Announcement of Results:
10 May 2012	Announcement of First Quarter Results
14 August 2012	Announcement of Second Quarter and Half Year Results
14 November 2012	Announcement of Third Quarter and Nine-Month Results
28 February 2013	Announcement of Fourth Quarter and Full Year Results
	Books Closure and Dividend Payment Dates:
8 June 2012	Books closure date for Preference Dividend^
2 July 2012	Payment of Preference Dividend^
14 December 2012	Books closure date for Preference Dividend^
31 December 2012	Payment of Preference Dividend^
3 May 2013	Books closure date for proposed 2012 Final and Special Final Dividends*
20 May 2013	Proposed payment of 2012 Final and Special Final Dividends*
	Shareholders' Meeting:
24 April 2013	50th Annual General Meeting

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

* The declaration and payment of the 2012 Final and Special Final Dividends is subject to approval of shareholders at the 50th Annual General Meeting.

FINANCIAL YEAR ENDING 31 DECEMBER 2013

Date	Event
	Announcement of Results:
May 2013	Proposed Announcement of First Quarter Results
August 2013	Proposed Announcement of Second Quarter and Half Year Results
November 2013	Proposed Announcement of Third Quarter and Nine-Month Results
February 2014	Proposed Announcement of Fourth Quarter and Full Year Results
	Shareholders' Meeting:
April 2014	51st 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
Tang See Chim, Independent
Yeo Liat Kok Philip, Independent
Tan Poay Seng, Independent
Chan Soon Hee Eric, Independent

BOARD COMMITTEE
Kwek Leng Beng
Kwek Leng Joo
Kwek Leng Peck
Tang See Chim
Chan Soon Hee Eric

AUDIT & RISK COMMITTEE
Chee Keng Soon, Chairman
Foo See Juan
Tang See Chim
Chan Soon Hee Eric

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

CORPORATE SOCIAL RESPONSIBILITY & CORPORATE GOVERNANCE COMMITTEE
Kwek Leng Joo, Chairman
Yeo Liat Kok Philip
Tan Poay Seng

SECRETARIES
Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong

REGISTRARS AND TRANSFER OFFICE
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Fax: +65 6225 1452

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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
Bank of Ayudhya Public Company Limited
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 3rd Singapore Corporate Governance Week 2012 (organised by the SIAS) in October 2012:

"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."

At the SIAS Investors' Choice Awards 2012 in October 2012, CDL received the Singapore Corporate Governance Award 2012 - 2nd Runner-Up (Big Cap) and the Singapore Most Transparent Company Award - Runner-Up (Real Estate Category). Concurrently, Mr Kwek Leng Beng, Executive Chairman, and Mr Kwek Leng Joo, Managing Director, emerged joint winners as "Partners in the Office of the CEO" in the Brendan Wood International - SIAS TopGun CEO Designation Award. The Award is accorded to CEOs who are best in class rated by shareholders.

CDL adheres closely to the principles and guidelines of the Code of Corporate Governance 2005 ("2005 Code"). Whilst the revised Code of Corporate Governance 2012 ("2012 Code") will only be applicable to CDL in respect of its financial year commencing 1 January 2013, CDL has commenced compliance with a number of the key revised guidelines under the 2012 Code and will further review its corporate governance practices to bring the same in line with the recommendations under the 2012 Code.

This report thus sets out CDL's main corporate governance practices with reference to the 2005 Code and additionally, where applicable, the 2012 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, satisfy itself as to the adequacy and effectiveness of the framework and processes for internal controls (including financial, operational, compliance and information technology controls) and risk management for the safeguarding of shareholders' interests and the Company's assets and assume responsibility for good corporate governance.

Independent Judgement
All Directors are required to objectively discharge their duties and responsibilities 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 judgement.

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 & Risk Committee ("ARC"), the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Corporate Social Responsibility & Corporate Governance Committee ("CSR & CG Committee"), all collectively referred to hereafter as the "Committees". Clear written terms of reference for the Committees set out the authority and duties of the Committees. All terms of reference for the Committees are approved by the Board and reviewed periodically to ensure their continued relevance. The composition of each Committee can be found under the 'Corporate Directory' section in this Annual Report 2012 ("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 without abdicating its responsibility. 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 ARC. Information on the activities of the CSR & CG Committee can be found under the 'Corporate Social Responsibility' section in this report.

Board Processes
Board and Committee meetings are held regularly, with the Board meeting no less than 4 times a year. The proposed meetings for the Board and all Committees 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 discussions on key deliberations and decisions taken are maintained by the Company Secretary. The Company's Articles of Association allow for the meetings of its Board and the 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 the Committees, as well as the frequency of such meetings during 2012, 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 the Committees. A Director's contribution also extends 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 2012

	Board	ARC	NC	RC
Number of meetings held in 2012	4	7	2	2
Name of Directors	Number of meetings attended in 2012			
Kwek Leng Beng	3	N.A.	2	N.A.
Kwek Leng Joo	4	N.A.	N.A.	N.A.
Chee Keng Soon	4	7	2	2
Foo See Juan	4	7	2	N.A.
Kwek Leng Peck	4	N.A.	N.A.	N.A.
Han Vo-Ta(1)	1	1	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(2)	4	N.A.	N.A.	N.A.
Chan Soon Hee Eric(3)	2	3	N.A.	N.A.

Notes:

(1) Mr Han Vo-Ta retired from the Board following the conclusion of the annual general meeting held on 27 April 2012.
(2) Mr Tan Poay Seng was appointed a Director on 2 February 2012.
(3) Mr Chan Soon Hee Eric was appointed a Director and a member of the ARC on 26 July 2012.

Board Approval

The Board has in place 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 have 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 acquisition 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 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, the Company's Board processes and corporate governance practices, relevant company 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 a comprehensive induction programme for newly appointed Directors and for existing Directors pursuant to their appointments to any of the 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 meetings with various key executives of the Management to allow the new Directors to be acquainted with the Management team and to facilitate their independent access in future to the Management team. The programme also includes briefings by the Management team on key areas of the Company's operations. Mr Tan Poay Seng and Mr Chan Soon Hee Eric, who were both appointed in 2012, were given detailed briefings by Senior Management in respect of the Group's business and operations, and by the Company Secretary on the Company's internal corporate governance practices, and director's duties and responsibilities pursuant to relevant legislations.

In addition, Mr Chan Soon Hee Eric, who was appointed to the ARC, was also briefed by the Group General Manager, Chief Financial Officer and the Head of Internal Audit on internal controls and risk management as well as financial matters of the Group.

The Directors are also 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 and changes in financial reporting standards. During 2012, the Board was also briefed by the Company Secretary on the 2012 Code, and its 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. Two in-house seminars were conducted by invited speakers in 2012, one on key changes introduced by the 2012 Code and highlights on the Risk Governance for Listed Boards released in May 2012 and the other, on the changing tax landscape and developments in financial reporting standards. 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 judgement on the corporate affairs of the Company. 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, Tang See Chim, Yeo Liat Kok Philip, Tan Poay Seng and Chan Soon Hee Eric. Mr Foo See Juan is a partner of a legal firm which is on the panel of the Company's lawyers and 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 yet allow 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, ensuring that sufficient time is allocated for discussion of agenda items at Board meetings, promoting an open environment within the Board room for constructive debate, encouraging the NEDs to speak freely, 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 appointed Mr Chee Keng Soon as Lead Independent Director ("Lead ID") 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 for the Lead ID, which has been approved by the Board. Under the chairmanship of the Lead ID, a meeting of the independent NEDs was convened in February 2013 without the presence of Management or the Chairman.

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.

The NC's responsibilities as set out in its written terms of reference approved by the Board, is to review all Board and Committee composition and membership, determine Director's independence, evaluate performance of the Board as a whole, its Board Committees and the individual Directors, review appointments and resignations of Senior Management which includes the Executive Chairman, Managing Director, the Group General Manager, the Chief Financial Officer and other relevant senior management staff and review Directors' training and continuous professional development programme. The Company Secretary maintains records of all NC meetings including records of discussions on key deliberations and decisions taken.

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 (which includes their participation and candour at Board and Committee meetings) as well as their time commitment especially for Directors who have multiple board representations and also reviews their independence. 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 every two to three years. In accordance with the Articles of Association of the Company, Mr Yeo Liat Kok Philip is due to retire by rotation at the forthcoming AGM ("2013 AGM") and has offered himself for re-election at the 2013 AGM. Mr Chan Soon Hee Eric, being a Director appointed by the Board in 2012, will also retire and has offered himself for re-election at the 2013 AGM.

Annual Review of Directors' Independence

The NC reviews the independence of Directors annually according to the criteria on independence set out in the internal guidelines on independence which are based on the 2005 Code. Based on the review, 6 out of the current 9 Directors are considered by the NC to be independent which is more than half of the Board, thus providing for a strong and independent element on the Board capable of exercising objective judgement on corporate affairs of the Company.

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 in which they have a direct/indirect interest, their ability to avoid any apparent conflicts of interests especially by abstaining from deliberation on such transactions, and their ability to maintain objectivity in their conduct as Directors of the Company.

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. Each Director is also required to confirm annually to the NC as to whether he has any issue with competing time commitments which may impact his ability to provide sufficient time and attention to his duties as a Director of the Company. Based on the analysis, the Directors' annual confirmation and the Directors' commitments 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 related industries, and finance, legal and accounting professions. The NC meets with the shortlisted candidates to assess their suitability 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); (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.

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 Directors proposed for re-election and re-appointment at the 2013 AGM. Currently, no alternate Directors have been appointed in respect of any of the Directors.

Succession Planning for the Board and Executive Chairman

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 Group'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 Director's performance comprises three parts: (a) background information concerning the Director including his attendance records at Board and Committee meetings; (b) questionnaire for completion by each individual Board member; 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 a Director's performance include his abilities and competencies, his objectivity and the level of participation at Board and Committee meetings including his 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 ARC, NC and RC provides an annual report of the respective Committees' activities during the year under review to the Board. 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 advise the Board Chairman, the Board and Committees on corporate governance matters and assist 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, whose duties and responsibilities are clearly defined.

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 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 and the Company's key management personnel ("KMP"). The Company has in place a remuneration framework for the Directors and the KMP. The Company currently identified the executive Directors and the Group General Manager who is the most senior member of the Management team outside the Board as its KMP. On an annual basis, the RC reviews the annual increments, year-end and variable bonuses to be granted to the KMP. The Company Secretary maintains records of all RC meetings including records of discussions on key deliberations and decisions taken.

Principle 8: Level and Mix of Remuneration

Remuneration of Directors and KMP

In reviewing the remuneration packages of the KMP, the RC, with the assistance of the human resource advisers 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 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; and
- to ensure that the remuneration reflects the employees' duties and responsibilities.

When reviewing the structure and level of Directors' fees, the RC takes 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 in the fee review include the frequency of Board and Committee meetings, corporate performance for the financial year under review as well as the corporate and economic outlook in the new financial year, and the interval since the last fee review and changes. The comparability of the Company's fee structure and level with other companies of comparable size and structure is also taken into account.

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 2012 is as follows:

Appointment	Per annum
Board of Directors	
- Base fee	$35,000
Audit & Risk Committee	
- ARC Chairman's fee	$55,000*
- ARC 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
Lead Independent Director's fee	$10,000**

* The RC has recommended that the ARC Chairman's fee and ARC Member's fee for the period from 1 July 2013 to 30 June 2014 be increased from $55,000 to $70,000 and from $45,000 to $55,000 respectively.

** Following the appointment of the Lead ID in February 2012, the RC has recommended a fee of $10,000 per annum.

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 and the CSR & CG Committee) also receive additional fees in respect of each Committee that they serve on, with the chairmen of the Committees (other than the BC and the CSR & CG Committee) 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 2012 is set out below.

Directors' Remuneration for FY 2012

	Base Salary* %	Variable Bonuses/ Allowances* %	Board/ Committee Fees** %	Other Benefits %	Total %
Executive Directors					
Above $8,750,000 and up to $9,000,000					
Kwek Leng Beng^	13	80	6	1	100
Above $7,500,000 and up to $7,750,000					
Kwek Leng Joo^	15	83	1	1	100
Non-executive Directors					
$250,000 and below					
Chee Keng Soon	–	–	100	–	100
Foo See Juan^	–	–	100	–	100
Kwek Leng Peck^	–	–	100	–	100
Tang See Chim	–	–	100	–	100
Yeo Liat Kok Philip	–	–	100	–	100
Tan Poay Seng^^	–	–	100	–	100
Chan Soon Hee Eric^^	–	–	100	–	100
Han Vo-Ta^^^	–	–	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 2012, which are subject to approval by shareholders as a lump sum at the 2013 AGM as well as ARC fees for FY 2012 that have already been approved by shareholders at the 2012 AGM.
^ Remuneration of these Directors includes remuneration paid or payable by subsidiaries of the Company.
^^ Mr Tan Poay Seng and Mr Chan Soon Hee Eric were appointed Directors of the Company with effect from 2 February 2012 and 26 July 2012 respectively and Board and Committee fees payable to them are pro-rated for FY 2012 accordingly.
^^^ Mr Han Vo-Ta retired as a Director of the Company on 27 April 2012.

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 2012, 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 exceeds $150,000 set out as follows:

	Base Salary* %	Variable Bonuses/ Allowances* %	Board/ Committee Fees^^ %	Other Benefits %	Total %
Above $250,000 and up to $506,000					
Employee who is the immediate family member of:					
1) the Executive Chairman^	43	57	–	–	100
2) the Managing Director^	32	50	18	–	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 2012.

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, second and third 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 ARC on the integrity of the quarterly unaudited financial statements and the Board in turn provided a negative assurance confirmation in respect of the unaudited financial statements for the first, second and third quarters in accordance with the regulatory requirements.

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

Principle 11: Audit & Risk Committee

Composition of the ARC

The ARC comprises four NEDs, all of whom including the chairman of the ARC are independent. The chairman of the ARC and at least one other member of the ARC possess the relevant audit, accounting or related financial management expertise and experience, whilst the remaining members of the ARC have legal backgrounds.

With the current composition, the ARC believes that it has the relevant accounting and related financial management expertise and experience to discharge its functions within its written terms of reference which has been approved by the Board.

Powers and Duties of the ARC

The ARC is authorised by the Board to investigate any matters it deems appropriate within its terms of reference and has direct and unrestricted access to the external auditors and the internal auditors. It may invite any Director, Management, officer or employee of the Company to attend its meetings. It is also authorised to engage any firm of accountants, lawyers or other professionals as it sees fit to provide independent counsel and advice to assist in the review or investigation on such matters within its terms of reference as it deems appropriate at the Company's expense.

The principal responsibility of the ARC 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, information technology ("IT") 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, consistency and fairness;
- to review the integrity of the financial statements of the Company to be announced or reported and any other formal announcements relating to the Company's financial performance;
- to review and approve the annual 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 assess the role and effectiveness of the internal audit ("IA") function in the overall context of the Group's internal controls and risk management systems;
- to review annually with Management, the internal and external auditors the results of their review and evaluation of the Company's internal controls, including financial, operational, compliance and IT controls, and risk management policies and systems and report to the Board annually the adequacy and effectiveness of such internal controls;
- 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;
- to review interested person transactions falling within the scope of Chapter 9 of the Listing Manual; and
- to review the Company's whistle-blowing policy and arrangements put in place for raising concerns about possible improprieties in matters of financial reporting or any other matters.

The ARC held 7 meetings during the year and carried out its duties as set out within its terms of reference. The Company Secretary maintains records of all ARC meetings including records of discussions on key deliberations and decisions taken. The ARC meets with the internal and external auditors, each separately without the presence of Management, annually.

For the financial year under review, the ARC 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 ("ARC Self-Assessment Checklist") based on the guidance from the Guidebook for Audit Committees in Singapore issued in October 2008 ("ACGC Guidebook").

The ARC Self-Assessment Checklist covered the ARC 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 ARC members to the ARC's deliberation and decision making process.

Based on the self-assessment, the ARC 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 ARC undertook a review of the independence of KPMG LLP ("KPMG") and gave careful consideration to the Group's relationships with them during 2012. In determining the independence of KPMG, the ARC 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 ARC also considered the nature of the provision of the non-audit services in 2012 and the corresponding fees and is of the opinion that such non-audit fees did not impair or threaten the audit independence. Based on the review, the ARC is of the opinion that KPMG is, and is perceived to be, independent for the purpose of the Group's statutory financial audit.

For details of the fees paid and/or payable by the Group in respect of audit and non-audit services for FY 2012, 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 2013, the ARC 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 ARC had also considered the audit team's ability to work in a co-operative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed time-lines.

KPMG has confirmed that they are registered with the Accounting and Corporate Regulatory Authority. The Company is thus in compliance with Rule 712 and Rule 715 (read with Rule 716) of the Listing Manual in relation to the appointment of its auditors.

On the basis of the above, the ARC has recommended to the Board the nomination of KPMG for re-appointment as external auditors at the 2013 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 27 April 2012 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 2013 AGM of the Company for the renewal of the IPT Mandate.

The ARC 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 are as follows:

Interested Persons	Aggregate value of all interested person transactions in FY 2012 (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 2012 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than $100,000)	$'000
Hong Leong Investment Holdings Pte. Ltd. group of companies	291,705*	<u>Property-related</u> (a) provision to interested persons of (i) project management services; (ii) marketing services; (iii) property management and maintenance services; (iv) carpark operation and management services; (v) building and security services; and (vi) managing agent services (b) lease of premises to and from interested persons	26,811
		<u>Management and Support Services</u> (a) provision to interested persons of accounting and administrative services	395
		Total	**27,206**
Directors and their immediate family members	3,830**	General – purchase of vehicle from interested person	127

* The figure comprises:
(i) the aggregate value of shareholders' loans extended to joint venture companies involving interested persons, and where applicable, interest accrued on shareholders' loans, in FY 2012, which were announced on 15 February 2013 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 figure comprise the value of transaction of the sale of property units in the Group's development project to a relative of a Director of the Company, which transaction was announced on 22 January 2013.

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.

Whistle-blowing Policy

CDL has in place a whistle-blowing procedure where staff of the Company and other persons 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 ARC 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 whistle-blower concerned will be maintained where so requested by the whistle-blower 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. Details on the dedicated channels of communication have also been made available on the Company's website in 2012.

The whistle-blowing policy, which is reviewed by the ARC from time to time to ensure that it remains current, is available on the Company's website and intranet and is easily accessible by all employees and other persons. The ARC has also recently approved the guidelines set out in the Whistle-blowing Investigation Procedures which formalises the procedures for investigating reports received and for taking appropriate follow-up action.

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, compliance and IT 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 of these listed subsidiaries 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 or loss, 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 judgement in decision making, losses, fraud or other irregularities.

The Company's approach to risk management is set out in the "Risk Management" section on pages 46 to 48 of the AR. As part of the internal and external audit program, the IA and the external auditors report to the ARC any audit findings relating to internal controls, and the ARC reviews the adequacy of the actions taken by Management to address the recommendations of the IA and the external auditors.

The ARC reviewed the adequacy of the Group's internal controls that address the Group's financial, operational, compliance and IT 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 written assurance from Management, the Board, with the concurrence of the ARC, is of the opinion that the system of internal controls in place as at 31 December 2012 is adequate to address in all material respects the financial, operational, compliance and IT risks within the current scope of the Group's business operations.

Management will continue to review and strengthen the Group's control environment and devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

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 ARC 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 ARC. The ARC also provides input on the annual performance appraisal of the Head of IA. The ARC meets the Head of IA at least once annually without the presence of Management. The Head of IA has unfettered access to the ARC, the Board and Management.

IA operates within the framework stated in its IA Charter which is approved by the ARC and reviewed on an annual basis. The standards of the IA 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 ARC approved the annual IA plan in February 2012 and received regular reports during 2012 on the progress of the audit work under the IA plan. All IA reports are given to the ARC, the Chairman of the Board, the Managing Director, Group General Manager, Chief Financial Officer, Company Secretary and the heads of the relevant departments. IA observations on control, operational and human lapses and recommendations to address them were also reviewed and discussed at ARC meetings. The ARC 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 ARC.

The ARC 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 ARC 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 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.

Further, the Company has formalised its dividend policy which aims to provide a return to shareholders at least once a year through the payment of dividends, after taking into account the Group's financial performance, short and long term capital requirements, future investment plans, general global and business economic conditions and any regulatory factors. The Board endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend policy. The Board will review the dividend policy from time to time and reserves the right to modify, amend and update the policy.

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 ARC, NC and RC and the external auditors were present at the last AGM, and will endeavour to be present at the 2013 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 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; or
(ii) by not less than five members present in person or by proxy and entitled to vote at the meeting; or
(iii) by a member or members present in person or by proxy and representing not 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 not less that 10 per cent. of the total number of paid-up shares of the Company (excluding treasury shares).

The Chairman of the Meeting will be exercising his rights under Article 56 of the Company's Articles of Association for all resolutions proposed at the 2013 AGM and at any adjournment thereof to be put to the vote by way of poll. Accordingly, each resolution at the 2013 AGM will be voted on by way of a poll.

In support of greater transparency and to allow for a more efficient voting system, the Company had introduced electronic poll voting instead of voting by show of hands at the 2012 AGM and would continue to do so in respect of all resolutions proposed at the 2013 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 2013 AGM. The rules including voting procedures that govern general meetings of shareholders are attached with the notice of the 2013 AGM.

Corporate Values and Conduct of Business

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.

In line with the Board's commitment to maintain high ethical standards which are integral to our corporate identity and business, the Board has also adopted the following three corporate policies in 2012:

(i) Anti-Corruption Policy & Guidelines which sets out the responsibilities of the Group companies and of each employee in observing and upholding CDL's 'zero-tolerance' position against all forms of corruption, bribery and extortion and provides information and guidance to employees on how to recognise, address, resolve, avoid and prevent instances of corruption, bribery and extortion which may arise in the course of their work.

(ii) Fraud Policy & Guidelines which provides guidance on actions which may constitute fraudulent conduct and highlights the importance of the implementation, maintenance and compliance with the internal controls framework of the Group and its policies and procedures.

(iii) Competition Policy & Guidelines which states the Company's policy to compete fairly and ethically in the conduct of business in all of our markets and provides direction and guidance to employees in their relationships and communications with competitors and customers.

These policies are available on the Company's intranet and have also been disseminated to officers and employees of the Group's key subsidiaries.

Internal Code on Dealings in Securities

The Company has in place 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 (a) on short-term considerations, (b) while in possession of unpublished material price-sensitive information in relation to such securities, and (c) during the "closed period", which is defined as two weeks before the date of announcement of results for the first, second and third quarter 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.

Corporate Social Responsibility

In view of the Company's commitment to maintaining and achieving high standards of corporate governance ("CG") and to continue to build on its industry leadership on corporate social responsibility ("CSR"), the CSR & CG Committee was established in 2012.

The CSR & CG Committee comprises 3 Directors, with a majority being independent Directors. Please refer to the 'Corporate Directory' section of this AR for the composition of the CSR & CG Committee.

The CSR & CG Committee's responsibilities, as set out in its written terms of reference approved by the Board, is to have oversight of the Company's attention to CSR and CG issues, including the Company's policies on various aspects of CSR and CG which are significant and contribute to the Company's performance, business activities, and/or reputation as a global corporate citizen.

14 March 2013

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 & Risk 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 & Risk 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 & Risk 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:

OPERATIONAL 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 operational 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.

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 & Risk Committee. Further enhancement during the year included the alignment of corporate BCP to various operating departments' environmental emergency procedures. Action plans have been put in place to ensure newly established business units are equipped with the respective BCPs to meet their needs.

RISK MANAGEMENT

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'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, and is facilitated by the Head of Risk and Internal Audit. The Chief Executive Officer and members of the Executive Management Committee 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. The board of M&C has overall responsibility for the risk management process of the M&C group and for ensuring that its risks are managed appropriately and, either directly or through the audit committee of M&C reviews the effectiveness of the M&C 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 2012.

On the EHS front, M&C's UK region has published and launched new policies and procedures accredited to the British Standards Institute for its Occupational Health and Safety Management System, compliant with OHSAS 18001. Management of M&C's European region is currently in the process of rolling out across the remaining UK hotels the system which is designed to ensure robust and comprehensive risk assessment and recognition across the business. These efforts have been supported by new software and management systems, specific to health and safety, resulting in tighter control of statutory/mandatory inspections and audit trails.

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.

OPERATIONS REVIEW

Amidst a challenging external environment with domestic economic restructuring, the Singapore economy grew moderately by 1.3% for the whole of 2012, down from expansions of 5.2% in 2011 and 14.8% in 2010. Overall, economic growth was largely weighed down by weak external economies and demand, with key export markets experiencing sluggish growth. During the year under review and at the beginning of 2013, the Singapore Government introduced a series of targeted property cooling measures aimed at ensuring a more stable and sustainable property market.

STRONG SALES FOR RESIDENTIAL DEVELOPMENTS

Despite the challenges, CDL's performance in the property development segment for 2012 remained healthy with its strategically-timed, well-received residential launches. CDL, along with its joint venture associates, sold 2,395 units, including Executive Condominiums (EC), with sales value amounting to about $2.78 billion. Its five successful launches for the year exemplify a diversified residential portfolio catering to different target markets.

In January, The Rainforest, a 466-unit joint venture EC development located along Choa Chu Kang Avenue 3, just a 5-minute walk to Choa Chu Kang MRT station and Lot One Shoppers' Mall was launched. It is now fully sold.

Bartley Residences, a joint venture development, met with enthusiastic response when it was launched in February. The 702-unit development is located next to Bartley MRT station. To date, it is 100% sold.

UP@Robertson Quay, a trendy mixed development comprising 70 residences with an adjoining 300-room M Social – a new lifestyle hotel by the Group's subsidiary, Millennium & Copthorne Hotels plc (M&C), was launched in May. This riverside condominium strikes a chord with those seeking for the intimate yet purposeful life space in which to live, work and play. 75% of the apartments have since been sold to date.

In July, CDL unveiled its joint venture landed housing project, HAUS@SERANGOON GARDEN, located in the popular Serangoon Gardens residential enclave. 99% of the 97 terrace houses have been sold to date.

Rounding off the year on a high note, CDL launched Echelon in December. The 508-unit joint venture condominium development at Alexandra View is located at the edge of the Tanglin residential enclave, a short walk to Redhill MRT station. Over 84% of the development has been sold to date.

ACQUISITIONS AND INVESTMENTS

As part of its selective land banking strategy to procure quality sites at opportune times, several strategic acquisitions were made in 2012.

The awe-inspiring Echelon features 508 units spread over two soaring 43-storey towers.

CDL China Limited, the Group's wholly-owned subsidiary, successfully acquired a prime site with gross floor area of 108,686 square metres (sq m) in the heart of Yuzhong District, Chongqing, China. The prominent area known as Huang Huayuan boasts unobstructed views of the scenic Jialing River and is right next to a major light rail station. There are several prominent schools within walking distance. It plans to develop residential apartments, a retail mall and a hotel on the site. The land parcel was acquired for RMB540 million ($112 million) in January.

In the same month, CDL and its joint venture partners were also successful in bidding $388 million for a 20,810.9 sq m high-rise residential site located along Mount Vernon Road, adjacent to Bartley MRT station.

In June, CDL acquired through successful tender, a 18,340.7 sq m land parcel at Buangkok Drive / Sengkang Central for $301 million. This site is well located just next to Buangkok MRT station and one stop away from the bustling Sengkang Town Centre.

Another acquisition was made in September when CDL and its joint venture partner successfully won a tender for a residential-cum-commercial site at Tai Thong Crescent for $245 million. The 8,200.3 sq m site is situated within walking distance to Potong Pasir MRT station and close to popular schools.

In November, CDL made the highest bid of $135 million for a 14,100.8 sq m EC site at Sengkang West Way / Fernvale Link. It won this hotly-contested bid by a razor thin margin of only 0.1%.

OPERATIONS REVIEW

HALLMARKS OF HOSPITALITY EXCELLENCE

2012 was a significant year for M&C. Amongst other noteworthy events, M&C signed 10 hotels in Saudi Arabia where more than 4,000 rooms, across key locations, will be added to its portfolio. M&C also inked a contract to manage its first resort hotel in China. The 151-room, 5-star Millennium Hangzhou Resort is situated in a forested hillside in Nine Creek Mountain, Hangzhou, Zhejiang Province.

ONE UN New York offers 439 spacious guest rooms and suites.

In September, M&C's iconic North American property rebranded and reopened as ONE UN New York with the launch of the hotel's new luxury West Tower. Formerly known as the Millennium UN Plaza Hotel, the property not only saw the completion of its West Tower renovation, it also marked a new era for both the hotel and its neighbourhood, historically underserved by the luxury hotel market. The 5-star 178-room Millennium Hotel Amman in Jordan celebrated its grand opening in November.

BUSINESS BENCHMARKS

CDL takes a triple bottom line approach where its business excellence is measured not only by its financial performance, but also its environmental and social achievements. As Singapore's built environment leader and a forerunner in Corporate Social Responsibility (CSR), CDL continued to make headways for the real estate industry in 2012, setting

CDL emerged as the most honoured private developer at the BCA Awards 2012.

higher benchmarks in its performance across the board and breaking new ground in its endeavours, both internationally and locally.

Globally, for CDL's unwavering commitment to environmental stewardship, it is the first Singapore company to be listed on three of the world's sustainability benchmarks – FTSE4Good Index Series since 2002, Global 100 Most Sustainable Corporations in the World since 2010 and the Dow Jones Sustainability Indexes since 2011. Affirming this leadership on a regional level, CDL also received honours including the Asia Pacific Green Builder of the Year Award 2012 by Frost & Sullivan and the Channel NewsAsia Green Luminary Award.

In 2012, CDL was the first listed company to publish a Level A+ Global Reporting Initiative (GRI)-checked Sustainability Report using the GRI G3.1 guidelines and the Construction and Real Estate Sector Supplement. This Report was also accorded the Best Sustainability Report from Singapore at the 8th Indonesia Sustainability Reporting Awards 2012.

In Singapore, CDL also garnered numerous accolades for its distinctive developments such as 25 awards across various categories at the Building and Construction Authority (BCA) Awards 2012 – the most of any private developer. Its 11 Tampines Concourse emerged winner in the Sustainable Development category at the FIABCI Prix d'Excellence Awards 2012.

Recognition for its best practices in CSR include its win in the Exceptional CSR Practice Category at the British Chamber of Commerce's 13th Annual Business Awards, and the 2012 Distinguished Patron of the Arts Award, just to name a few.

LOOKING AHEAD

CDL will continue to leverage on the synergies of its core competencies in developing and managing a diversified portfolio spanning residential, investment, hospitality and retail properties, and its extensive knowledge of the markets and geographies where it has a presence in. It will continuously fine-tune its business strategies and processes to thrive in an ever-changing environment.

HIGHLIGHTS OF THE YEAR

JANUARY

- The Rainforest, a 466-unit Executive Condominium (EC) was launched by CDL and TID Pte. Ltd.. It is located along Choa Chu Kang Avenue 3, just a 5-minute walk to Choa Chu Kang MRT station.
- CDL China Limited, the Group's wholly-owned subsidiary, acquired a prime site in the heart of Yuzhong District, Chongqing for RMB540 million ($112 million). Located in the renowned area of Huang Huayuan, the mixed residential and commercial site has a gross floor area of 108,686 square metres (sq m).
- A joint venture between CDL, Hong Leong Holdings Limited and TID Pte. Ltd. made a successful bid of $388 million for a 20,810.9 sq m residential site located along Mount Vernon Road, adjacent to Bartley MRT station.
- CDL was ranked as one of the Global 100 Most Sustainable Corporations in the World for the third consecutive year.

FEBRUARY

- CDL recorded pre-tax profit surpassing $1 billion for the second consecutive year and a profit after tax and non-controlling interests of $798.6 million for the full year ended 31 December 2011.
- Bartley Residences, a joint venture development between Hong Leong Holdings Limited, CDL and TID Pte. Ltd., located along Bartley Road and Lorong How Sun, was launched. The 702-unit development is just next to Bartley MRT station.
- Project: Eco-Office, an outreach initiative by CDL and Singapore Environment Council to cultivate eco-consciousness at the workplace, marked its 10th Anniversary.

MARCH

- The prestigious Green Luminary Award by Channel NewsAsia was accorded to CDL for its leadership in employing green practices in its business.
- "An Enclosure for a Swing" by architect Mr Kelvin Lim Fun Kit, the winning work of the 4th CDL Singapore Sculpture Award in 2009, was unveiled at the official opening of Bishan-Ang Mo Kio Park, which was graced by Prime Minister Lee Hsien Loong.

APRIL

- 380 youths participated in the third CDL E-Generation Challenge 2012, an annual national eco-themed race style competition to promote eco-consciousness and sustainable lifestyles.

MAY

- UP@Robertson Quay, a trendy mixed development, located by the Singapore River, comprising 70 residences and an adjoining 300-room M Social Hotel was launched.
- CDL received the Distinguished Partner Award for its youth development efforts from the National Youth Achievement Award (NYAA).
- The National Library Board and CDL unveiled plans to develop the World's 1st Green Library for Kids named "My Tree House".
- Millennium & Copthorne Hotels plc (M&C) signed 10 hotels in Saudi Arabia where more than 4,000 rooms, across key locations, will be added to its portfolio.
- CDL emerged as the most awarded private property developer at the Building and Construction Authority (BCA) Awards 2012. A total of 25 awards were added to CDL's honours roll, bringing its tally to over 60 Green Mark awarded properties to date.
- 11 Tampines Concourse emerged victorious in the Sustainable Development category at the FIABCI Prix d'Excellence Awards.
- CDL was accorded Singapore's BCI Asia Top 10 Developers Award for the second consecutive year.
- CDL successfully obtained Singapore Quality Class re-certification in recognition of its commitment to upholding high standards of excellence in its management systems and practices.

JUNE

- CDL won the bid for a 18,340.7 sq m residential land parcel at Buangkok Drive / Sengkang Central, with a tender price of $301 million. This site is just next to Buangkok MRT station.
- W Singapore – Sentosa Cove, Singapore's first W hotel known for its savvy and stylish brand of hospitality, received its Temporary Occupation Permit (TOP).

HAUS@SERANGOON GARDEN was the first landed residential estate in Singapore to achieve the BCA Green Mark Platinum Award.

JULY

- CDL and joint venture partner Hong Realty (Private) Limited launched HAUS@SERANGOON GARDEN, comprising 97 terraces. This development was the first landed housing estate to achieve the top-tier BCA Green Mark Platinum Award.
- Volari, the exclusive 85-unit development located along Balmoral Road, received its TOP.
- CDL's Sustainability Report 2012 was released. CDL was the first Singapore listed company to publish a level A+ Global Reporting Initiative (GRI)-checked report using the GRI G3.1 guidelines and the Construction and Real Estate Sector Supplement (CRESS).

HIGHLIGHTS OF THE YEAR

- At the invitation of the National Parks Board, CDL participated in the Singapore Garden Festival 2012 for the fourth time, CDL welcomed visitors to "Flora Exotica", which featured photographs of rare and unique flowers captured by CDL Managing Director Mr Kwek Leng Joo.
- The Distinguished Patron of the Arts Award was presented to CDL for sustained contributions to the promotion and development of the arts.

AUGUST

- CDL Managing Director Mr Kwek Leng Joo was named the American Creativity Association's Lifetime Creative Achievement Award recipient for 2012 and became only the second Asian amongst 14 global recipients to win the award since its launch in 1994.

SEPTEMBER

- CDL, together with Hong Leong Holdings Limited, made a successful bid of $245 million for a 8,200.3 sq m residential-cum-commercial site at Tai Thong Crescent. The land parcel is situated within walking distance to Potong Pasir MRT.
- M&C signed a contract to manage its first resort hotel in China. The 151-room, 5-star Millennium Hangzhou Resort is situated in a forested hillside in Nine Creek Mountain, Hangzhou, Zhejiang Province.
- The former Millennium UN Plaza Hotel rebranded and reopened as ONE UN New York in the first phase of a comprehensive renovation, with the launch of the hotel's new luxury West Tower.
- CDL was named the Asia Pacific Green Builder of the Year at the 2012 Frost & Sullivan Asia Pacific Green Excellence Awards.
- CDL was named Best Leisure/Hotel Developer in Singapore in Euromoney's Real Estate Survey 2012.

CDL Executive Chairman Mr Kwek Leng Beng (far left) and CDL Managing Director Mr Kwek Leng Joo (far right) receiving the "Partners in the Office of the CEO" award during the SIAS Investors' Choice Awards 2012.

OCTOBER

- The 240-room W Singapore – Sentosa Cove hotel, owned and developed by CDL, celebrated its official opening with much glamour and fanfare.
- Quayside Isle, the first and only exclusive F&B and retail destination in the luxury waterfront precinct of Sentosa Cove, received its TOP.
- The 5-star Millennium Vee Hotel Taichung, Taiwan celebrated its soft opening. It is the first M&C branded property in Taiwan.
- At the Securities Investors Association Singapore (SIAS) Investors' Choice Awards 2012, CDL Executive Chairman Mr Kwek Leng Beng and CDL Managing Director Mr Kwek Leng Joo emerged joint winners as "Partners in the Office of the CEO" in the Brendan Wood International – SIAS TopGun CEO Designation Award. The Award is accorded to CEOs who are best in class rated by shareholders. CDL also received the Singapore Corporate Governance Award 2012 – 2nd Runner-Up (Big Cap) and the Singapore Most Transparent Company Award – Runner-Up (Real Estate Category).
- CDL Managing Director Mr Kwek Leng Joo was honoured as a founding father of Singapore Business Federation for enhancing the organisation of the business community in Singapore. He was also listed as one of the Global Sustain Ability 100 leaders in 2012.
- CDL, a first time participant in The British Chamber of Commerce's 13th Annual Business Awards, emerged victorious in the Exceptional Corporate Social Responsibility Practice category.
- The 8th CDL 5-Star Environmental, Health and Safety (EHS) Awards were presented to CDL's exemplary builders.

NOVEMBER

- CDL won the bid by a 0.1% margin for a hotly-contested EC site at Sengkang West Way / Fernvale Link for $135 million. This 14,100.8 sq m land parcel is near Layar LRT station.
- CDL Managing Director Mr Kwek Leng Joo was conferred The Singapore Tatler Leadership Award for the Environment.
- In another pioneering move to champion sustainability, CDL became a founding member of the Business Council for Sustainable Development Singapore when it was launched by the World Business Council for Sustainable Development.

DECEMBER

- CDL and its joint venture partners Hong Leong Holdings Limited and Hong Realty (Private) Limited launched Echelon, a 508-unit condominium at Alexandra View, just a short walk to Redhill MRT station.
- CDL won the Best Sustainability Report 2011 from Singapore at The National Center for Sustainability Reporting's 8th Indonesia Sustainability Reporting Awards.
- CDL was conferred the highest tier Platinum Award for the Singapore HEALTH (Helping Employees Achieve Life-Time Health) Award 2012 for the second time.

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

A competent workforce is integral to achieving and sustaining continuous improvement. It is CDL's on-going commitment to develop our people holistically through multiple avenues.

Training needs analysis is conducted annually to determine the types of training interventions necessary to level up individual competencies. In 2012, employees clocked a total of 13,100 training hours – which works out to an annual average of 36 training hours per employee. CDL also embarked on a project to identify new competencies which are important for the company. To encourage employees to upgrade their knowledge and skill sets, CDL sponsored nine employees in 2012 in their pursuit of upgrading their educational qualifications.

Apart from training, employees are encouraged to apply for positions in other departments when opportunities arise. Lateral and cross-functional movements offer new prospects for professional growth and career development for our staff. The cross-pollination of knowledge and expertise creates innovation and productivity gains for CDL, especially where there are synergies in the job transfers.

CDL works in partnership with local polytechnics and universities to offer internship placements for their students. As competition for jobs increases, it has become more important for companies to be a leading choice for jobseekers. Offering internships is one of the many ways CDL attracts young and promising talents.

We provide students with exposure to a professional work environment. This helps CDL gain mind share when these students consider their career choices upon graduation. In 2012, CDL offered 17 internship opportunities, out of which 53% were direct requests from students who sourced for their own internships.

CDL also offers BCA-CDL Built Environment Undergraduate Scholarships to promising students who possess excellent academic results and are keen to pursue a career in the real estate industry. To date, we have offered seven such scholarships to young talents.

ENGAGING OUR EMPLOYEES

CDL places high value on our employees' engagement, ensuring that they remain satisfied, committed and motivated. Annual Employee Engagement Surveys are conducted to acquire feedback and insights into areas of employee-related concerns. Heads of Department play a positive role in engaging their employees and developing 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 at least five years and our Employee Engagement Score is above that of the national average.

CDL's management also believes in maintaining regular communication channels with employees. New hires go through a comprehensive orientation programme to learn how various functions contribute to the overall success of the organisation. The orientation culminates in a meeting with the Managing Director and senior management where new hires interact and glean perspectives from the senior leaders of the company.

Town hall meetings and dialogue sessions are also organised for employees to hear from top management and provide feedback.

CARING FOR OUR EMPLOYEES

The emotional and physical well-being of employees are integral aspects in our constant strive towards performance and organisation excellence.

By providing a healthy work-life culture, CDL employees can better integrate their personal and professional commitments. Enhanced flexi-working hours arrangements allow employees to manage their family and work commitments more effectively and meaningfully.

Our Workplace Health Programmes include regular exercise programmes, as well as talks and initiatives to cultivate a healthy and lively workplace environment for everyone. In addition to complimentary annual health screenings, healthy snacks are also given to employees regularly to encourage and inculcate a balanced diet.

In 2012, CDL was conferred a Platinum Award for the Singapore HEALTH (Helping Employees Achieve Life-Time Health) Award 2012 by the Health Promotion Board for the second time. The Platinum status is the highest level attainable. The first Platinum Award was conferred in 2008 which was valid for a period of four years. This award affirms our efforts and success in helping our employees lead healthy lives.

In line with CDL's commitment to Corporate Social Responsibility (CSR), CDL encourages and provides opportunities for employees to participate in community service programmes through our employee volunteer platform, City Sunshine Club. In 2012, CDL employees put in more than 3,900 hours by participating in various community service programmes.

CORPORATE SOCIAL RESPONSIBILITY REPORT

On behalf of the Board, I am pleased to present CDL's Corporate Social Responsibility (CSR) Report for 2012.

Extreme and unpredictable weather conditions in 2012 have helped heighten the need to address climate change urgently by many world leaders. According to a report commissioned by the World Bank issued in November 2012, without immediate action, global temperatures could rise by 4°C this century with potentially devastating consequences. There is increasing acceptance that climate change is not just an environmental issue but also has far-reaching social and economic impact. Notwithstanding the ongoing global financial uncertainties, it is clear that environmental sustainability is a serious concern for businesses, governments and communities.

In the Global 500 Climate Change Report for 2012 by the Carbon Disclosure Project, it found 81% of reporting companies identifying physical risks from climate change as a serious issue compared with 71% the year before. Businesses that have yet to recognise this risk are putting themselves in peril.

What started off for CDL as a green spark close to two decades ago has now become embedded as part of our corporate DNA. Our philosophy to environmental sustainability is simple. Beyond incorporating green features into our developments, we believe in taking a comprehensive life-cycle approach towards sustainability. We believe that sustainable developments should take into consideration the economic, environmental and social aspects. Our green commitment must also be applied across our entire operations – from design, construction, procurement, maintenance and user / community engagement.

Over the years, cognisant of the fact that we cannot champion this cause alone, we have continuously engaged like-minded partners in the supply chain, relevant government agencies, community interest groups and other stakeholders to help raise the level of eco-consciousness.

In 2012, we continued to press ahead in our CSR conviction and further expanded our stakeholder engagement efforts. We have seen our rewards manifest in greater recognition as a leading CSR advocate both locally and globally.

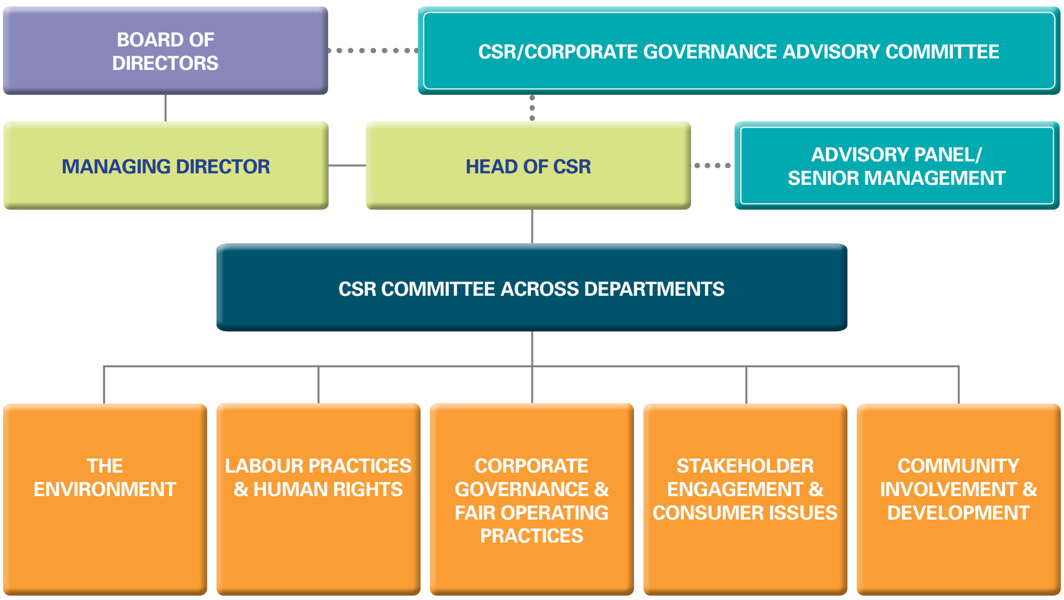
OUR APPROACH

CDL continues to refine our management approach to adapt to the changing business and CSR landscape.

The senior management has, within the scope of CDL's corporate operations, determined that the Environment, Employee Relations, Corporate Governance and Risk Management, Stakeholder Relations and Community constitute key CSR areas material to the business. A company-wide CSR Committee was established in 2008 and later aligned with ISO 26000: Guidance on Social Responsibility in 2010.

The CSR Committee is responsible for mapping out CSR strategies and measuring key performance. It initiates, drives and monitors various aspects of the Company's CSR practices to ensure these are integrated into our business operations and complements corporate objectives. Above this Committee, at the Board Level, a Corporate Social Responsibility and Corporate Governance Committee (CSR-CGC) was established in 2012 to assume an advisory role for the Company's CSR strategies. CSR-CGC is chaired by the Managing Director and comprises two other independent Directors.

CSR COMMITTEE STRUCTURE



Aligned with the ISO 26000 Framework

REGIONAL AND INTERNATIONAL ACHIEVEMENTS

Global 100 Most Sustainable Corporations in the World

2010 (81st), 2011(100th), 2012 (62nd) & 2013 (52nd)

CDL was once again included in this prestigious global ranking announced annually at the World Economic Forum, Davos. As the only Singapore company to be listed for the fourth consecutive year, CDL's ranking on this stringent global listing also improved from 62nd to 52nd position, the highest listed company from Asia ex-Japan.

FTSE4Good Index Series (Since 2002)

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

Dow Jones Sustainability Indexes (Since 2011)

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

Asia Pacific Green Builder of the Year Award 2012

CDL was conferred this award at the 2012 Frost & Sullivan Asia Pacific Green Excellence Awards. Presented by Frost & Sullivan, an international research and growth consultancy, the Awards celebrate companies that have excelled in green product and technology innovation, and service achievements across various industries.

FIABCI Prix d'Excellence Awards 2012

CDL's concerted efforts and investment in green building infrastructure and technology was recognised once again at the prestigious FIABCI Prix d'Excellence Awards 2012 with 11 Tampines Concourse winning the Sustainable Development Category.

Indonesia Sustainability Reporting Award 2012

CDL emerged winner of the Best Sustainability Report 2011 from Singapore at The National Center for Sustainability Reporting's (NCSR) 8th Indonesia Sustainability Reporting Awards. NCSR is a non-profit organisation based in Indonesia which honours organisations that publish and develop Sustainability Reports based on the Global Reporting Initiative (GRI) Framework.

LOCAL ACHIEVEMENTS

Building and Construction Authority (BCA) Awards 2012

CDL emerged as the most accorded private property developer at the BCA Awards 2012. CDL added another 25 awards to the honours roll, including 13 Green Mark awards, amassing a portfolio of 62 Green Mark projects to its name, of which 21 are of the highest-tier Platinum, the most of any private developer on both counts.

The British Chamber of Commerce's 13th Annual Business Awards – Exceptional CSR Practice category

CDL, a first time participant, took home the top honour. CDL was judged on its clear explanation of its overall business and CSR initiatives as well as the effectiveness of its CSR efforts (demonstrated through measurable results) and future plans.

Channel NewsAsia Green Luminary Award 2012

This award identifies the Asian company that leads in employing green practices in its main business practice. CDL received this award as recognition of its conscientious efforts to be environmentally-friendly through its business operations and community programmes.

2012 Distinguished Patron of the Arts Award

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.

Singapore HEALTH (Helping Employees Achieve Life-Time Health) Award 2012 – Platinum

CDL was conferred a Platinum Award for the Singapore HEALTH Award 2012 for the second time. The first Platinum Award was conferred in 2008. The Platinum status is the highest level attainable. This Award is presented by the Health Promotion Board to organisations with commendable Workplace Health Promotion programmes.

Securities Investors Association Singapore (SIAS) Investors' Choice Awards 2012

CDL received the Singapore Corporate Governance Award 2012 – 2nd Runner Up (Big Cap) and Singapore Most Transparent Company Award – Runner Up (Real Estate Category).

CORPORATE SOCIAL RESPONSIBILITY REPORT

LOCAL ACHIEVEMENTS

Sustainability Report 2012
Titled "Ideas, Initiatives, Impacts", this report is the first Level A+ Sustainability Report checked by the GRI using the GRI G3.1 guidelines and the Construction and Real Estate Sector Supplement published by a Singapore property developer.

Workplace Safety and Health Awards 2012: Developer & Safety and Health Award Recognition for Projects (SHARP) Awards
The first private property developer to receive the Developer Award, CDL is a proud recipient of the distinguished Developer Award for the sixth time. Through CDL's continued efforts in engaging stakeholders to consistently adopt an Environmental, Health and Safety (EHS)-conscious culture, three of its project sites were also accorded the SHARP award.

COMMITMENT TO OUR STAKEHOLDERS

Building trust, credibility and respect amongst CDL's key stakeholders is our utmost priority as reflected in our mission statement.

For years, we have been proactively engaging the community in CSR, and we are heartened to see increased interest and acceptance from our business peers, cognisant of the need to address more than just their financial performance.

In identifying stakeholders, we are guided not only by our Corporate Mission and our CSR objectives, but also by global standards for sustainable management. We also take into consideration the relevance of stakeholder groups to our core business.

In Singapore, foreign labour is a key manpower resource in the construction industry. Although CDL does not directly employ foreign workers, they occupy an important position in the Company's value chain.

In 2012, CDL issued a Corporate Statement on Human Rights which includes working with our appointed builders to protect the rights of foreign workers they hire to work at our construction sites. CDL remains committed to working with our builders to ensure that the foreign workers are provided living and working conditions that are not only in compliance with regulations, but are also safe, sanitary and dignified.

Founded on this commitment, workers' welfare has recently been included as part of the CDL 5-Star Environmental, Health and Safety (EHS) Assessment System and a "CDL Workers' Welfare Award" category has since been introduced in the 8th CDL 5-Star EHS Awards held in 2012.

CDL has various communication channels that cater to our stakeholders. We continued to work closely with our builders, suppliers, government and other regulators to develop, refine and implement best practices.

VALUING OUR PEOPLE

CDL strives to maximise the potential of our staff and care for their personal well-being and career development. We aim to create a conducive environment which empowers, nurtures and values our employees. More information on our employee engagement can be obtained in the Human Resource Review on page 53.

ORGANISATIONAL GOVERNANCE AND MANAGING RISK

CDL is committed to maintaining good corporate governance and business integrity in our business activities. We have adopted a set of internal guidelines on corporate governance based on the provisions of the Code of Corporate Governance 2005. Whilst the revised Code of Corporate Governance 2012 ("2012 Code") will only be applicable to CDL in respect of its financial year commencing 1 January 2013, CDL has commenced compliance with a number of the key revised guidelines under the 2012 Code and will further review its corporate governance practices to bring the same in line with the recommendations under the 2012 Code. In 2012, a review of CDL's Code of Business Conduct and Ethics was conducted and additional guidance on issues such as anti-corruption, fraud and anti-competition was provided. More information on this can be obtained from pages 32 to 45.

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 46 to 48.

EFFORTS IN ENVIRONMENTAL SUSTAINABILITY

Globally, buildings account for approximately 40% of total energy use and about 30% of greenhouse gas (GHG) emissions. In Singapore, the building sector is the third largest contributor of carbon emissions.

In 2003, CDL established our corporate EHS Policy, which reflects our commitment towards a "Safe and Green" culture. The Policy sets the strategic direction for all departments to take practical efforts to ensure effective EHS management so as to create a "Green" culture, conserve resources and prevent pollution.

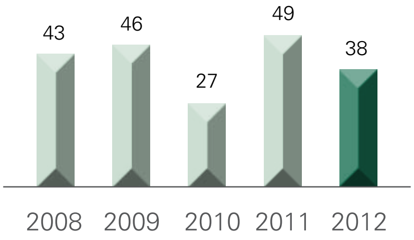
15 CDL commercial buildings successfully attained the OHSAS 18001 Occupational Health and Safety Management System in Property Management certification in January 2012. These 15 buildings also received the re-certification of the ISO 14001 Environmental Management System and ISO 9001 Quality Management System which were first awarded in 2007.

CDL has undertaken various reduction strategies to mitigate our impact on the environment and our use of natural resources. Efficient construction methods, such as the use of prefabrication and precast construction innovations are used at worksites to improve on-site management as well as to promote environmental conservation and reduce material waste. Where feasible, CDL has also used recycled materials as an environmentally-friendly alternative in the construction of our developments. For example, a wide range of sustainable recyclable building materials such as green concrete was used for the entire structure of 11 Tampines Concourse. Composite wood, which has over 30% recycled timber content, is commonly used for external decking in CDL developments.

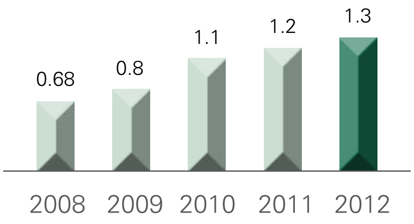
At the corporate level, CDL monitors the usage of resources such as electricity, water and paper across our operational departments. Representatives from every department provide regular feedback to employees on departmental targets to achieve and how well they have performed. Targets are reviewed annually and areas for improvements are highlighted.

In 2012, CDL continued to monitor and drive improvements in our performance across our worksites, investment buildings and corporate office.

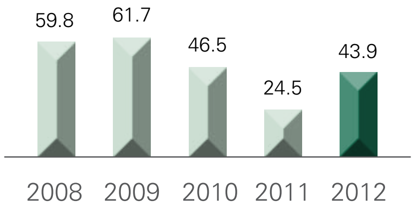
Projects Division



Energy (kWh/m²)



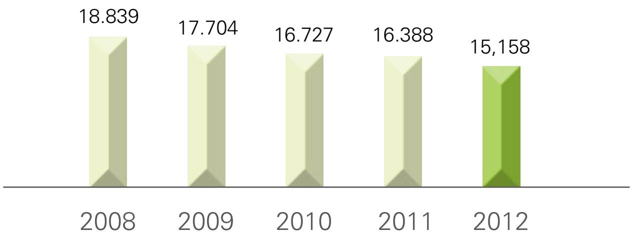
Fresh Water (m³/m²)



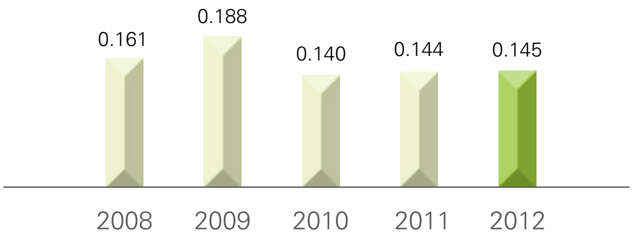
Construction Waste Generated (kg/m²)

Note: The waste generated in 2011 was significantly less than in previous years due to a number of our worksites being either in the initial stages of construction or nearing completion, thus generating less waste at those stages.

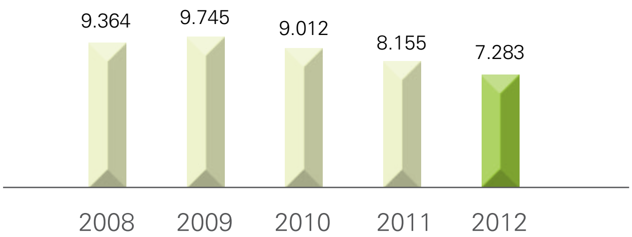
Property & Facilities Management Division



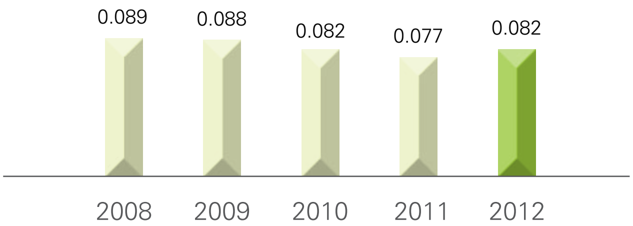
Energy Used at CDL Commercial Buildings
(kWh/month/m²)



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

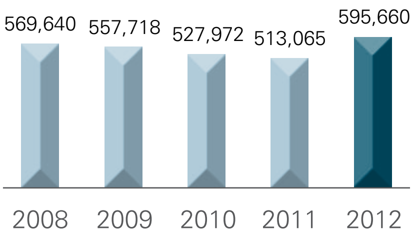


Energy Used at CDL Industrial Buildings
(kWh/month/m²)

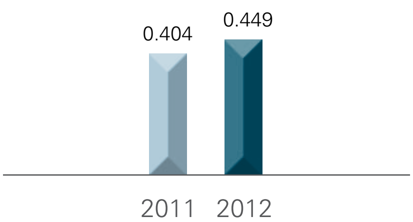


Water Used at CDL Industrial Buildings
(m³/month/m²)

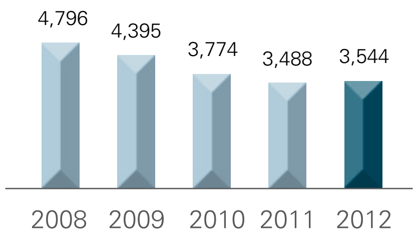
Corporate Office



Energy (kWh)



Water Used* (m³/m²)



Paper (Number of A4 Reams)

Note: The increase in 2012 was due to expanded operations and staff strength.
* Data specific to Corporate Office was only tracked from 2011 onwards.

CORPORATE SOCIAL RESPONSIBILITY REPORT

At CDL, we have been influencing our stakeholders through various corporate-led programmes, with the aim of raising the level of eco-consciousness and to share a like-minded vision in CSR with our partners. One key initiative is the annual CDL 5-Star EHS Award which was first introduced in 2005. It is an integral part of the CDL 5-Star EHS Assessment System – an independent audit tool that assesses measures and improves our builders' EHS management and performance.

The Award recognises builders who have excelled in the CDL 5-Star EHS Assessment over a one year period. Each quarter, audits are conducted by an independent EHS audit firm accredited by the Ministry of Manpower (MOM), after which the results are presented to the top management of the builders during the quarterly CDL 5-Star EHS Seminars. These seminars are a valuable platform to promote sharing of best practices to encourage better EHS performance amongst the industry. Three categories of awards were given out in 2012 – the CDL EHS Excellence Award, CDL Productivity Excellence Award and the inaugural CDL Workers' Welfare Award for Builders.

ACTIVE CITIZENSHIP

As we help to develop Singapore's built environment, CDL also contributes to the building of a vibrant society. We believe a thriving community provides the necessary conditions for a healthy economy and conducive business environment. Our role as an active citizen means we share in the concerns of our society and take on the responsibility for its betterment.

CDL's contributions to active citizenry go beyond philanthropy. To effectively engage the community, we have been a strong supporter of the Government's 3P Partnership Model with efforts that encompass the People, Private and Public sectors to ensure that our programmes are meaningful and impactful.

While there are many worthy causes to support, we remain focused on four major community involvement areas – conserving and raising awareness for the environment, enhancing youth development, caring for the less fortunate and promoting the arts.

Championing Environmental Awareness

CDL's ongoing efforts in promoting environmental conservation amongst the community-at-large have seen an increased interest, support and participation by public and private organisations alike. As the issue of climate change grows increasingly dire, our environmental outreach efforts have been expanded, especially in targeting the youth.

KEY INITIATIVES	IMPACT
CDL E-Generation Challenge 2012	An eco-themed "Amazing Race"-style national competition targeted at youths between the ages of 17 and 25. Participants face various green challenges in the form of tasks, quizzes and activities which focused on six sustainability topics. 2012 saw the participation of 380 youths pounding the streets of Singapore. In line with the Carbon Footprint theme, participants were challenged to learn about their carbon shoe size, and how they may reduce their earth impact by embracing a more sustainable lifestyle.
BCA-CDL Green Sparks Competition 2012	This initiative aims to engage local tertiary students in the national effort to green the built environment and to raise awareness of best green building practices and solutions amongst future practitioners. 2012 saw 23 teams of close to 120 students participating, a 15% increase from the inaugural competition in 2010.
National Environment Agency (NEA) Corporate & School Partnership Programme (CASP)	A committed partner of NEA CASP since 2005, CDL adopts six schools and helps them to nurture environmental interest and action through eco-related projects that each school embarks on. The projects are then entered into a nationwide competition which culminates at the annual Clean and Green Singapore Schools' Carnival. 2012 saw two of our participating schools garnering awards: Catholic High School (Primary) emerged the top prize winner (Primary school category) for their project "Utilities-R-Us" that aims to encourage users to cultivate good consumption habits through a mobile game application. Catholic High School (Secondary) won the second prize (Secondary school category) for their Self-watering Plant System. The Carnival drew 10,000 visitors.
Project: Eco-Office	This outreach initiative by CDL and Singapore Environment Council (our NGO partner) targets office workers to adopt eco-friendly practices at the workplace. 2012 marked the 10th Anniversary of this programme. A total of 62 offices were certified (49 new and 13 re-certifications). This brings the total number of participating offices to 227. Through the wide distribution of the Eco-Office Kit, launch of an online platform and numerous awareness campaigns, some 25,000 office employees were also reached.

Empowering Our Youth

New generations hold the promise of a sustainable future, and CDL is a firm supporter of initiatives that actively engage our youths for talent development and capacity building.

Aside from raising environmental awareness, developing thought leadership and encouraging active community involvement is also a leading criterion for support. Besides CDL's signature programmes, we also continued our support for youth-led developmental projects in Singapore and abroad in 2012.

KEY INITIATIVES	IMPACT
CDL-Singapore Compact Young CSR Leaders Award	The Award is a youth case competition which aims to promote thought leadership amongst students and generate greater awareness of embracing CSR principles into a company's daily operations. Open to all students in Singapore aged 17 to 30 years old, 33 teams comprising close to 160 students participated in this second edition (an increase of 26% from 2011). Senior management from 10 Small and Medium Enterprises were also engaged in this effort and the top three winning proposals were shared with over 440 corporate delegates at the Singapore Compact CSR Summit.
Partnerships with Education Institutions	CDL has also developed close partnerships with education institutions. Some of the projects supported in 2012 include: • CDL Innovation Design Competition 2012: Organised by Nanyang Polytechnic and supported by CDL, this Competition encourages final year students to incorporate their core design skills into developing innovative product designs. • NUS Geography Challenge 2012 Singapore: Organised by the Department of Geography in NUS, this is a nationwide competition targeted at secondary school students to create awareness about the different aspects of urban planning, such as sustainable environments and green spaces. • NTU Asian Business Case Competition 2012: This is Singapore's first international undergraduate business case competition, and is also the only one focusing on sustainability and business.
Community Involvement Programmes - Overseas	CDL supported 17 overseas youth-led projects largely focused on: • Building and refurbishment of education facilities in villages. • Water management projects including harvesting of rainwater, irrigation and providing access to clean water. • Education programmes for children and youth in rural areas and provision of related materials. The projects were mainly in neighboring communities such as Cambodia, China, Indonesia, Laos, Myanmar and Philippines. Close to 300 youth were directly impacted by our support.
Community Involvement Programmes - Local	CDL supported 14 youth-led projects largely focused on environmental awareness, and serving the underprivileged and marginalised in our community. Some key initiatives include: • NUS Climate Action Day (CAD) 2012: The main environmental event in the University organised by SAVE (Students Against Violation of the Earth) aimed at effecting behavioural change beyond awareness. CAD is the first youth-led climate movement initiated in Singapore. • Project Inspirar Sit Exercise 2012: An active ageing initiative attended by some 300 senior citizens. As a follow-up to the success of the initiative, a vaccination drive for interested elderly was also organised. • SMU Challenge 2012: The Challenge mission was to encourage active aging among underprivileged elderly. Aside from $55,000 raised for Lion's Befrienders, 400 elderly were also provided with goody-bags filled with food and daily necessities.

Promoting Appreciation for the Arts

CDL has long been a strong supporter of the local arts scene in Singapore. We believe that art is an effective and powerful communication tool to bring communities closer. For our sustained efforts, we have been presented the Distinguished Patron of the Arts Award since 2011.

KEY INITIATIVES	IMPACT
4th CDL Singapore Young Photographer Award (SYPA) 2012	Held biennially since 2006, this nationwide photography competition aims to discover and nurture young photographic talents aged between 13 and 25 years old. From receiving just 400 entries in 2006, the number of submissions has jumped more than four-fold, hitting 1,643 in 2012. Aside from prize monies, the winners were also given the unique opportunity to showcase their works at the National Museum of Singapore.
13 Steps Visual Arts Programme	CDL supported the 13 Steps Visual Arts Programme organised as part of the Esplanade's 10th Anniversary celebrations. Aside from providing opportunities to local artists for a site-specific work through a commissioning process for the final display, this was also a community engagement initiative that allowed the public to vote for their choice of visual art to be displayed at the centre's Concourse Steps.
CDL Singapore Sculpture Award	CDL, in partnership with National Parks Board, completed the commissioning of the winning work from the 4th CDL Singapore Sculpture Award in 2009 titled "An Enclosure for a Swing". The striking sculpture by architect Kelvin Lim, now lies perched on the peak of Recycle Hill within the Bishan-Ang Mo Kio Park. This community initiative is part of CDL's efforts to promote sculpture art by nurturing local talent, enhance the character of public spaces and cultivate art appreciation within the community-at-large.

CORPORATE SOCIAL RESPONSIBILITY REPORT

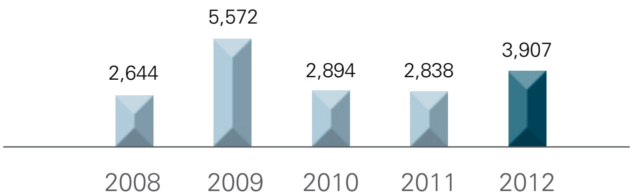
CONTRIBUTING TOWARDS A BETTER SOCIETY

CDL's tradition and philosophy of community involvement date back to the late founder of our parent Hong Leong Group, Mr Kwek Hong Png, who strongly adhered to the traditional Chinese belief "取诸社会用诸社会" which means "return to society what one has gained from it".

City Sunshine Club (CSC) was set up in 1999 as an employee volunteer platform to facilitate and encourage employees and their families to participate in voluntary work and lend a helping hand to the less privileged through a broad range of structured programmes.

For over a decade, CDL has sustained our corporate volunteering culture through CSC, as employees have been engaging in various meaningful community involvement initiatives to help community partners and beneficiaries.

KEY INITIATIVES	IMPACT
Arc Children's Centre	Arc is a day care facility that provides assistance to children with cancer or other life-threatening illnesses. CDL has been a corporate partner since its inception in August 2011 and our volunteers are actively involved in childrens' outings and enrichment programmes.
Assisi Hospice	Assisi Hospice is an outreach service of Mount Alvernia Hospital that provides palliative care to adults with life-limiting illnesses. A long-standing partner of Assisi Hospice since 1999, CDL, together with our subsidiary, CBM Pte Ltd, and our sister hotels collaborated to organise the Charity Fun Day. In the spirit of volunteerism and charity, 240 CDL staff volunteers enthusiastically came out in full force in 2012. In all, the carnival helped Assisi Hospice raise over $800,000, relieving the Hospice of a significant bulk of expenses.
Lions Befrienders & Henderson Senior Citizens' Home	CDL has, in partnership with the Lions Befrienders, been involved in a food distribution and befriending programme for the elderly since 1999. The programme reaches out to over 40 beneficiaries. Aside from monthly visits, CSC volunteers also organise celebratory outings for more than 60 elderly from Henderson Senior Citizens' Home.
Viriya Community Services & South East Community Development Council (CDC)	Viriya Community Services provides social services to low income families in Singapore. CDL has been supporting this NGO for over seven years in their Character Building Programme for students. Aside from these on-going sessions and outings, CSC volunteers also organised an overnight camp for the youth and children to encourage team behaviour. The initiative has also been extended to the South East CDC since 2012.



Employee Volunteer Manhours

Beyond the activities of CSC, CDL also contributes funding to numerous worthy, holistic and sustainable initiatives that aim to improve conditions and provide opportunities for the underserved.

ACCOUNTABILITY AND TRANSPARENCY

This report illustrates the importance CDL places on performance and improvements in our CSR journey as we continually adapt to an evolving environmental, social and governance landscape.

CDL's Sustainability Reports, which are available online, detail our social, ethical and environmental performance. Reporting is based on our CSR strategy, which was refined in 2010 to align with ISO 26000 and uses a robust methodology, including independent assurance, in accordance with the AA1000 Assurance Standard (2008).

Our voluntary disclosure aims to help us drive improvements and communicate in a transparent manner with stakeholders. CDL has been publishing a dedicated Sustainability Report annually, which discloses comprehensive details on our triple bottom line performance since 2008. In July 2012, we published our fifth Sustainability Report, which is the first Level A+ Sustainability Report checked by the GRI using the GRI G3.1 guidelines and the Construction and Real Estate Sector Supplement published by a Singapore property developer.

LOOKING AHEAD

Sustainability is a global business trend that is here to stay and a reality that businesses cannot afford to ignore. We believe that it is important to address sustainability issues in the Annual Report, but we also acknowledge that different audiences have differing expectations and requirements. As a result, we will continue publishing a dedicated Sustainability Report which covers in greater detail our environmental and social performance, including monitoring performance against targets.

As CDL turns 50 this year, we reflect on our journey in the last few decades and are reminded that the success of a business is as good as the well-being of its community in which it operates. Our growth is only made possible because of the trust and support that our stakeholders have bestowed upon us.

We will continue to improve on our business operations and performance through a combination of innovation and responsible business practices.

In the year ahead, we are committed to leveraging on our successes to further engage stakeholders, especially in our supply chain. We will continue to learn and listen, and we look forward to the new guideline to be issued by the GRI to help us in our efforts to align with international best practices.

KWEK LENG JOO

SINGAPORE MARKET REVIEW

Singapore's economy moderated to 1.3% growth in 2012, as compared to the 5.2% expansion for 2011. The economic growth is slightly lower than Ministry of Trade and Industry's (MTI) growth forecast of around 1.5%.

For the whole of 2012, the manufacturing sector grew marginally by 0.1%, slowed down from the positive 7.8% growth in 2011. The construction sector grew by 8.2% in 2012, moderated from the 6.3% growth in 2011. Services producing industries grew by 1.2%, moderated from the 4.6% expansion in the preceding year.

RESIDENTIAL

Singapore's private residential market achieved a stellar performance on the back of strong genuine demand from home buyers and positive job employment, coupled with a high liquidity and low interest rate environment. According to the Urban Redevelopment Authority's (URA) real estate statistics, developers sold 26,696 units (including Executive Condominiums [EC]) of new homes in 2012, an all-time high, 42% more than the 18,787 units sold in 2011. For the year of 2012, prices of private residential properties increased by 2.8% as compared to 5.9% in 2011.

In 2012, prices of private apartments increased by 0.8% in the Core Central Region (CCR) while those in the Rest of Central Region (RCR) and Outside Central Region (OCR) increased by 1.6% and 6.5% 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.

UP@Robertson Quay is well-sited near the Singapore River.

There was strong take-up for CDL's new private residential project launches in 2012. For example, The Rainforest, a 466-unit EC, located at Choa Chu Kang Ave 3, is fully sold. Similarly, UP@Robertson Quay – a mixed hotel and residential development located in the prestigious District 9 and in the heart of Robertson Quay – saw 75% of its residential apartments sold. HAUS@SERANGOON GARDEN, a joint venture between CDL and Hong Realty (Private) Limited, was launched. It is an exclusive community of 97 landed terrace houses in the prestigious Serangoon Gardens estate. The environmentally-friendly project was popular among homebuyers, where 99% of the houses have been sold to date. CDL also launched Echelon, a 99-year condominium jointly developed by CDL, Hong Leong Holdings Limited and Hong Realty (Private) Limited, and designed by award-winning architectural firm SCDA Architects. This distinguished residence, which comprises two 43-storeys towers that houses 508 exclusive apartments, is located at the edge of the prime Tanglin residential enclave and the fringe of the city. Both the preview and official launch of Echelon were met with much enthusiasm by genuine homebuyers. To date, over 84% of the development has been snapped up.

According to URA real estate statistics, rentals of private residential properties rose by 2.1% in 2012. In view of the 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 2013.

Given the robust demand for private housing and buoyant conditions in the property market, the Government announced, in January 2013, the most comprehensive set of measures to date, aimed at cooling the property market further. The measures include raising Additional Buyer's Stamp Duty (ABSD) rates, lowering loan-to-value (LTV), tightening mortgage and HDB ownership for Permanent Residents. Seller's Stamp Duty (SSD) for industrial properties was also introduced for the first time to discourage speculative activity in the sector. The latest round of property measures sharpens the focus on filtering speculative demand further, sparing only first time home purchasers and genuine upgraders. To maintain a stable and sustainable property market, the Government has highlighted that some of the counter cyclical measures are temporary and will be reviewed when the market regains its balance.

The market sentiment is that the global economic growth will strengthen gradually in 2013. However, the recovery will be slow and downside risks remain significant, including prolonged stagnation in the Euro area and excessive short-term fiscal tightening in the United States. The MTI anticipates that the growth forecast for the Singapore economy is between 1% and 3% for 2013.

With a more sustainable economic growth condition, 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 2013.

OFFICE

The global economic conditions improved slightly at the end of 2012, driven by performance in emerging market economies and the United States in response to a slew of stimulus measures implemented by governments in the final two quarters. The slight improvement in market sentiment helped to support Singapore's office capital values and rents towards a stabilisation level at the close of 2012, as shown by market data.

SINGAPORE MARKET REVIEW

URA statistics revealed that the overall price index for office space has moderated to an increase of 1.4% in 2012, compared to the 13.8% increase in 2011. The price indices for office space in the Central Area and Fringe Area increased by 1.7% and 2.0% respectively. According to URA statistics, the overall rental index for office space has declined by 1.3% in 2012, compared to the 8.4% expansion in 2011. The rental index for office space in Central Area fell by 1.8% while the rental index for Fringe Area increased by 0.3%. The office market saw some large office space tenants relocating out of the CBD for cost efficiencies due to the global economic uncertainties, which resulted in an increased demand for Grade A suburban office space.

Based on URA's statistics, the island-wide occupancy rate of office space as at end 2012 increased to relatively healthy levels of 90.6% year-on-year, as compared to 88.7% in 2011. The increase in occupancy rates has supported the rental levels for office space island wide. Total available office space as at end 2012 remained stable at 78.2 million square feet. About 13.7 million square feet of new office space supply is expected between 2013 and 2017. The office property market has benefited from greater tenant diversification in 2012. Based on anecdotal evidence, non-financial institutions such as legal, social media, pharmaceutical and energy sectors, are leasing office space in Singapore.

According to Colliers, Singapore's office property market is likely to continue to experience steady occupier and investor demand. With its strategic geographical location in Southeast Asia, established financial infrastructure, business-friendly policies and positioning as an Asian financial gateway, Singapore has emerged as a choice destination for investors.

RETAIL

The continued growth in Singapore's tourism industry was was supported by positive economic growth and demand indicators. The Singapore retail property market managed to remain firm in 2012.

2012 was an eventful year where tourists and consumers experienced significant events such as the Formula One night race in September, the opening of new attractions such as the Gardens by the Bay, the Giant Panda Forest, the first attraction at the upcoming River Safari at Mandai – Asia's first river-themed wildlife park, and the Marine Life Park in Resorts World Sentosa. The retail scene stayed abuzz with the openings of new stores, food and beverage (F&B) outlets and retails malls, such as Quayside Isle, Chinatown Point, Plaza Singapura's extension and 100 AM.

Quayside Isle (QI) is the only integrated retail development within Sentosa Cove – one of the world's most exclusive marina residential communities. Strategically located next to the stylish W Singapore – Sentosa Cove hotel and the luxurious The Residences at W Singapore – Sentosa Cove, it offers a myriad of waterfront international dining concepts and specialty retail stores. QI is owned and managed by CDL.

According to URA statistics, the island-wide occupancy rate of shop space for 2012 increased marginally to 94.8% year-on-year, rising from 94.7% in 2011. For the year 2012 as a whole, rentals of shop space declined by 0.3%, compared to the increase of 2.6% in 2011. In contrast, prices of shop space increased at a slower rate of 2.0%, compared to the increase of 5.3% in 2011. According to a CB Richard Ellis (CBRE) report, the average monthly gross rents for prime retail space in Orchard was about $31.60 per square foot at the end of 2012, which remained unchanged, similar to the previous year.

Looking ahead, retail sales are expected to remain at healthy levels as new visitor attractions and shopping malls will introduce new-to-market labels, F&B offerings and entertainment concepts. This will also enrich the local retail arena by providing a multi-faceted retail experience and setting new benchmarks in shopping expectations. However, local consumers' sentiment may remain cautious given the dampened global economy. According to Colliers, as Singapore consolidates its status as a cosmopolitan city within Southeast Asia, more retail brands in lifestyle and F&B can be expected to open outlets here.

HOTEL

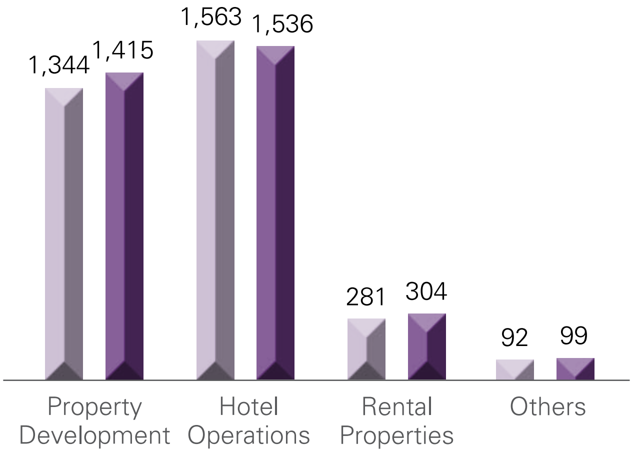
The Singapore tourism industry recorded a stellar performance in 2012, registering significant growth in both visitor arrivals and tourism receipts. According to Singapore Tourism Board (STB) statistics, visitor arrivals to Singapore for 2012 totalled 14.37 million, an increment of about 9.1% on a year-on-year basis. The visitor arrivals from Singapore's top five international visitor-generating markets (Indonesia, China, Malaysia, India and Australia) for first half of 2012 (1H 2012) accounted for 55% of total visitor arrivals. The strong growth was backed by the growing prominence of budget airlines combined with better affluence in these countries. China and Japan registered two of the strongest growths, sustained by the strong performance by the leisure segment. Tourism receipts for 1H 2012 are estimated at $11.5 billion, registering a 7% year-on-year growth.

STB's hotel statistics showed that the overall hotel average room rate in 2012 was about $261, registering an increment of about 5.7% as compared to 2011. The room rates for all hotel tiers have increased, with the upscale tier posting the highest growth rate of 7.8%. Average occupancy remained at 86% in 2012.

The prospects for the tourism industry for 2013 and beyond are promising as Singapore continues to invest in infrastructure and increase more attractions. The new major tourist attractions in the pipeline include Sentosa Bungy and KidZania in Sentosa, and completion of the Singapore Sports Hub, a state-of-the-art sporting facility that will be capable of hosting numerous international-scale events as well as concerts and the National Day Parade. The expected opening of National Art Gallery and the Singapore Botanical Gardens extension in 2015 will draw more new and repeat tourists to Singapore.

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.

PROPERTY DEVELOPMENT

Revenue increased by $71.1 million to $1,414.8 million (FY 2011: $1,343.7 million) for FY 2012. Pre-tax profit decreased by $67.9 million to $468.1 million (FY 2011: $536.0 million) for FY 2012.

The increase in revenue for FY 2012 was mainly attributable to the maiden contribution from The Glyndebourne**, Buckley Classique and H_2O Residences in 2012, sale of the industrial land parcels at Jalan Lam Huat as well as increased contribution from 368 Thomson, Cube 8, Hundred Trees and Tree House. This was partially offset by absence of revenue contribution from Volari and Cliveden at Grange as well as reduced contribution from One Shenton. Included in revenue of FY 2011 was also a gain recorded on the sale of a 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).

Notwithstanding the increase in revenue for FY 2012, pre-tax profit decreased largely attributable to some projects which were completed in 2011 had higher profit margins as well as a higher net write-back of allowance for foreseeable losses for development projects in 2011.

HOTEL OPERATIONS

Revenue had remained relatively constant at $1,535.6 million (FY 2011: $1,563.5 million) for FY 2012.

Despite revenue being constant, pre-tax profit decreased by $31.9 million to $250.3 million (FY 2011: $282.2 million).

The decrease in pre-tax profit for FY 2012 was due to a gain recorded in Q2 2011 of £17.4 million (approximately $35.4 million) on the sale and leaseback of Studio M Hotel, release of £6.6 million (approximately $13.3 million) dilapidation provision for Millennium Hotel & Resort Stuttgart whose lease expired on August 2011 as well as pre-operating expenses and depreciation incurred by the W Singapore – Sentosa Cove hotel in 2012. The decrease was however mitigated by an absence of impairment loss on hotels this year.

RENTAL PROPERTIES

Revenue increased by $23.0 million to $303.8 million (FY 2011: $280.8 million) for FY 2012 primarily due to revenue generated from a retail mall in Thailand which the Group acquired in Q1 2012.

Pre-tax profit decreased by $147.4 million to $178.2 million (FY 2011: $325.6 million) for FY 2012. Despite the increase in revenue, pre-tax profit for FY 2012 decreased due to substantial gains recognised on the sale of The Corporate Building, The Corporate Office and a strata unit in GB Building in 2011, partially mitigated by lower impairment loss on investment properties, gains recorded on the disposal of several strata units in Citimac Industrial Complex, Pantech Business Hub, GB Building and Elite Industrial Building I and II in 2012.

OTHERS

Revenue, comprising mainly income from building maintenance contracts, project management, club operations and dividend income, increased by $6.9 million to $99.4 million (FY 2011: $92.5 million), primarily due to higher management fee income, partially offset by lower dividend income received.

Pre-tax profit of $63.6 million (FY 2011: pre-tax loss of $7.4 million) for FY 2012 was reported for this segment. The pre-tax profit for FY 2012 was primarily boosted by the gain recognised on realisation of investments in a private real estate fund and net fair value gains accounted on financial assets held for trading in 2012 vis-à-vis net fair value losses recorded last year.

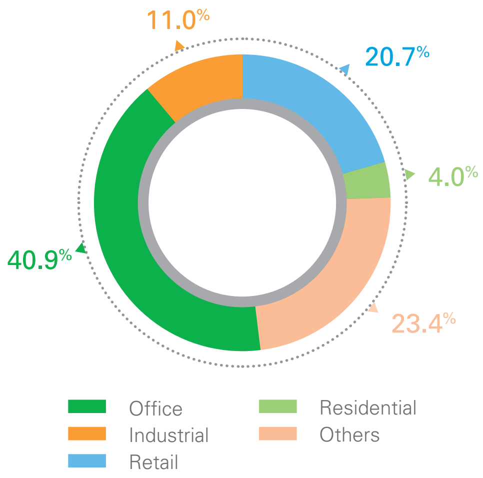
** The Glyndebourne is developed by M&C. The Group has been progressively recognising profit for this project based on the stages of construction. However, based on UK accounting standards, M&C will only book in profit when the construction of the entire development is completed.

PROPERTY PORTFOLIO ANALYSIS

Investment Properties as at 1 January 2013 (CDL's attributable share)

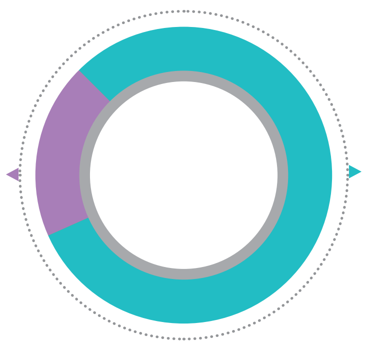
Analysis by Sector

Total lettable: 7.9 million square feet

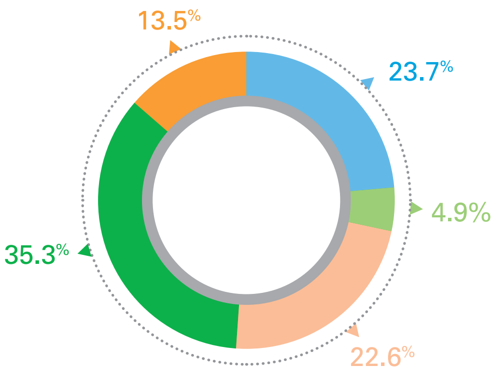


Analysis by Tenure

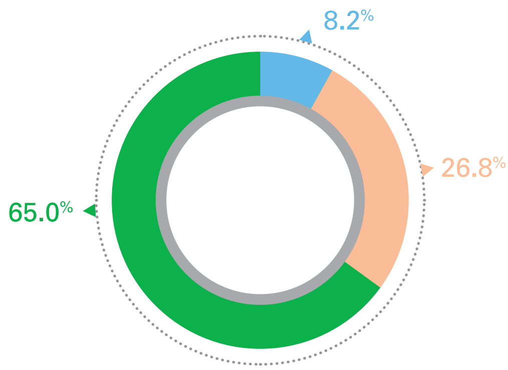
Total lettable: 7.9 million square feet



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:
1.5 million square feet

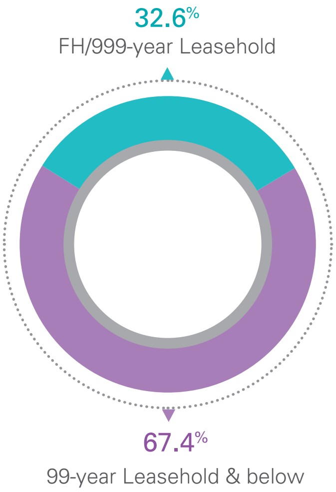


PROPERTY PORTFOLIO ANALYSIS

Land bank as at 1 January 2013 (CDL's attributable share)

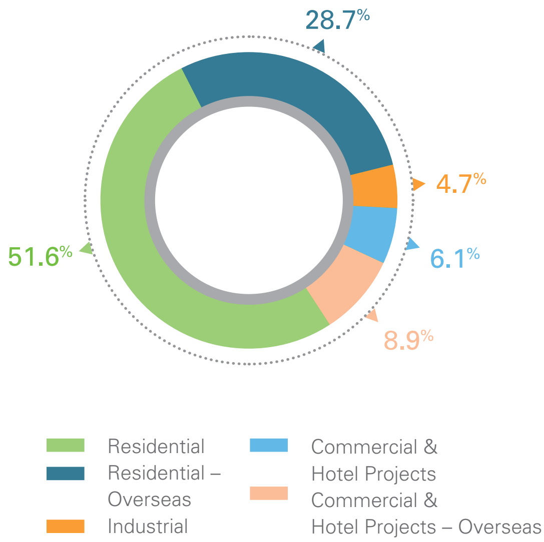
Analysis by Tenure

Total: 3.25 million square feet



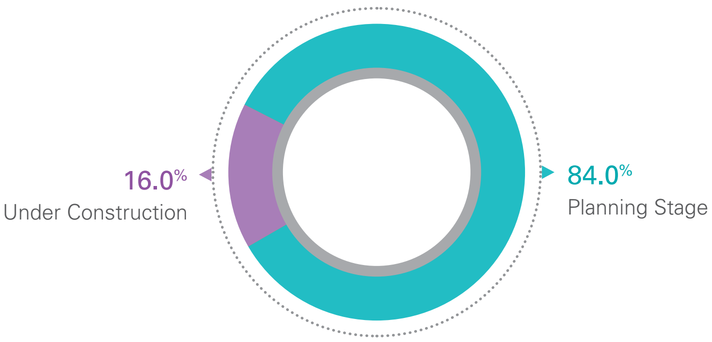
Analysis by Sector

Total: 3.25 million square feet

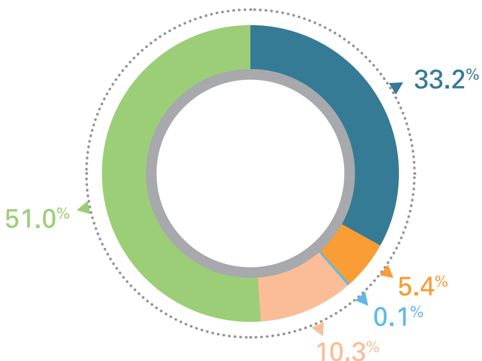


Analysis by Development Stage

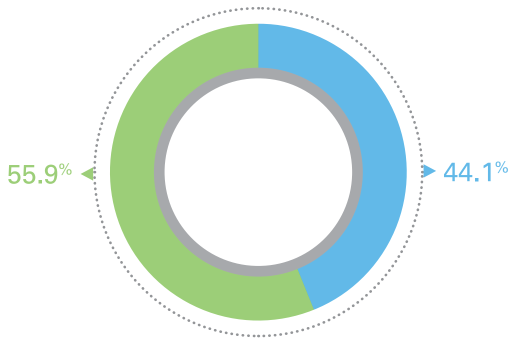
Total: 3.25 million square feet



Planning Stage
Breakdown by Sector
Total: 2.81 million square feet



Under Construction
Breakdown by Sector
Total: 0.44 million square feet



MAJOR PROPERTIES

as at 31 December 2012

COMMERCIAL PROPERTIES	Tenure	Site Area (Sq. Metres)	Approximate Lettable/ Strata/ Gross Floor Area (Sq. Metres)	Effective Group Interest[1] (%)
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	73,153	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[2]	39,798	56,040	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	41,983	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	32,929	100
Manulife Centre is an 11-storey commercial building located at 51 Bras Basah Road.	999-year lease	4,972	22,437	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 2 out of 24 strata-titled units.	99-year lease wef 12.10.1982	2,583	1,476	100
Delfi Orchard is an 11-storey commercial-cum-residential complex located at Orchard Road. The Group owns 124 out of 150 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 out of 180 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

(1) For strata-titled properties, this % refers to the Group's effective interest in the strata-titled units owned by the Group.

(2) The Group has reversionary interest of the property at the expiry of the 45-year lease sold to third party.

MAJOR PROPERTIES

as at 31 December 2012

COMMERCIAL PROPERTIES	Tenure	Site Area (Sq. Metres)	Approximate Lettable/ Strata/ Gross Floor Area (Sq. Metres)	Effective Group Interest[1] (%)
Tanglin Shopping Centre is a shopping-cum-office complex situated at Tanglin Road, within the Orchard Road tourist district. The Group owns 83 out of 362 strata-titled units and 325 carpark 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 out of 127 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 out of 425 strata-titled units and 323 carpark 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
Quayside Isle is a 2-storey F&B and retail waterfront development located next to W Singapore – Sentosa Cove.	99-year lease	8,332	4,099	100
HOTELS				
Grand Copthorne Waterfront is a 30-storey, 574-room hotel-cum-retail waterfront development, located at Havelock Road/Kim Seng Road, along the Singapore River.	Freehold (Retail) Freehold reversionary interest (Hotel)[3]	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
W Singapore - Sentosa Cove is a 7-storey 240-room luxury hotel that is located at Ocean Way.	99-year lease	17,016	23,805	100
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

(1) For strata-titled properties, this % refers to the Group's effective interest in the strata-titled units owned by the Group.

(3) The Group has reversionary interest of the property at the expiry of the 75-year lease sold to third party.

MAJOR PROPERTIES

as at 31 December 2012

OVERSEAS PROPERTIES	Tenure	Site Area (Sq. Metres)	Approximate Lettable/ Strata/ Gross Floor Area (Sq. Metres)	Effective Group Interest (%)
COMMERCIAL PROPERTIES				
Umeda Pacific Building is an 11-storey commercial building located in the prime business district of Osaka, Japan.	Freehold	887	6,396	100
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
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)	49
Mille Malle is a 4-storey retail mall located in the prime residential and commercial district at Sukhumvit Road, Bangkok, Thailand.	Freehold	1,920	2,970	49
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 carpark spaces are allocated to the two office spaces.	Freehold	4,951	34,289	55
Humen International Cloth Centre is located in Boyong Village, Guangdong Province, China, comprising 145 commercial units and 11 serviced apartments.	Leasehold to year 2063	42,293	3,466	21
Chengdu Cityspring is located in Chengdu Hi-Tech Industrial Development Zone, Sichuan Province, China, comprising a block of commercial building with retail shops, serviced offices, office units, 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
Humen Wangwu is located in Shijiao District, Guangdong Province, China, comprising levels 1 to 3 of an office building.	Located on 1 parcel of development land with no land use rights	1,077	1,547	21
HOTELS				
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
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

MAJOR PROPERTIES FOR DEVELOPMENT AND/OR RESALE

as at 31 December 2012

Description & Location	Site Area (Sq. Metres)	Tenure	Effective Group Interest (%)
RESIDENTIAL			
Futura	8,086	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	44,234 14,013	99 years Freehold	33 33
Land Parcel at Mount Vernon Road	20,811	99 years	30
Land Parcel at Buangkok Drive/ Sengkang Central	18,341	99 years	100
Land Parcel at Sengkang West Way/ Fernvale Link (Parcel B)	14,101	99 years	100
Chongqing Eling Hill, Yuzhong District, China	27,200	50 years	100
INDUSTRIAL			
100F Pasir Panjang Road	2,900	Freehold	100
100G Pasir Panjang Road	11,219	Freehold	99
MIXED DEVELOPMENT			
Land Parcel at Tai Thong Crescent (Parcel C)	8,200	99 years	60
Suzhou Jinji Lake, SIP District, China	45,455	Residential – 70 years Commercial – 40 years	70
Chongqing Huang Huayuan, Yuzhong District, China	23,512	Residential – 50 years Commercial – 40 years	100

MAJOR PROPERTIES IN THE COURSE OF DEVELOPMENT

as at 31 December 2012

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	94	2013
Hundred Trees	West Coast Drive	24,860	43,730	956 years	100	80	2013
NV Residences	Pasir Ris Drive 1	30,493	64,036	99 years	51	91	2013
Tree House	Chestnut Avenue	22,700	47,670	99 years	60	80	2013
Cube 8	Thomson Road	6,745	18,891	Freehold	100	66	2013
368 Thomson	Thomson Road	5,625	15,750	Freehold	100	58	2013
The Gale	Flora Road	25,004	35,005	Freehold	33	92	2013
Blossom Residences	Segar Road	20,834	66,263	99 years	100	23	2014
Hedges Park Condominium	Flora Drive	30,679	42,949	99 years	33	27	2014
H_2O Residences	Sengkang West Avenue/Fernvale Link	16,998	56,096	99 years	100	17	2015
The Rainforest	Choa Chu Kang Drive	17,590	49,251	99 years	50	12	2015
Lucky Tower	Grange Road	15,718	33,008	Freehold	100	11	2015
Bartley Residences	Lorong How Sun	22,094	68,052	99 years	30	12	2015
The Palette	Pasir Ris Grove	42,857	90,000	99 years	51	*	2016
HAUS@SERANGOON GARDEN	Serangoon Garden Way	28,402	N.A.	99 years	70	*	2016
Echelon	Alexandra View	9,953	48,768	99 years	50	*	2016
MIXED DEVELOPMENT							
South Beach Project	Beach Road	34,959	153,940	99 years	50.1	20	2015
Boulevard Hotel Site	Cuscaden Road/ Orchard Boulevard	12,127	56,050	Freehold	40	*	2016

* Work less than 10% completed

MAJOR PROPERTIES

as at 31 December 2012

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	508	39
Grand Millennium Kuala Lumpur 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia	Freehold	7,620	459	55
JW Marriot 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 for another 30 years wef 07.03.1990	14,317	853	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	28
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	28

MAJOR PROPERTIES

as at 31 December 2012

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	53
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	116	55

MAJOR PROPERTIES

as at 31 December 2012

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

MAJOR PROPERTIES

as at 31 December 2012

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
One UN 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	439	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 Near 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

MAJOR PROPERTIES

as at 31 December 2012

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	39
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	39
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	39
Kingsgate Hotel Palmerston North 110 Fitzherbert Avenue, Palmerston North, New Zealand	Freehold	15,514	151	27
Copthorne Hotel Rotorua Fenton Street, Rotorua, New Zealand	Freehold	35,935	136	27
Copthorne Hotel & 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	39
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	39

MAJOR PROPERTIES

as at 31 December 2012

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	20
Grand Copthorne Waterfront Hotel# 392 Havelock Road, Singapore	75-year leasehold interest commencing from 19.07.2006	10,860+	574	20
M Hotel# 81 Anson Road, Singapore	75-year leasehold interest commencing from 19.07.2006	2,134	413	20
Novotel Singapore Clarke Quay 177A River Valley Road, Singapore	97 years and 30 days leasehold interest commencing from 02.04.1980	12,925	403	20
Orchard Hotel# 442 Orchard Road, Singapore	75-year leasehold interest commencing from 19.07.2006	8,588@	656	20
Orchard Hotel Shopping Arcade# 442 Orchard Road, Singapore	75-year leasehold interest commencing from 19.07.2006	5,933 (nett lettable area)	N.A.	20
Studio M Hotel 3 Nanson Road, Singapore	99-year leasehold interest commencing from 26.02.2007	2,932	360	20
AUSTRALIA				
Novotel Brisbane 200 Creek Street, Brisbane, Queensland	Strata volumetric freehold	6,244	296	20
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	20
Mercure Perth 10 Irwin Street, Perth, Western Australia	Strata freehold	757	239	20
Ibis Perth 334 Murray Street, Perth, Western Australia	Freehold	1,480	192	20
NEW ZEALAND				
Rendezvous Grand Hotel Auckland 71-87 Mayoral Drive, Auckland, New Zealand	Freehold	5,910	452	20

The Group has freehold reversionary interest of the property at the expiry of the 75-year lease
@ Including Orchard Hotel Shopping Arcade
+ Including adjourning Waterfront Plaza

STATUTORY REPORTS AND ACCOUNTS

FINANCIAL CONTENTS

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 2012.

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	
Tang See Chim	
Yeo Liat Kok Philip	
Tan Poay Seng	(Appointed on 2 February 2012)
Chan Soon Hee Eric	(Appointed on 26 July 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 of the financial year, or at the date of appointment, if later, 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	5,203,567
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	3,920,000	3,576,000
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	1,680,000	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	470,000	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 2013.

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

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of options to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under options.

By Subsidiaries

Millennium & Copthorne Hotels plc (M&C)

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 Scheme 2006; and
(iii) Millennium & Copthorne Hotels 2006 Long Term Incentive Plan.

The Millennium and Copthorne Hotels Sharesave Scheme 1996 which was a United Kingdom Inland Revenue approved scheme designed for the executive directors of M&C and the M&C Group employees, expired in 2006. Options which remained exercisable under the scheme beyond the expiry date lapsed on 1 January 2011.

(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 (stood down from the board with effect 31 December 2012), His Excellency Shaukat Aziz, Nicholas George and Sean Collins (member with effect 1 January 2013).

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) 54,893 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 60,012 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	7,708	(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	7,529	(7,529)	–	–	3.9842	24.03.2008 – 23.03.2015
Part II (Unapproved)						
16.03.2004	9,415	–	–	9,415	2.9167	16.03.2007 – 15.03.2014
24.03.2005	79,968	(39,656)	–	40,312	3.9842	24.03.2008 – 23.03.2015
	114,905	(54,893)	–	60,012		

SHARE OPTIONS (CONT'D)

By Subsidiaries (cont'd)

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

(ii) Millennium & Copthorne Hotels Sharesave Scheme 2006

(a) The Millennium & Copthorne Hotels Sharesave Scheme 2006 (M&C Sharesave Scheme) is the United Kingdom Inland Revenue approved scheme 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 Scheme, 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 M&C Sharesave 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) 69,958 options were granted to subscribe for ordinary shares of £0.30 each in M&C; and (ii) 132,452 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 165,127 unissued shares under options pursuant to the M&C Sharesave 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	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
19.06.2006	792	–	(792)	–	–	3.2500	01.08.2011 – 31.01.2012
26.03.2007	6,169	–	(629)	–	5,540	5.2000	01.07.2012 – 31.12.2012
20.03.2008	5,032	–	–	(5,032)	–	3.2800	01.07.2011 – 31.12.2011
20.03.2008	4,505	–	–	(1,433)	3,072	3.2800	01.07.2013 – 31.12.2013
01.04.2009	147,914	–	(131,031)	(10,230)	6,653	1.5400	01.08.2012 – 31.01.2013
01.04.2009	42,474	–	–	(10,162)	32,312	1.5400	01.08.2014 – 31.01.2015
01.04.2010	24,530	–	–	(8,360)	16,170	3.3000	01.08.2013 – 31.01.2014
01.04.2010	4,050	–	–	(2,072)	1,978	3.3000	01.08.2015 – 31.01.2016
19.04.2011	35,254	–	–	(11,306)	23,948	4.1800	01.08.2014 – 31.01.2015
19.04.2011	9,120	–	–	(1,771)	7,349	4.1800	01.08.2016 – 31.01.2017
19.04.2012	–	56,277	–	(1,853)	54,424	3.8800	01.08.2015 – 31.01.2016
19.04.2012	–	13,681	–	–	13,681	3.8800	01.08.2017 – 31.01.2018
	279,840	69,958	(132,452)	(52,219)	165,127		

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 673,455 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
30.03.2009	1,075,746	–	(1,058,794)	(16,952)	–	30.03.2012
16.09.2010	517,765	–	(1,666)	(3,334)	512,765	16.09.2013
28.11.2011	941,126	–	–	–	941,126	28.11.2014
16.08.2012	–	673,455	–	–	673,455	16.08.2015
	2,534,637	673,455	(1,060,460)	(20,286)	2,127,346	

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.

DIRECTORS' REPORT

SHARE OPTIONS (CONT'D)

By Subsidiaries (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 & RISK COMMITTEE

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

Chee Keng Soon	(Chairman)
Foo See Juan	
Tang See Chim	
Chan Soon Hee Eric	(Appointed on 26 July 2012)

The Audit & Risk Committee met 7 times during the financial year ended 31 December 2012 and performed the functions set out in Section 201B(5) of the Companies Act, Chapter 50. In performing its functions, the Audit & Risk 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 & Risk Committee also reviewed the consolidated financial statements and the financial statements of the Company for the financial year ended 31 December 2012 as well as the auditors' report thereon.

The Audit & Risk 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
14 March 2013

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 89 to 196 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 2012 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
14 March 2013

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 2012, 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 89 to 196.

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 2012 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
14 March 2013

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2012

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Non-current assets					
Property, plant and equipment	3	**3,405,474**	3,313,182	**9,772**	9,192
Investment properties	4	**2,916,193**	2,907,181	**518,651**	525,164
Investments in:					
– subsidiaries	5	**–**	–	**2,223,435**	2,221,805
– associates	6	**417,855**	420,966	**–**	–
– jointly-controlled entities	7	**806,956**	674,272	**36,360**	36,360
Lease premium prepayment		**82,798**	90,460	**–**	–
Financial assets	8	**102,132**	156,739	**27,687**	23,752
Other non-current assets	9	**79,072**	314,120	**428,227**	233,148
		7,810,480	7,876,920	**3,244,132**	3,049,421
Current assets					
Lease premium prepayment		**2,484**	2,635	**–**	–
Development properties	10	**4,310,685**	3,243,875	**651,687**	700,183
Consumable stocks		**8,838**	8,825	**32**	66
Financial assets	8	**32,585**	26,288	**–**	–
Assets classified as held for sale	11	**103,698**	–	**–**	–
Trade and other receivables	12	**1,182,731**	1,200,918	**4,936,376**	4,224,478
Cash and cash equivalents	15	**2,156,827**	2,603,005	**1,040,004**	1,572,120
		7,797,848	7,085,546	**6,628,099**	6,496,847
Total assets		**15,608,328**	14,962,466	**9,872,231**	9,546,268
Equity attributable to owners of the Company					
Share capital	16	**1,991,397**	1,991,397	**1,991,397**	1,991,397
Reserves	17	**5,312,251**	4,835,408	**3,402,160**	3,384,601
		7,303,648	6,826,805	**5,393,557**	5,375,998
Non-controlling interests		**1,953,407**	1,869,199	**–**	–
Total equity		**9,257,055**	8,696,004	**5,393,557**	5,375,998
Non-current liabilities					
Interest-bearing borrowings	19	**3,468,764**	2,929,322	**2,381,248**	1,506,060
Employee benefits	23	**34,774**	35,989	**–**	–
Other liabilities	24	**145,522**	96,898	**124,254**	166,825
Provisions	25	**15,415**	17,703	**–**	–
Deferred tax liabilities	26	**352,637**	367,304	**45,842**	41,620
		4,017,112	3,447,216	**2,551,344**	1,714,505
Current liabilities					
Trade and other payables	27	**1,034,134**	981,845	**1,444,302**	1,148,587
Interest-bearing borrowings	19	**998,164**	1,476,508	**408,448**	1,135,304
Employee benefits	23	**16,279**	15,707	**2,477**	2,479
Other liabilities	24	**266**	75	**–**	–
Provision for taxation		**221,360**	321,074	**72,103**	169,395
Provisions	25	**23,816**	24,037	**–**	–
Liabilities classified as held for sale	11	**40,142**	–	**–**	–
		2,334,161	2,819,246	**1,927,330**	2,455,765
Total liabilities		**6,351,273**	6,266,462	**4,478,674**	4,170,270
Total equity and liabilities		**15,608,328**	14,962,466	**9,872,231**	9,546,268

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

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2012

	Note	Group 2012 $'000	2011 $'000
Revenue	28	3,353,727	3,280,465
Cost of sales		(1,692,654)	(1,507,486)
Gross profit		1,661,073	1,772,979
Other operating income	29	148,658	253,985
Administrative expenses		(505,856)	(490,213)
Other operating expenses		(383,505)	(409,382)
Profit from operating activities		920,370	1,127,369
Finance income		38,590	28,171
Finance costs		(78,867)	(81,064)
Net finance costs	29	(40,277)	(52,893)
Share of after-tax profit of associates		39,934	31,723
Share of after-tax profit of jointly-controlled entities		40,212	30,244
Profit before income tax		960,239	1,136,443
Income tax expense	30	(99,901)	(174,723)
Profit for the year	29	860,338	961,720
Profit attributable to owners of the Company:			
– Ordinary shareholders		665,435	785,651
– Preference shareholders		12,904	12,904
		678,339	798,555
Non-controlling interests		181,999	163,165
Profit for the year		860,338	961,720
Earnings per share			
– Basic	31	73.2 cents	86.4 cents
– Diluted	31	71.1 cents	83.7 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	Note	Group 2012 $'000	Group 2011 $'000
Profit for the year		860,338	961,720
Other comprehensive income			
Actuarial losses on defined benefit plans		(6,088)	(3,601)
Change in fair value of equity investments available for sale		3,274	(12,613)
Effective portion of changes in fair value of cash flow hedges		584	919
Exchange differences on hedges of net investment in foreign entities		5,897	(688)
Exchange differences on monetary items forming part of net investment in foreign entities		(19,667)	5,771
Exchange differences realised on disposal of a subsidiary and a jointly-controlled entity		–	131
Exchange differences realised on liquidation of subsidiaries		7,831	–
Share of other reserve movements of associates and a jointly-controlled entity		241	(9,795)
Translation differences arising on consolidation of foreign entities		(115,588)	(16,978)
Other comprehensive income for the year, net of income tax	30	(123,516)	(36,854)
Total comprehensive income for the year		736,822	924,866
Total comprehensive income attributable to:			
Owners of the Company		606,981	778,958
Non-controlling interests		129,841	145,908
Total comprehensive income for the year		736,822	924,866

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2012

	Note	Share capital $'000	Capital reserve $'000	Hedging reserve $'000	Fair value reserve $'000
Group					
At 1 January 2012		1,991,397	148,962	(705)	3,067
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		–	–	–	3,274
Effective portion of changes in fair value of cash flow hedges		–	–	318	–
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 liquidation of subsidiaries		–	–	–	–
Share of other reserve movements of associates and a jointly-controlled entity		–	–	–	–
Translation differences arising on consolidation of foreign entities		–	–	–	–
Total other comprehensive income		–	–	318	3,274
Total comprehensive income for the year		–	–	318	3,274
Transactions with owners, recorded directly in equity					
<u>Contributions by and distributions to owners</u>					
Capital contribution from non-controlling interests		–	–	–	–
Dividends paid to owners of the Company	32	–	–	–	–
Dividends paid to non-controlling interests		–	–	–	–
Share options exercised		–	–	–	–
Share-based payment transactions		–	–	–	–
Total contributions by and distributions to owners		–	–	–	–
<u>Changes in ownership interests in subsidiaries</u>					
Acquisition of a subsidiary with non-controlling interests	35	–	–	–	–
Acquisition of non-controlling interests		–	136	–	–
Total changes in ownership interests in subsidiaries		–	136	–	–
Total transactions with owners		–	136	–	–
At 31 December 2012		1,991,397	149,098	(387)	6,341

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2012

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
(4,459)	9,470	(320,267)	4,999,340	6,826,805	1,869,199	8,696,004
–	–	–	678,339	678,339	181,999	860,338
–	–	–	(3,175)	(3,175)	(2,913)	(6,088)
–	–	–	–	3,274	–	3,274
–	–	–	–	318	266	584
–	–	3,218	–	3,218	2,679	5,897
–	–	(18,049)	–	(18,049)	(1,618)	(19,667)
–	–	7,831	–	7,831	–	7,831
105	–	–	–	105	136	241
–	–	(64,880)	–	(64,880)	(50,708)	(115,588)
105	–	(71,880)	(3,175)	(71,358)	(52,158)	(123,516)
105	–	(71,880)	675,164	606,981	129,841	736,822
–	–	–	–	–	1,252	1,252
–	–	–	(131,113)	(131,113)	–	(131,113)
–	–	–	–	–	(50,482)	(50,482)
–	(344)	–	–	(344)	344	–
–	1,183	–	–	1,183	984	2,167
–	839	–	(131,113)	(130,274)	(47,902)	(178,176)
–	–	–	–	–	2,534	2,534
–	–	–	–	136	(265)	(129)
–	–	–	–	136	2,269	2,405
–	839	–	(131,113)	(130,138)	(45,633)	(175,771)
(4,354)	10,309	(392,147)	5,543,391	7,303,648	1,953,407	9,257,055

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2012

	Note	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
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	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		–	–	–	–
Dividends paid to owners of the Company	32	–	–	–	–
Dividends paid to non-controlling interests		–	–	–	–
Share-based payment transactions		–	–	–	–
Total contributions by and distributions to owners		–	–	–	–
Changes in ownership interests in subsidiaries					
Acquisition of non-controlling interests		–	822	(6)	–
Total changes in ownership interests in subsidiaries		–	822	(6)	–
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 2012

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)	4,421,525	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
–	–	–	(222,043)	(222,043)	–	(222,043)
–	–	–	–	–	(25,411)	(25,411)
–	(292)	–	–	(292)	(243)	(535)
–	(292)	–	(222,043)	(222,335)	37,469	(184,866)
(1)	69	3,524	3,264	7,672	(31,927)	(24,255)
(1)	69	3,524	3,264	7,672	(31,927)	(24,255)
(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

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2012

	Group	
	2012	**2011**
	$'000	**$'000**
Cash flows from operating activities		
Profit for the year	860,338	961,720
Adjustments for:		
Depreciation and amortisation	148,271	133,341
Dividend income	(6,485)	(10,037)
Equity settled share-based transactions	4,147	2,704
Finance costs	78,867	81,064
Finance income	(38,590)	(28,171)
Gain on dilution of investment in an associate	(1,241)	(418)
Impairment losses on loans to a jointly-controlled entity	2,904	959
Impairment losses on investment properties and property, plant and equipment	6,009	44,181
Income tax expense	99,901	174,723
Net gain on disposal, dilution and liquidation of jointly-controlled entities	–	(5,901)
Net loss on disposal, dilution and liquidation of subsidiaries	7,832	2,761
Profit on sale of investments	(46,316)	(152)
Profit on sale of property, plant and equipment and investment properties	(83,995)	(230,570)
Property, plant and equipment and investment properties written off	190	350
Share of after-tax profit of associates	(39,934)	(31,723)
Share of after-tax profit of jointly-controlled entities	(40,212)	(30,244)
Units in an associate received and receivable in lieu of fee income	(9,776)	(10,894)
Operating profit before working capital changes	941,910	1,053,693
Changes in working capital:		
Development properties	(756,212)	173,869
Consumable stocks and trade and other receivables	36,289	(148,752)
Trade and other payables	55,784	65,830
Employee benefits	(8,437)	539
Cash generated from operations	269,334	1,145,179
Income tax paid	(204,074)	(162,224)
Net cash from operating activities carried forward	65,260	982,955

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

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2012

	Note	Group 2012 $'000	Group 2011 $'000
Net cash from operating activities brought forward		65,260	982,955
Cash flows from investing activities			
Acquisition of non-controlling interests		(129)	(24,255)
Acquisition of subsidiaries (net of cash acquired)	35	(411,993)	–
Capital expenditure on investment properties		(48,323)	(194,817)
Decrease/(Increase) in investments in an associate		5,356	(37,350)
Disposal/(Purchase) of financial assets		97,733	(2,581)
Disposal of subsidiaries (net of cash disposed of)	35	–	264,325
Dividends received:			
– an associate		38,908	35,846
– financial investments		6,485	9,855
– jointly-controlled entities		23,897	30,522
Increase in intangible assets		(596)	(308)
Increase in investments in jointly-controlled entities		(13,370)	(274,625)
Interest received		18,263	13,308
Payments for purchase of property, plant and equipment		(208,763)	(199,093)
Proceeds from disposal of a jointly-controlled entity		–	1,465
Proceeds from sale of property, plant and equipment and investment properties		139,641	430,367
Net cash (used in)/from investing activities		(352,891)	52,659
Cash flows from financing activities			
Capital contribution from non-controlling interests		1,252	63,123
Dividends paid		(181,595)	(247,454)
Finance lease payments		(3)	(3)
Increase in/(Repayment of) other long-term liabilities		382	(134)
Interest paid (including amounts capitalised as property, plant and equipment, investment properties and development properties)		(93,967)	(89,129)
Net (repayments of)/proceeds from revolving credit facilities and short-term bank borrowings		(122,310)	242,547
Net repayment by/(advances to) related parties		54,163	(201,777)
Payment of financing transaction costs		(8,544)	(5,321)
Proceeds from bank borrowings		790,826	438,200
Proceeds from issuance of bonds and notes		356,243	105,000
Repayment of bank borrowings		(451,655)	(407,874)
Repayment of bonds and notes		(404,000)	(316,675)
Net cash used in financing activities		(59,208)	(419,497)
Net (decrease)/increase in cash and cash equivalents		(346,839)	616,117
Cash and cash equivalents at beginning of the year		2,487,580	1,872,974
Effect of exchange rate changes on balances held in foreign currencies		(13,581)	(1,511)
Cash and cash equivalents at end of the year	15	2,127,160	2,487,580

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

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2012

Significant non-cash transactions

(i) Management fee income of $9,776,000 (2011: $10,894,000) is received and receivable by the Group in the form of units in an associate.

(ii) Dividends amounting to $5,960,000 (2011: $13,714,000) 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 2012, dividends amounting to $Nil (2011: $182,000) 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 14 March 2013.

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 2012 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.

Information about 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 note:

Note 2.2	Assessment of ability to control or exert significant influence over partly-owned investments

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are described in the following notes:

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of consolidation (cont'd)

Associates and jointly-controlled entities (cont'd)

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.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Foreign currencies (cont'd)

Foreign currency transactions (cont'd)

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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

2.5 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Intangible assets (cont'd)

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.

Acquisitions 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.

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).

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 (comprise mainly technology, trade name and customer relationship), are amortised in the income statement on a straight-line basis over their estimated useful lives ranging from 1 to 15 years, from the date on which they are available for use.

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.

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Investment properties (cont'd)

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. Interest attributable to finance the purchase of lease of land is capitalised to the cost of 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial instruments (cont'd)

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 derivative financial liabilities.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial instruments (cont'd)

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 Assets and liabilities 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 is first allocated to goodwill, and then to remaining assets and liabilities on a *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.

Property, plant and equipment and investment property once classified as held for sale are not depreciated.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Employee benefits (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Employee benefits (cont'd)

Share-based payment transactions (cont'd)

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.

2.16 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.

Dilapidation

Provision for dilapidation costs is recognised in respect of the expected costs to be incurred on termination of a leasehold asset.

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. No revenue is recognised when there is significant uncertainty as to the collectibility of consideration due or the possible return of units sold.

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 transaction 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 receivable 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.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2012

3 PROPERTY, PLANT AND EQUIPMENT

	Note	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 2011		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	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	4	–	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
Additions		17,305	91,704	17,460	64,226	19,785	210,480
Acquisition of subsidiaries	35	76,468	17	–	3,282	84	79,851
Disposals		(15,371)	–	–	(35,389)	–	(50,760)
Written off during the year		(778)	(973)	–	(6,736)	–	(8,487)
Reclassifications and transfers		23,563	144,990	(165,388)	10,843	(14,008)	–
Transfers to assets classified as held for sale	11	–	–	–	(789)	–	(789)
Translation differences on consolidation		(90,378)	(29,356)	(793)	(28,858)	(335)	(149,720)
At 31 December 2012		2,695,908	942,202	111,612	848,944	17,007	4,615,673

* Relates to excess accruals written back.

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Note	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							
Accumulated depreciation and impairment losses							
At 1 January 2011		450,515	170,011	3,547	692,988	–	1,317,061
Charge for the year	29	16,072	3,317	–	51,747	–	71,136
Disposals		(2,395)	(177)	–	(55,478)	–	(58,050)
Disposal of subsidiaries	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	4	–	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
Charge for the year	29	17,598	15,690	–	47,198	–	80,486
Disposals		(3,522)	–	–	(34,626)	–	(38,148)
Written off during the year		(699)	(937)	–	(6,663)	–	(8,299)
Reclassifications and transfers		(2,918)	3,035	–	(117)	–	–
Transfers to assets classified as held for sale	11	–	–	–	(383)	–	(383)
Translation differences on consolidation		(13,966)	(10,305)	(257)	(20,845)	–	(45,373)
At 31 December 2012		442,719	196,474	5,779	565,227	–	1,210,199
Carrying amounts							
At 1 January 2011		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
At 31 December 2012		2,253,189	745,728	105,833	283,717	17,007	3,405,474

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land and buildings $'000	Furniture, fittings and equipment $'000	Total $'000
Company			
Cost			
At 1 January 2011	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
Additions	–	2,354	2,354
Disposals	–	(338)	(338)
Written off during the year	–	(336)	(336)
At 31 December 2012	3,794	28,360	32,154
Accumulated depreciation			
At 1 January 2011	–	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
Charge for the year	–	1,762	1,762
Disposals	–	(330)	(330)
Written off during the year	–	(332)	(332)
At 31 December 2012	–	22,382	22,382
Carrying amounts			
At 1 January 2011	3,794	4,901	8,695
At 31 December 2011	3,794	5,398	9,192
At 31 December 2012	3,794	5,978	9,772

Property, plant and equipment with the following carrying values were acquired under finance lease arrangements:

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Furniture, fittings and equipment	57	4	–	–

In 2011, 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 piece of land in India, held by Millennium and Copthorne Hotels plc and its subsidiaries (M&C Group). The piece of land in India was impaired following a decision by the management of the M&C Group 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 M&C Group using discount rates ranging from 10.5% to 14.0%.

In addition, the Group reversed impairment loss of $2,313,000 in 2011 which was recognised in prior years in respect of one hotel in United States of America held by the M&C Group due to improved trading performances. The estimate of the recoverable amount was determined by management of the M&C Group using discount rate of 13.5%.

Included in property, plant and equipment are certain hotel properties of the Group with carrying value totalling $418,950,000 (2011: $374,542,000) 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

	Note	Group $'000	Company $'000
Cost			
At 1 January 2011		3,539,838	608,338
Additions		194,952	4,469
Disposals		(29)	–
Transfers to property, plant and equipment	3	(3,328)	–
Written off during the year		(436)	(18)
Translation differences on consolidation		6,303	–
At 31 December 2011		3,737,300	612,789
Additions		49,306	3,766
Acquisition of subsidiaries	35	222,820	–
Disposals		(63,611)	–
Transfers to assets classified as held for sale	11	(107,813)	–
Written off during the year		(1,618)	(1,611)
Translation differences on consolidation		(64,482)	–
At 31 December 2012		3,771,902	614,944
Accumulated depreciation and impairment losses			
At 1 January 2011		754,931	77,430
Charge for the year	29	59,413	10,207
Disposals		(15)	–
Transfers to property, plant and equipment	3	(1,551)	–
Written off during the year		(428)	(12)
Impairment losses	29	14,056	–
Translation differences on consolidation		3,713	–
At 31 December 2011		830,119	87,625
Charge for the year	29	64,897	10,279
Disposals		(20,577)	–
Transfers to assets classified as held for sale	11	(10,830)	–
Written off during the year		(1,616)	(1,611)
Impairment loss	29	6,009	–
Translation differences on consolidation		(12,293)	–
At 31 December 2012		855,709	96,293
Carrying amounts			
At 1 January 2011		2,784,907	530,908
At 31 December 2011		2,907,181	525,164
At 31 December 2012		2,916,193	518,651
Fair value			
At 31 December 2011		6,480,627	1,167,331
At 31 December 2012		6,692,283	1,188,101

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 1 to 5 years, and subsequent renewals are negotiated at prevailing market rates and terms.

4 INVESTMENT PROPERTIES (CONT'D)

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. In March 2013, the Group entered into a sale and purchase agreement to dispose one of its investment properties for a consideration of $150,951,000. The transaction is expected to be completed in May 2013. The fair value of the investment property as at 31 December 2012 is based on the best quote offered by the potential buyer.

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 2012, upon the Group and the Company identifying indications of impairment and thereafter assessing the carrying values of their investment properties, the Group recognised impairment loss of $6,009,000 (2011: $14,056,000).

The impairment loss of $6,009,000 (2011: $14,056,000) 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.

Investment properties of the Group with a total carrying amount of $1,146,017,000 (2011: $1,063,797,000) 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 2012 $'000	Company 2011 $'000
Investments in subsidiaries			
Unquoted shares, at cost		2,278,068	2,278,068
Discount implicit in non-current inter-company balances		7,095	7,095
Impairment losses		(61,728)	(63,358)
		2,223,435	2,221,805
Balances with subsidiaries			
Amounts owing by subsidiaries			
– trade, interest-free		7,453	6,890
– non-trade, interest-free		2,016,583	1,884,187
– non-trade, interest-bearing		3,075,571	2,215,992
		5,099,607	4,107,069
Impairment losses		(57,123)	(55,017)
		5,042,484	4,052,052
Receivable within 1 year	12	4,614,257	3,818,904
Receivable after 1 year	9	428,227	233,148
		5,042,484	4,052,052
Amounts owing to subsidiaries			
– trade, interest-free		1,034	1,070
– non-trade, interest-free		938,978	823,548
– non-trade, interest-bearing		383,733	200,695
		1,323,745	1,025,313
Repayable within 1 year	27	1,223,745	875,313
Repayable after 1 year	24	100,000	150,000
		1,323,745	1,025,313

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 reversed impairment loss of $1,630,000 on its investment in a subsidiary which had disposed off its proportionate interest in industrial land parcels located at Jalan Lam Huat and recognised a profit from the sale. Accordingly, the impairment loss previously recognised for the investment of this subsidiary was reversed fully.

In 2011, 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 in 2011 following the disposal of their underlying investments.

The remaining impairment loss of $16,300,000 was made in relation to its investment in a wholly-owned subsidiary, which had proceeded with voluntary liquidation in 2011. 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.

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 0.51% to 3.57% (2011: 0.42% to 13.00%) and at 1.00% to 3.57% (2011: 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 $428,227,000 (2011: $227,657,000) 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	
	2012	**2011**
	$'000	**$'000**
At 1 January	55,017	55,647
Charge/(Write-back) of impairment losses	2,106	(630)
At 31 December	57,123	55,017

Further details regarding subsidiaries are set out in Note 40.

6 INVESTMENTS IN AND BALANCES WITH ASSOCIATES

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Investments in associates		417,855	420,966	–	–
Balances with associates					
Amounts owing by associates:					
– trade, interest-free		931	660	–	–
– non-trade, interest-bearing		94,125	139,428	–	–
– non-trade, interest-free		18	747	–	–
		95,074	140,835	–	–
Receivable:					
– within 1 year	12	37,621	37,555	–	–
– after 1 year	9	57,453	103,280	–	–
		95,074	140,835	–	–
Amounts owing to an associate:					
– trade, interest-free		7,277	7,434	9	3
– non-trade, interest-bearing		32,340	23,908	–	–
		39,617	31,342	9	3
Payable:					
– within 1 year	27	7,277	7,434	9	3
– after 1 year	24	32,340	23,908	–	–
		39,617	31,342	9	3

The non-trade amounts owing by and to associates are unsecured. In respect of the interest-bearing amounts owing by an associate, interest was charged at 2.87% to 3.24% (2011: 2.75% to 3.01%). For interest-bearing the amounts owing to an associate, interest was charged at 6.90% to 7.54% (2011: 7.54%).

The non-trade balances with associates that are presented as receivable within one year are receivable on demand. The non-current receivables from and payable to 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 $279,687,000 (2011: $284,702,000) and whose fair value as at the reporting date based on published price quotations is $642,608,000 (2011: $522,332,000).

Summarised aggregated financial information relating to the associates, which is not adjusted for the percentage of ownership held by the Group, is as follows:

	2012 $'000	2011 $'000
Total assets	2,079,484	2,206,667
Total liabilities	941,009	1,046,672
Revenue	294,321	157,733
Profit after tax	83,569	85,091

Further details regarding the associates are set out in Note 40.

7 INVESTMENTS IN AND BALANCES WITH JOINTLY-CONTROLLED ENTITIES

	Note	Group		Company	
		2012 $'000	2011 $'000	2012 $'000	2011 $'000
Investments in jointly-controlled entities					
Investments in jointly-controlled entities		806,956	674,272	37,360	37,360
Impairment losses		–	–	(1,000)	(1,000)
		806,956	674,272	36,360	36,360
Balances with jointly-controlled entities					
Amounts owing by jointly-controlled entities					
– trade, interest-free		6,807	2,861	239	218
– non-trade, interest-bearing		696,501	725,995	275,230	280,731
– non-trade, interest-free		215,117	214,643	–	–
		918,425	943,499	275,469	280,949
Impairment losses		(40,149)	(36,935)	(16,365)	(16,365)
		878,276	906,564	259,104	264,584
Receivable:					
– within 1 year	12	878,276	712,600	259,104	264,584
– after 1 year	9	–	193,964	–	–
		878,276	906,564	259,104	264,584
Amounts owing to jointly-controlled entities payable within 1 year					
– trade, interest-free		2	2	–	–
– non-trade, interest-free		24,824	28,676	24,824	28,676
	27	24,826	28,678	24,824	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% (2011: 0.75% to 8.50%) per annum and 1.50% to 2.00% (2011: 1.50% to 2.00%) 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 entities are loans to a jointly-controlled entity with carrying amounts of $Nil (2011: $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.

The change in impairment losses in respect of balances with jointly-controlled entities is as follows:

	Note	Group		Company	
		2012 $'000	2011 $'000	2012 $'000	2011 $'000
At 1 January		36,935	35,740	16,365	15,174
Charge of impairment losses	29	2,904	959	–	1,191
Translation differences on consolidation		310	236	–	–
At 31 December		40,149	36,935	16,365	16,365

7 INVESTMENTS IN AND BALANCES WITH JOINTLY-CONTROLLED ENTITIES (CONT'D)

In total, the Group's share of the jointly-controlled entities' results, assets, liabilities and commitments is as follows:

	Group	
	2012	2011
	$'000	$'000
Results		
Revenue and other operating income	252,547	199,553
Cost of sales and other expenses	(194,579)	(156,826)
Profit before income tax	57,968	42,727
Income tax expense	(9,078)	(3,621)
Non-controlling interests	(8,678)	(8,862)
Profit for the year	40,212	30,244
Assets and liabilities		
Non-current assets	394,630	418,832
Current assets	2,616,066	2,211,583
Total assets	3,010,696	2,630,415
Current liabilities	(564,275)	(359,927)
Non-current liabilities	(1,639,467)	(1,596,216)
Total liabilities	(2,203,742)	(1,956,143)
Commitments		
Development expenditure contracted but not provided for in the financial statements	510,404	521,189
Capital expenditure contracted but not provided for in the financial statements	280	2,451
Non-cancellable operating lease payables	10,355	20,778
Non-cancellable operating lease receivables	9,308	15,543

As at 31 December 2012, a jointly-controlled entity of the Group has a non-cancellable operating lease rental receivable of $274,000 with a fellow subsidiary.

Further details regarding jointly-controlled entities are set out in Note 40.

8 FINANCIAL ASSETS

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Non-current financial assets				
Unquoted equity investments available for sale				
– fellow subsidiaries	3,294	3,289	3,290	3,290
– other related parties	44,665	100,340	–	–
– non-related companies	18,505	19,283	1,340	1,340
Impairment losses	(3,339)	(3,339)	–	–
	63,125	119,573	4,630	4,630
Quoted equity investments available for sale				
– fellow subsidiaries	27,421	22,739	23,057	19,122
– non-related companies	11,586	14,427	–	–
	39,007	37,166	23,057	19,122
Total	102,132	156,739	27,687	23,752

8 FINANCIAL ASSETS (CONT'D)

	Group	
	2012	2011
	$'000	$'000
Current financial assets		
Equity investments held for trading		
– quoted	31,375	24,888
– unquoted	1,210	1,400
	32,585	26,288

Included in quoted equity investments held for trading are investments in shares of listed subsidiaries with a total carrying value of $11,627,000 (2011: $9,719,000) 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 amount of $54,113,000 (2011: $110,266,000) and $4,630,000 (2011: $4,630,000) respectively, which are measured at cost less accumulated 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	
	2012	2011
	$'000	$'000
At 1 January	3,339	3,366
Impairment losses utilised	–	(27)
At 31 December	3,339	3,339

9 OTHER NON-CURRENT ASSETS

		Group		Company	
	Note	2012	2011	2012	2011
		$'000	$'000	$'000	$'000
Amounts owing by:					
– subsidiaries	5	–	–	428,227	233,148
– associates	6	57,453	103,280	–	–
– jointly-controlled entities	7	–	193,964	–	–
Deferred tax assets	26	4,059	3,655	–	–
Deferred expenditure		585	617	–	–
Deposits and prepayment		6,542	6,395	–	–
Intangible assets		4,260	6	–	–
Interest receivables		–	2,321	–	–
Other receivables		6,173	3,882	–	–
		79,072	314,120	428,227	233,148

10 DEVELOPMENT PROPERTIES

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Properties in the course of development, at cost	3,667,484	2,511,983	423,578	557,996
Attributable profit	331,787	121,433	52,857	62,848
	3,999,271	2,633,416	476,435	620,844
Progress billings	(1,210,011)	(943,372)	(275,014)	(357,005)
	2,789,260	1,690,044	201,421	263,839
Properties for development and resale representing mainly land, at cost	106,219	438,646	–	–
Completed units, at cost	1,205,588	916,844	208,038	203,677
	4,101,067	3,045,534	409,459	467,516
Allowance for foreseeable losses	(29,583)	(35,511)	(506)	(1,185)
	4,071,484	3,010,023	408,953	466,331
Share of jointly-controlled assets				
Properties in the course of development, at cost	380,916	315,550	384,449	315,550
Attributable profit	113,771	63,818	113,771	63,818
	494,687	379,368	498,220	379,368
Progress billings	(255,486)	(145,516)	(255,486)	(145,516)
	239,201	233,852	242,734	233,852
Total development properties	4,310,685	3,243,875	651,687	700,183

The change in foreseeable losses in respect of development properties during the year is as follows:

		Group		Company	
	Note	2012	2011	2012	2011
		$'000	$'000	$'000	$'000
At 1 January		35,511	77,201	1,185	282
Allowance (written back)/made (net)	29	(5,593)	(41,644)	(679)	903
Allowance utilised		(190)	–	–	–
Translation differences on consolidation		(145)	(46)	–	–
At 31 December		29,583	35,511	506	1,185

Included in the above are development properties under construction where revenue is recognised as construction progresses, which are set out below:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Properties in the course of development, at cost	3,409,630	2,615,096	808,027	873,546
Attributable profit	445,558	185,251	166,628	126,666
	3,855,188	2,800,347	974,655	1,000,212
Progress billings	(1,339,356)	(1,020,623)	(530,500)	(502,521)

10 DEVELOPMENT PROPERTIES (CONT'D)

In 2012, development properties for the Group recognised as cost of sales, excluding foreseeable losses amounted to $921,021,000 (2011: $786,977,000).

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 $889,621,000 (2011: $609,796,000) and $158,329,000 (2011: $176,471,000) respectively are mortgaged to financial institutions to secure credit facilities (refer to Note 20).

11 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

(a) During the year, the Group entered into sale and purchase agreements to sell 18 strata units of 3 investment properties.

(b) In February 2013, the Group entered into an equity transfer agreement to dispose of its entire interest in an indirect wholly-owned subsidiary of the Group holding an investment property in China.

The investment properties relate to the rental properties segment. These transactions are expected to be completed in 2013.

At 31 December 2012, the assets and liabilities associated with the above investment properties and subsidiary 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".

	Note	Group 2012 $'000
Assets classified as held for sale		
Property, plant and equipment	3	406
Investment properties	4	96,983
Trade and other receivables		1,105
Cash and cash equivalents	15	5,204
		103,698
Liabilities classified as held for sale		
Trade and other payables		3,144
Interest-bearing borrowings *		36,998
		40,142

* The interest-bearing borrowing relates to a secured term loan taken up by a subsidiary. In December 2012, the subsidiary refinanced its existing interest-bearing borrowing which was due for repayment. The refinanced secured term loan matures in December 2015 and is secured by a mortgage on a subsidiary's investment property amounting to $91,976,000.

The subsidiary's secured term loan bears interest at rates ranging from 6.77% to 7.65% per annum during the year.

There are no items recognised in other comprehensive income relating to the above investment properties and subsidiary classified as held for sale.

12 TRADE AND OTHER RECEIVABLES

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Trade receivables		114,739	195,687	14,973	92,636
Impairment losses		(12,230)	(11,044)	(8,345)	(7,741)
		102,509	184,643	6,628	84,895
Other receivables		32,740	28,610	2,729	3,506
Impairment losses		(213)	(1,103)	(1,423)	(1,713)
		32,527	27,507	1,306	1,793
Deposits and prepayments		53,263	61,384	496	646
Tax recoverable		2,166	1,996	–	–
Accrued receivables	13	75,009	175,188	53,252	53,648
Amounts owing by:					
– subsidiaries	5	–	–	4,614,257	3,818,904
– associates	6	37,621	37,555	–	–
– jointly-controlled entities	7	878,276	712,600	259,104	264,584
– fellow subsidiaries	14	1,360	45	1,333	8
		1,182,731	1,200,918	4,936,376	4,224,478

The maximum exposure to credit risk for trade receivables, other receivables, deposits, 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 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Property development	763,232	947,114	3,567,308	3,065,181
Hotel operations	214,178	155,188	145,105	79,351
Rental properties	111,332	23,322	602,403	570,075
Others	43,145	34,565	621,384	509,603
	1,131,887	1,160,189	4,936,200	4,224,210

12 TRADE AND OTHER RECEIVABLES (CONT'D)

Impairment losses

The aging of trade receivables at the reporting date is:

	Gross 2012 $'000	Impairment losses 2012 $'000	Gross 2011 $'000	Impairment losses 2011 $'000
Group				
Not past due	66,247	39	154,903	48
Past due 0 – 30 days	15,924	1,288	17,939	11
Past due 31 – 60 days	9,300	450	6,476	1,178
Past due 61 – 90 days	8,646	286	2,706	649
More than 90 days	14,622	10,167	13,663	9,158
	114,739	12,230	195,687	11,044
Company				
Not past due	3,112	–	81,086	5
Past due 0 – 30 days	701	8	745	6
Past due 31 – 60 days	317	6	1,039	–
Past due 61 – 90 days	37	31	823	4
More than 90 days	10,806	8,300	8,943	7,726
	14,973	8,345	92,636	7,741

The change in impairment losses in respect of trade and other receivables during the year is as follows:

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
At 1 January		12,147	3,778	9,454	1,792
Transfer to assets classified as held for sale		(137)	–	–	–
Charge of impairment losses	29	1,496	8,899	643	7,728
Impairment losses utilised		(508)	(204)	(298)	(27)
Translation differences on consolidation		(555)	(326)	(31)	(39)
At 31 December		12,443	12,147	9,768	9,454

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 accounting policies in Note 2.18. 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 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Amounts owing by fellow subsidiaries:					
– trade, interest-free	12	1,360	45	1,333	8
Amounts owing to fellow subsidiaries:					
– trade, interest-free		2,907	1	4	1
– non-trade, interest-bearing		113,579	61,634	–	–
	27	116,486	61,635	4	1

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 and repayable on demand. In respect of interest-bearing amounts, interest is charged at 2.00% to 2.50% (2011: 2.50%) per annum.

15 CASH AND CASH EQUIVALENTS

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Amounts held under the Singapore development project rules, withdrawals from which are restricted to project-related payments		286,504	362,034	151,130	179,341
Fixed deposits placed with financial institutions which are:					
– fellow subsidiaries		58,698	38,778	–	–
– others		1,447,484	1,710,242	798,455	1,274,524
		1,506,182	1,749,020	798,455	1,274,524
Cash at banks and in hand		364,141	491,951	90,419	118,255
Cash and cash equivalents		2,156,827	2,603,005	1,040,004	1,572,120
Cash and cash equivalents included in assets classified as held for sale	11	5,204	–		
Bank overdrafts	19	(34,871)	(115,425)		
Cash and cash equivalents in the consolidated statement of cash flows		2,127,160	2,487,580		

16 SHARE CAPITAL

	Company			
	2012		2011	
	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 2012, a maximum number of 44,998,898 (2011: 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	
	2012	**2011**
	$'000	**$'000**
Gross borrowings	**4,518,704**	4,418,876
Cash and cash equivalents *	**(2,162,031)**	(2,603,005)
Net debt	**2,356,673**	1,815,871
Total capital employed	**9,257,055**	8,696,004
Net debt equity ratio	**0.25**	0.21

* Includes cash and cash equivalents presented in assets classified as held for sale.

No changes were made to the above objectives, policies and processes during the years ended 31 December 2012 and 2011.

17 RESERVES

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Capital reserve	**149,098**	148,962	**63,743**	63,743
Hedging reserve	**(387)**	(705)	**–**	–
Fair value reserve	**6,341**	3,067	**12,141**	6,810
Other reserve	**(4,354)**	(4,459)	**–**	5,664
Share option reserve	**10,309**	9,470	**–**	–
Foreign currency translation reserve	**(392,147)**	(320,267)	**–**	–
Accumulated profits	**5,543,391**	4,999,340	**3,326,276**	3,308,384
	5,312,251	4,835,408	**3,402,160**	3,384,601

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.

17 RESERVES (CONT'D)

Other reserve comprises the share of other reserves of associates and jointly-controlled entities.

The share option reserve comprises the cumulative value of employee services received for the issue of share options of a subsidiary.

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 $171,746,000 (2011: $129,014,000) 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 Scheme 2006; and

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

The Millennium & Copthorne Hotels Sharesave Scheme 1996 which was a United Kingdom Inland Revenue approved scheme designed for the executive directors of M&C and the M&C Group employees, expired in 2006. Options which remained exercisable under the scheme beyond the expiry date lapsed on 1 January 2011.

(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.

18 EQUITY COMPENSATION BENEFITS (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 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).

(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 Scheme 2006

(a) The Millennium & Copthorne Hotels Sharesave Scheme 2006 (M&C Sharesave Scheme) is the United Kingdom Inland Revenue approved scheme 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 Scheme, 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 M&C Sharesave 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 Scheme provides 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.

18 EQUITY COMPENSATION BENEFITS (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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2012

18 EQUITY COMPENSATION BENEFITS (CONT'D)

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 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 (Approved)									
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 (Unapproved)									
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	

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2012	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 2012	Options exercisable as at 31 December 2012	Exercise period
2012									
Part I (Approved)									
10.03.2003	1.9350	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	7,529	–	(7,529)	–	–	–	–	24.03.2008 – 23.03.2015
Part II (Unapproved)									
16.03.2004	2.9167	9,415	–	–	–	–	9,415	9,415	16.03.2007 – 15.03.2014
24.03.2005	3.9842	76,968	–	(39,656)	–	–	40,312	40,312	24.03.2008 – 23.03.2015
		114,905	–	(54,893)	–	–	60,012	60,012	

18 EQUITY COMPENSATION BENEFITS (CONT'D)

(ii) Millennium & Copthorne Hotels Sharesave Scheme 2006

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	

18 EQUITY COMPENSATION BENEFITS (CONT'D)

(ii) Millennium & Copthorne Hotels Sharesave Scheme 2006 (cont'd)

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2012	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 2012	Options exercisable as at 31 December 2012	Exercise period
2012									
19.06.2006	3.2500	792	–	(792)	–	–	–	–	01.08.2011 – 31.01.2012
26.03.2007	5.2000	6,169	–	(629)	–	–	5,540	5,540	01.07.2012 – 31.12.2012
20.03.2008	3.2800	5,032	–	–	–	(5,032)	–	–	01.07.2011 – 31.12.2011
20.03.2008	3.2800	4,505	–	–	(1,433)	–	3,072	–	01.07.2013 – 31.12.2013
01.04.2009	1.5400	147,914	–	(131,031)	(8,911)	(1,319)	6,653	6,653	01.08.2012 – 31.01.2013
01.04.2009	1.5400	42,474	–	–	–	(10,162)	32,312	–	01.08.2014 – 31.01.2015
01.04.2010	3.3000	24,530	–	–	(8,360)	–	16,170	–	01.08.2013 – 31.01.2014
01.04.2010	3.3000	4,050	–	–	(2,072)	–	1,978	–	01.08.2015 – 31.01.2016
19.04.2011	4.1800	35,254	–	–	(10,961)	(345)	23,948	–	01.08.2014 – 31.01.2015
19.04.2011	4.1800	9,120	–	–	(1,771)	–	7,349	–	01.08.2016 – 31.01.2017
19.04.2012	3.8800	–	56,277	–	(1,853)	–	54,424	–	01.08.2015 – 31.01.2016
19.04.2012	3.8800	–	13,681	–	–	–	13,681	–	01.08.2017 – 31.01.2018
		279,840	69,958	(132,452)	(35,361)	(16,858)	165,127	12,193	

18 EQUITY COMPENSATION BENEFITS (CONT'D)

(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
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	
2012							
30.03.2009	1,075,746	–	(1,058,794)	(16,952)	–	–	30.03.2012
16.09.2010	517,765	–	(1,666)	(3,334)	–	512,765	16.09.2013
28.11.2011	941,126	–	–	–	–	941,126	28.11.2014
16.08.2012	–	673,455	–	–	–	673,455	16.08.2015
	2,534,637	673,455	(1,060,460)	(20,286)	–	2,127,346	

For options exercised during 2012, the weighted average share price at the date of exercise of share options is £4.79 (2011: £5.09). Options were exercised on a regular basis throughout the year. The options outstanding as at 31 December 2012 had an exercise price in the range of £1.54 to £5.20 (2011: £1.54 to £5.20) and a weighted average contractual life of 1.89 years (2011: 1.89 years).

The LTIP and Sharesave awards, which are subject to an EPS performance condition, were valued using the Black-Scholes valuation method. 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.

18 EQUITY COMPENSATION BENEFITS (CONT'D)

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
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%
2012									
LTIP – EPS element (directors)	16.08.2012	101,949	4.78	–	4.49	3.00	–	2.57%	–
LTIP – EPS element (non-directors)	16.08.2012	234,779	4.78	–	4.49	3.00	–	2.57%	–
LTIP – TSR element (directors)*	16.08.2012	101,949	4.78	–	2.65	3.00	27.1%	2.57%	0.19%
LTIP – TSR element (non-directors)*	16.08.2012	234,778	4.78	–	2.65	3.00	27.1%	2.57%	0.19%
Sharesave Scheme (3 year)	19.04.2012	56,277	4.81	3.88	1.47	3.25	39.0%	2.59%	0.68%
Sharesave Scheme (5 year)	19.04.2012	13,681	4.81	3.88	1.76	3.25	42.7%	2.59%	1.18%

* 50% of the new LTIP options granted in 2012 and 2011 are conditional upon the market performance of M&C.

19 INTEREST-BEARING BORROWINGS

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Term loans	20	**2,520,715**	2,416,278	**1,557,053**	1,488,739
Finance lease creditors		**57**	3	**–**	–
Bonds and notes	21	**1,758,422**	1,819,133	**1,079,780**	1,097,634
Bank loans	22	**152,863**	54,991	**152,863**	54,991
Bank overdrafts	15	**34,871**	115,425	**–**	–
		4,466,928	4,405,830	**2,789,696**	2,641,364
Repayable:					
– Within 1 year		**998,164**	1,476,508	**408,448**	1,135,304
– After 1 year but within 5 years		**3,119,911**	2,879,331	**2,131,909**	1,506,060
– After 5 years		**348,853**	49,991	**249,339**	–
		4,466,928	4,405,830	**2,789,696**	2,641,364

20 TERM LOANS

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Secured		**894,925**	837,803	**124,124**	161,965
Unsecured		**1,625,790**	1,578,475	**1,432,929**	1,326,774
	19	**2,520,715**	2,416,278	**1,557,053**	1,488,739
Repayable:					
– Within 1 year		**360,714**	902,213	**175,592**	812,425
– After 1 year but within 5 years		**2,160,001**	1,514,065	**1,381,461**	676,314
		2,520,715	2,416,278	**1,557,053**	1,488,739

The term loans are obtained from banks and financial institutions.

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Secured term loans				
Repayable:				
– Within 1 year	**247,407**	59,496	**124,124**	–
– After 1 year but within 5 years	**647,518**	778,307	**–**	161,965
	894,925	837,803	**124,124**	161,965

20 TERM LOANS (CONT'D)

The secured term loans are generally secured by:

– mortgages on development properties 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 0.64% to 7.90% (2011: 0.47% to 7.90%) per annum during the year. The Company's secured term loan bears interest at rates ranging from 0.64% to 1.55% (2011: 0.47% to 1.55%) per annum during the year.

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Unsecured term loans				
Repayable:				
– Within 1 year	**113,307**	842,717	**51,468**	812,425
– After 1 year but within 5 years	**1,512,483**	735,758	**1,381,461**	514,349
	1,625,790	1,578,475	**1,432,929**	1,326,774

The Group's unsecured term loans bear interest at rates ranging from 0.63% to 4.67% (2011: 0.49% to 6.12%) per annum during the year. The Company's unsecured term loans bear interest at rates ranging from 0.63% to 1.66% (2011: 0.49% to 1.72%) per annum during the year.

21 BONDS AND NOTES

		Group		Company	
	Note	**2012**	**2011**	**2012**	**2011**
		$'000	**$'000**	**$'000**	**$'000**
Secured		**154,856**	154,780	–	–
Unsecured		**1,603,566**	1,664,353	**1,079,780**	1,097,634
	19	**1,758,422**	1,819,133	**1,079,780**	1,097,634
Repayable:					
– Within 1 year		**449,705**	403,876	**79,993**	267,888
– After 1 year but within 5 years		**959,864**	1,365,266	**750,448**	829,746
– After 5 years		**348,853**	49,991	**249,339**	–
		1,758,422	1,819,133	**1,079,780**	1,097,634

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Secured bonds and notes				
Repayable:				
– After 1 year but within 5 years	**154,856**	154,780	–	–

21 BONDS AND NOTES (CONT'D)

Secured bonds and notes comprise the following:

(i) $155 million (2011: $155 million) medium term notes (MTNs) which comprise 2 series (2011: 2 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 2.00% to 3.02% (2011: 2.00% 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 (2011: March 2014 and June 2015).

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Unsecured bonds and notes				
Repayable:				
– Within 1 year	449,705	403,876	79,993	267,888
– After 1 year but within 5 years	805,008	1,210,486	750,448	829,746
– After 5 years	348,853	49,991	249,339	–
	1,603,566	1,664,353	1,079,780	1,097,634

Unsecured bonds and notes comprise the following:

(i) $1,082 million (2011: $1,100 million) MTNs which comprise 9 series (2011: 9 series) of notes issued by the Company at various interest rates as part of a $1,500 million (2011: $1,500 million) unsecured MTN programme established in 1999. The MTNs bear interest at rates ranging from 2.48% to 4.85% (2011: 2.48% to 4.85%) per annum. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from February 2013 to July 2022 (2011: April 2012 to September 2015);

(ii) $325 million (2011: $368 million) MTNs which comprise 6 series (2011: 7 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 0.76% to 1.25% (2011: 0.39% to 1.27%) per annum. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from February 2013 to April 2015 (2011: May 2012 to December 2013); and

(iii) $200 million (2011: $200 million) Islamic Trust Certificates (Certificates) which comprise 4 series (2011: 4 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% (2011: 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 May 2013 to June 2019 (2011: June 2012 to September 2018).

22 BANK LOANS

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Bank loans repayable within 1 year					
– unsecured	19	**152,863**	54,991	**152,863**	54,991

The Group's and the Company's unsecured bank loans bear interest at rates ranging from 0.54% to 1.14% (2011: 0.60% to 0.89%) per annum during the year.

23 EMPLOYEE BENEFITS

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Net liability for:				
– defined benefit obligations	**34,774**	35,989	**–**	–
– short-term accumulating compensated absences	**15,932**	15,314	**2,477**	2,479
– long service leave	**347**	393	**–**	–
	51,053	51,696	**2,477**	2,479
Repayable:				
– Within 1 year	**16,279**	15,707	**2,477**	2,479
– After 1 year	**34,774**	35,989	**–**	–
	51,053	51,696	**2,477**	2,479

	Note	Group 2012 $'000	Group 2011 $'000
Net liability for defined benefit obligations			
Present value of unfunded obligations		**3,530**	2,180
Present value of funded obligations		**126,438**	117,971
Fair value of plan assets		**(95,194)**	(84,162)
Liability for defined benefit obligations		**34,774**	35,989
Changes in the present value of defined benefit obligations			
Defined benefit obligations as at 1 January		**120,151**	102,613
Acquisition of subsidiaries	35	**383**	–
Actuarial losses		**9,705**	3,884
Benefits paid		**(4,732)**	(4,090)
Interest cost		**5,045**	4,641
Service cost		**2,963**	4,315
Curtailment loss		**–**	255
Settlement		**–**	(8,062)
Other [#]		**–**	15,290
Translation differences on consolidation		**(3,547)**	1,305
Defined benefit obligations at 31 December		**129,968**	120,151

[#] Refer to details on United Kingdom pension arrangements on page 144.

23 EMPLOYEE BENEFITS (CONT'D)

	Group 2012 $'000	Group 2011 $'000
Changes in the fair value of plan assets		
Fair value of plan assets at 1 January	84,162	69,412
Expected return	4,145	3,941
Actuarial gains/(losses)	2,395	(906)
Contributions by employees	651	269
Contributions by employer	11,133	7,424
Benefits paid	(4,732)	(4,090)
Settlement	–	(8,062)
Other #	–	15,290
Translation differences on consolidation	(2,560)	884
Fair value of plan assets at 31 December	95,194	84,162

Refer to details on United Kingdom pension arrangements on page 144.

The fair values of plan assets in each category are as follows:

	Group 2012 $'000	Group 2011 $'000
Equity	55,358	48,769
Bonds	26,395	22,312
Cash	13,441	13,081
Fair value of plan assets	95,194	84,162
Expenses recognised in the income statement		
Current service costs	2,963	4,315
Interest on obligations	5,045	4,641
Expected return on plan assets	(4,145)	(3,941)
Curtailment loss	–	255
Defined benefit obligation expenses	3,863	5,270

The expense is recognised in the following line items in the income statement:

	Note	Group 2012 $'000	Group 2011 $'000
Cost of sales		1,283	2,461
Administrative expenses		2,333	2,313
Other operating expenses		247	496
Defined benefit obligation expenses	29	3,863	5,270
Actual return on plan assets		6,540	3,035
Actuarial losses recognised in other comprehensive income			
Cumulative amount at 1 January		34,786	29,996
Recognised during the year	30	7,311	4,790
Cumulative amount at 31 December		42,097	34,786

23 EMPLOYEE BENEFITS (CONT'D)

The principal causes for the Millennium & Copthorne Pension Plan (UK Plan) actuarial loss in 2012 was the decrease in the discount rate partially offset by the fall in expected future inflation and return on assets. The principal causes for the 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 life expectancies underlying the value of the accrued liabilities for the UK Plan, based on retirement age of 65, are as follows:

	2012 Years	2011 Years
Males	25	25
Females	27	27

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 5 April 2011 and this has been updated on an approximate basis to 31 December 2012. The contributions of the Group during the year were 5.0% (2011: 21.6%) of pensionable salary, plus enhanced contributions of £3.0 million (approximately $6.0 million) (2011: £1.4 million (approximately $2.8 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.

At 31 December 2011, the defined contribution plan section relating to GMP underpin did not have sufficient assets to meet the GMP liabilities. There was a deficit of £2.4 million (approximately $4.8 million) on the £7.5 million (approximately $15.3 million) defined contribution plan assets relating to those members with a GMP. As such, 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 in 2011 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 an actuarial loss of £2.4 million (approximately $4.8 million) within defined benefit losses. At 31 December 2012, the plan has been included as part of the overall defined benefit scheme and not separately disclosed.

South 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 2012. 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.

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 2012. The contributions of the Group were 6.0% (2011: 6.0%) 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:

	2012 UK	2012 South Korea	2012 Taiwan	2011 UK	2011 South Korea	2011 Taiwan
Inflation rate	2.9%	–	–	3.1%	–	–
Discount rate*	4.4%	3.8%	1.8%	4.7%	4.8%	1.9%
Rate of salary increase	3.4%	5.0%	3.0%	3.6%	4.0%	2.5%
Rate of pension increases	2.9%	–	–	3.1%	–	–
Rate of revaluation	2.1%	–	–	2.1%	–	–
Annual expected return on plan assets	5.1%	4.2%	1.8%	5.1%	4.2%	1.8%

* The discount rate used in respect of the UK Plan of 4.4% (2011: 4.7%) 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 2012 of 5.1% (2011: 5.1%) has been calculated using a 5.4% (2011: 5.4%) return on equity representing 67.0% (2011: 63.0%) of plan assets and a 4.4% (2011: 4.7%) return on cash and bonds representing 33.0% (2011: 37.0%) of plan assets.

Historical information

Trend analysis

Amounts for the current and previous four periods are as follows:

	2012 $'000	2011 $'000	2010 $'000	2009 $'000	2008 $'000
Present value of defined benefit obligations	(129,968)	(120,151)	(102,613)	(108,035)	(86,554)
Fair value of plan assets	95,194	84,162	69,412	67,353	59,290
Deficit in the plan	(34,774)	(35,989)	(33,201)	(40,682)	(27,264)
Experience adjustments on plan liabilities	(3,288)	(3,851)	1,401	(1,125)	3,347
Changes in assumptions underlying the present value of plan liabilities	(6,417)	(33)	(3,885)	(15,289)	15,357
Actual return less expected return on plan assets	2,395	(906)	4,713	1,970	(16,297)

24 OTHER LIABILITIES

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Miscellaneous (principally deposits received and payables)		9,969	9,540	–	–
Rental deposits		55,770	39,218	8,218	5,488
Non-current retention sums payable		42,024	24,307	16,036	11,337
Deferred income		5,685	–	–	–
Amount owing to a subsidiary	5	–	–	100,000	150,000
Amount owing to an associate	6	32,340	23,908	–	–
		145,788	96,973	124,254	166,825
Repayable:					
– Within 1 year		266	75	–	–
– After 1 year		145,522	96,898	124,254	166,825
		145,788	96,973	124,254	166,825

25 PROVISIONS

	Beijing indemnity $'000	Onerous contracts $'000	Capital expenditure $'000	Legal $'000	Dilapidation $'000	Total $'000
Group						
At 1 January 2012	15,491	4,612	6,797	14,840	–	41,740
(Write back)/Provisions made	–	(222)	7,979	–	1,985	9,742
Provisions utilised	–	(2,133)	(6,173)	(1,986)	–	(10,292)
Reclassification from/(to) trade and other payables	–	–	1,625	(3,010)	937	(448)
Translation differences on consolidation	(822)	(21)	(22)	(628)	(18)	(1,511)
At 31 December 2012	14,669	2,236	10,206	9,216	2,904	39,231
Current						23,816
Non-current						15,415
						39,231

The provisions for Beijing indemnity relates to tax indemnity provided to the former shareholders of Grand Millennium Beijing in which the Group acquired an additional 40% interest in 2010.

The onerous contracts relate to onerous leases and the balances will be released over the life of the leases until 2013 and 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 provisions for legal fees relates to provision made in relation to disputes in several United States hotels.

The provisions for dilapidation costs relate to the expected costs to be incurred on termination of a leasehold asset.

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 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	(12,886)	–	–	–	1,047	310,982
Investment properties	28,063	10,707	–	–	–	69	38,839
Financial assets	3,214	–	(1,784)	–	–	–	1,430
Development properties	109,356	(47,197)	–	–	–	–	62,159
Others	5,131	(1,699)	–	–	–	11	3,443
	468,585	(51,075)	(1,784)	–	–	1,127	416,853
Deferred tax assets							
Property, plant and equipment	(1,013)	733	–	–	–	24	(256)
Tax losses	(28,585)	734	–	–	–	28	(27,823)
Employee benefits	(15,870)	–	(1,189)	3,238	–	981	(12,840)
Others	(3,428)	(3,900)	191	–	15	(5,163)	(12,285)
	(48,896)	(2,433)	(998)	3,238	15	(4,130)	(53,204)
	419,689	(53,508)	(2,782)	3,238	15	(3,003)	363,649

26 DEFERRED TAX LIABILITIES (CONT'D)

	At 1 January 2012 $'000	Recognised in the income statement (Note 30) $'000	Recognised in the statement of comprehensive income (Note 30) $'000	Recognised directly in equity $'000	Translation differences on consolidation $'000	At 31 December 2012 $'000
Group						
Deferred tax liabilities						
Property, plant and equipment	310,982	6,912	–	–	(11,700)	306,194
Investment properties	38,839	662	–	–	(104)	39,397
Financial assets	1,430	–	(1,430)	–	–	–
Development properties	62,159	(14,194)	–	–	–	47,965
Others	3,443	(1,754)	–	–	11	1,700
	416,853	(8,374)	(1,430)	–	(11,793)	395,256
Deferred tax assets						
Property, plant and equipment	(256)	(216)	–	–	18	(454)
Tax losses	(27,823)	598	–	–	1,425	(25,800)
Employee benefits	(12,840)	–	(1,223)	1,980	338	(11,745)
Others	(12,285)	3,324	31	–	251	(8,679)
	(53,204)	3,706	(1,192)	1,980	2,032	(46,678)
	363,649	(4,668)	(2,622)	1,980	(9,761)	348,578

26 DEFERRED TAX LIABILITIES (CONT'D)

	At 1 January 2011 $'000	Recognised in the income statement $'000	Recognised in the statement of comprehensive income $'000	At 31 December 2011 $'000
Company				
Deferred tax liabilities				
Property, plant and equipment	9	120	–	129
Investment properties	2,542	9,496	–	12,038
Financial assets	2,858	–	(1,462)	1,396
Development properties	81,202	(50,181)	–	31,021
Others	3,357	(3,357)	–	–
	89,968	(43,922)	(1,462)	44,584
Deferred tax asset				
Others	–	(2,964)	–	(2,964)
	89,968	(46,886)	(1,462)	41,620

	At 1 January 2012 $'000	Recognised in the income statement $'000	Recognised in the statement of comprehensive income $'000	At 31 December 2012 $'000
Company				
Deferred tax liabilities				
Property, plant and equipment	129	239	–	368
Investment properties	12,038	(303)	–	11,735
Financial assets	1,396	–	(1,396)	–
Development properties	31,021	3,921	–	34,942
	44,584	3,857	(1,396)	47,045
Deferred tax asset				
Others	(2,964)	1,761	–	(1,203)
	41,620	5,618	(1,396)	45,842

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:

		Group		Company	
	Note	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Deferred tax assets	9	4,059	3,655	–	–
Deferred tax liabilities		(352,637)	(367,304)	(45,842)	(41,620)
		(348,578)	(363,649)	(45,842)	(41,620)

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	
	2012 $'000	2011 $'000
Deductible temporary differences	84,490	91,737
Tax losses	174,784	166,831
	259,274	258,568

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	
	2012 $'000	2011 $'000
Expiry dates		
– Within 1 to 5 years	41,068	36,462
– After 5 years	–	3,150
	41,068	39,612

27 TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2012	2011	2012	2011
		$'000	$'000	$'000	$'000
Trade payables		122,837	113,867	13,137	11,631
Accruals		528,854	539,190	159,483	203,186
Deferred income		122,799	109,005	–	34
Other payables		31,098	36,023	883	858
Rental and other deposits		41,414	49,606	10,078	14,022
Retention sums payable		33,896	34,537	12,139	14,863
Derivative financial liabilities		4,647	1,870	–	–
Amounts owing to:					
– subsidiaries	5	–	–	1,223,745	875,313
– an associate	6	7,277	7,434	9	3
– jointly-controlled entities	7	24,826	28,678	24,824	28,676
– fellow subsidiaries	14	116,486	61,635	4	1
		1,034,134	981,845	1,444,302	1,148,587

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	
	2012	2011
	$'000	$'000
Dividends from investments:		
– fellow subsidiaries		
– quoted	1,706	1,536
– unquoted	3,351	3,550
– others		
– quoted equity investments	1,138	4,671
– unquoted equity investments	290	280
Hotel operations	1,535,635	1,563,486
Property development (recognised on a percentage of completion basis)	1,203,048	981,645
Property development (recognised on completion)	211,785	362,099
Profit on sale of investments	9	–
Rental and car park income from investment properties	303,833	280,767
Others	92,932	82,431
	3,353,727	3,280,465

29 PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

	Note	Group 2012 $'000	Group 2011 $'000
Other operating income			
Gain on dilution of investment in an associate		1,241	418
Gain on dilution, disposal and liquidation of jointly-controlled entities		–	5,901
Gain on disposal of a subsidiary	35	–	3,546
Gain on liquidation of subsidiaries		–	21
Insurance proceeds received		11,396	6,972
Management fees and miscellaneous income		5,719	6,405
Profit on sale of investment, property, plant and equipment and investment properties		130,302	230,722
		148,658	253,985
Staff costs			
Contributions to defined contribution plans		32,621	29,831
Equity settled share-based transactions		4,147	2,704
Increase in liability for defined benefit plans	23	3,863	5,270
Increase in liability for short-term accumulating compensated absences		1,152	914
Decrease in liability for long service leave		(45)	(70)
Wages and salaries		627,648	612,862
		669,386	651,511
Less:			
Staff costs capitalised in:			
– development properties		(3,851)	(3,450)
– investment properties		(227)	(242)
– property, plant and equipment		(335)	(321)
		664,973	647,498

29 PROFIT FOR THE YEAR (CONT'D)

	Note	Group 2012 $'000	Group 2011 $'000
Other expenses			
Amortisation of intangible assets		362	311
Amortisation of lease premium prepayment		2,526	2,481
Audit fees paid to:			
– auditors of the Company		2,077	2,039
– other auditors of the subsidiaries		3,365	3,010
Non-audit fees:			
– auditors of the Company		523	990
– other auditors of the subsidiaries		3,271	1,604
Charge of impairment losses on:			
– amounts owing by a jointly-controlled entity	7	2,904	959
– investment property	4	6,009	14,056
– property, plant and equipment (net)	3	–	30,125
– trade and other receivables	12	1,496	8,899
Depreciation of:			
– investment properties	4	64,897	59,413
– property, plant and equipment	3	80,486	71,136
Direct operating expenses arising from investment properties which are not leased		167	102
Direct operating expenses arising from rental of investment properties (excluding depreciation)		91,804	81,705
Exchange (gain)/loss (net)		(9,253)	9,907
Loss on disposal of subsidiaries	35	–	6,328
Loss on liquidation of subsidiaries		7,832	–
Operating lease expenses		110,331	116,430
Property, plant and equipment and investment properties written off		190	350
Write-back of allowance for foreseeable losses on development properties (net)	10	(5,593)	(41,644)

29 PROFIT FOR THE YEAR (CONT'D)

	Note	Group 2012 $'000	Group 2011 $'000
Finance income			
Change in fair value of financial assets designated at fair value through profit or loss		–	145
Interest income			
– associates		2,844	1,159
– fellow subsidiaries		154	85
– fixed deposits with financial institutions		14,270	10,846
– jointly-controlled entities		13,967	12,157
– unquoted convertible notes of a jointly-controlled entity (financial assets designated at fair value through profit or loss)		–	3,835
– others		824	476
Mark-to-market gain on financial assets held for trading (net)		7,309	–
Finance income capitalised in development properties		(778)	(532)
Total finance income		38,590	28,171
Finance costs			
Amortisation of transaction costs capitalised		6,142	6,740
Interest expense			
– banks		47,819	40,031
– bonds and notes		46,405	47,503
– fellow subsidiaries		1,765	843
– associates		2,168	427
– others		3,692	640
Mark-to-market loss on financial assets held for trading (net)		–	9,622
		107,991	105,806
Finance costs capitalised in:			
– development properties		(26,481)	(23,855)
– investment properties		(1,660)	(135)
– property, plant and equipment		(983)	(752)
Total finance costs		78,867	81,064
Net finance costs		40,277	52,893
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		31,101	24,023
– Total finance costs on financial liabilities		69,036	64,165
Recognised in other comprehensive income			
Gain/(Loss) in fair value of equity investments available for sale	30	3,274	(12,613)

Included in the mark-to-market gain on financial assets held for trading is a gain of $2,169,000 (2011: mark-to-market loss of $4,013,000) 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.

Net finance costs of the Group and the Company have been capitalised at rates ranging from 0.04% to 3.57% (2011: 0.31% to 5.50%) and 0.48% to 1.54% (2011: 0.31% to 1.72%) per annum for development properties, investment properties and property, plant and equipment respectively.

30 INCOME TAX EXPENSE

	Note	Group 2012 $'000	Group 2011 $'000
Current tax expense			
Current year		138,308	239,437
Overprovision in respect of prior years		(33,739)	(11,206)
		104,569	228,231
Deferred tax expense			
Movements in temporary differences		32,454	(41,299)
Effect of changes in tax rates and legislation		(2,795)	(2,234)
Overprovision in respect of prior years		(34,327)	(9,975)
	26	(4,668)	(53,508)
Total income tax expense		99,901	174,723

Income tax recognised in other comprehensive income

	Note	2012 Before tax $'000	2012 Tax (expense)/ benefit (Note 26) $'000	2012 Net of tax $'000	2011 Before tax $'000	2011 Tax (expense)/ benefit (Note 26) $'000	2011 Net of tax $'000
Group							
Actuarial losses on defined benefit plans	23	(7,311)	1,223	(6,088)	(4,790)	1,189	(3,601)
Change in fair value of equity investments available for sale	29	1,844	1,430	3,274	(14,397)	1,784	(12,613)
Effective portion of changes in fair value of cash flow hedges		615	(31)	584	1,110	(191)	919
Exchange differences on hedges of net investment in foreign entities		5,897	–	5,897	(688)	–	(688)
Exchange differences on monetary items forming part of net investment in foreign entities		(19,667)	–	(19,667)	5,771	–	5,771
Exchange differences realised on disposal of a subsidiary and a jointly-controlled entity		–	–	–	131	–	131
Exchange differences realised on liquidation of subsidiaries		7,831	–	7,831	–	–	–
Share of other reserve movements of associates and a jointly-controlled entity		241	–	241	(9,795)	–	(9,795)
Translation differences arising on consolidation of foreign entities		(115,588)	–	(115,588)	(16,978)	–	(16,978)
		(126,138)	2,622	(123,516)	(39,636)	2,782	(36,854)

30 INCOME TAX EXPENSE (CONT'D)

Reconciliation of effective tax rate

	Group	
	2012	**2011**
	$'000	**$'000**
Profit before income tax	960,239	1,136,443
Income tax using the Singapore tax rate of 17% (2011: 17%)	163,241	193,195
Income not subject to tax	(50,126)	(47,640)
Expenses not deductible for tax purposes		
– expenses	36,580	45,477
– write-back	(5,726)	(12,589)
Effect of changes in tax rates and legislation	(2,795)	(2,234)
Effect of different tax rates in other countries	16,544	19,220
Effect of share of results of jointly-controlled entities	3,500	1,559
Unrecognised deferred tax assets	7,313	357
Tax effect of losses not allowed to be set off against future taxable profits	1,443	2,391
Tax incentives	(743)	(945)
Utilisation of previously unrecognised deferred tax assets	(1,264)	(2,887)
Overprovision in respect of prior years	(68,066)	(21,181)
	99,901	174,723

31 EARNINGS PER SHARE

Basic earnings per share is calculated based on:

	Group	
	2012	**2011**
	$'000	**$'000**
Profit attributable to shareholders	678,339	798,555
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	665,435	785,651

	Group	
	2012	**2011**
	Number of shares	**Number of shares**
Weighted average number of ordinary shares	909,301,330	909,301,330
Basic earnings per share	73.2 cents	86.4 cents

Diluted earnings per share is based on:

	2012	**2011**
	$'000	**$'000**
Profit attributable to ordinary shareholders after adjustment for non-redeemable convertible non-cumulative preference dividends	665,435	785,651
Add:		
Dividends on non-redeemable convertible non-cumulative preference shares	12,904	12,904
Net profit used for computing diluted earnings per share	678,339	798,555

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	
	2012	**2011**
	Number of shares	**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	**71.1 cents**	83.7 cents

32 DIVIDENDS

	Company	
	2012	**2011**
	$'000	**$'000**
Final tax exempt (one-tier) ordinary dividend paid of 8.0 cents (2011: 8.0 cents) per ordinary share in respect of financial year ended 31 December 2011	**72,744**	72,744
Special final tax exempt (one-tier) ordinary dividend paid of 5.0 cents (2011: 10.0 cents) per ordinary share in respect of financial year ended 31 December 2011	**45,465**	90,930
Special interim tax exempt (one-tier) ordinary dividend paid of Nil cents (2011: 5.0 cents) per ordinary share in respect of financial year ended 31 December 2012	**–**	45,465
Non-cumulative tax exempt (one-tier) preference dividend paid of 1.94 cents (2011: 1.93 cents) per preference share	**6,417**	6,399
Non-cumulative tax exempt (one-tier) preference dividend paid of 1.96 cents (2011: 1.97 cents) per preference share	**6,487**	6,505
	131,113	222,043

After the reporting date, the directors proposed the following ordinary dividends, which have not been provided for:

	Company	
	2012	**2011**
	$'000	**$'000**
Final tax exempt (one-tier) ordinary dividend of 8.0 cents (2011: 8.0 cents) per ordinary share	**72,744**	72,744
Special final tax exempt (one-tier) ordinary dividend of 5.0 cents (2011: 5.0 cents) per ordinary share	**45,465**	45,465
	118,209	118,209

33 COMMITMENTS

The Group and the Company have the following commitments as at the reporting date:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Development expenditure contracted but not provided for in the financial statements	**879,176**	1,044,582	**230,866**	250,073
Capital expenditure contracted but not provided for in the financial statements	**126,707**	151,005	**550**	6,807
Commitments in respect of purchase of properties for which deposits have been paid	**101,250**	–	–	–

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	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Within 1 year	**55,463**	66,475	**6,980**	5,098
After 1 year but within 5 years	**192,135**	207,026	**4,243**	5,278
After 5 years	**606,936**	610,061	–	–
	854,534	883,562	**11,223**	10,376

Contingent rents, generally determined based on a percentage of gross revenue and gross operating profit of the relevant properties, of $65,131,000 (2011: $55,734,000) 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 $452,522,000 (2011: $484,124,000).

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 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Within 1 year	**245,165**	231,461	**45,189**	45,145
After 1 year but within 5 years	**314,052**	302,476	**62,004**	21,812
After 5 years	**23,042**	33,503	**–**	–
	582,259	567,440	**107,193**	66,957

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 2012 $'000	Group 2011 $'000
Within 1 year	**730**	–
After 1 year but within 5 years	**424**	–
	1,154	–

Contingent rents, generally determined based on a percentage of tenants' revenue, of $4,864,000 (2011: $4,822,000) and $602,000 (2011: $640,000) 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 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Non-cancellable operating lease rental receivables from:				
– an associate	**2,680**	3,435	**2,680**	3,435
– a jointly-controlled entity	**178**	163	**104**	–
– a fellow subsidiary	**5,343**	5,355	**837**	221
– an associate of the ultimate holding company	**589**	159	**–**	–
– a related entity controlled by a key management personnel of the ultimate holding company	**506**	863	**–**	–
– subsidiaries	**–**	–	**2,136**	1,730
	9,296	9,975	**5,757**	5,386

(c) As at 31 December 2012, the Group has capital commitments of US$33,461,000 (approximately $40,903,000) (2011: US$102,291,000 (approximately $132,058,000)) 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	
	2012	2011
	$'000	$'000
Insurance premium paid and payable to an associate of the ultimate holding company	588	613
Management services fees received and receivable from:		
– fellow subsidiaries	1,480	2,101
– an associate	12,317	13,287
– jointly-controlled entities	7,451	4,007
– a related entity controlled by a key management personnel	232	191
	21,480	19,586
Maintenance services fees received and receivable from:		
– fellow subsidiaries	179	269
– an associate	143	107
– jointly-controlled entities	1,601	737
	1,923	1,113
Recovery of costs from jointly-controlled entities	36	115
Rental and rental-related income received and receivable from:		
– fellow subsidiaries	927	820
– an associate	755	590
– an associate of the ultimate holding company	165	163
– a jointly-controlled entity	130	130
– related entities controlled by a close family member of a key management personnel of the ultimate holding company	357	307
	2,334	2,010
Management services fees paid and payable to a fellow subsidiary	1,519	3,607
Professional fees paid and payable to firms of which directors of the Company are members:		
– charged to the income statement	4	–
– included as cost of property, plant and equipment and cost of development properties	1,116	785
	1,120	785
Provision of staff support to a jointly-controlled entity	156	–
Rental and rental-related expenses paid and payable to:		
– fellow subsidiaries	73	175
– an associate	90,504	85,373
– a jointly-controlled entity	967	750
– a related entity controlled by a key management personnel	109	–
	91,653	86,298
Compensation paid and payable to key management personnel:		
– short-term employee benefits	33,576	36,258
– other long-term benefits	404	192
– share-based payment of a subsidiary	3,971	2,630
	37,951	39,080
Amounts owing to a key management personnel	423	214

34 RELATED PARTIES (CONT'D)

During the year, the Group had entered into the following transactions with key management personnel (including close family members):-

(a) certain key management personnel (including close family members) had entered into option to purchase agreements with a jointly-controlled entity of the Group to purchase residential properties with total sales value amounting to $8,371,000 (2011: $Nil). These option to purchase agreements have been subsequently exercised in 2013. Revenue from the sales will be recognised by the Group progressively based on the percentage of completion of the residential projects;

(b) a close family member of a key management personnel had sold a motor vehicle to a jointly-controlled entity of the Group for a consideration of $127,000 (2011: $Nil).

35 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the year, there were the following acquisitions of subsidiaries:

(a) On 12 January 2012, the Group via its indirect wholly-owned subsidiary, Vinemont Investments Pte. Ltd. (Vinemont) acquired 100% equity interest in Thailand Shareholder Investments Limited (TSIL) from a related party for a cash consideration of US$147.1 million (approximately $189.9 million). The cash consideration transferred was US$157.6 million (approximately $203.4 million), which included the assignment of a shareholder's loan due from TSIL to its previous shareholder. TSIL holds 49% equity interest in Dolruetai Co., Ltd (Dolruetai) which in turn had a 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 Millennium Resort Patong Phuket respectively, and a piece of land at Sukhumvit, Bangkok that is currently being developed into a retail mall. On 2 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 (approximately $8.5 million).

From 12 January 2012 to 31 December 2012, TSIL contributed revenue of $49,371,000 and profit of $10,451,000 to the Group's results. If the acquisition had occurred on 1 January 2012, management estimates there would have been no significant changes to the Group's revenue and profit for the year.

(b) On 27 February 2012, the Group via its indirect subsidiary, SWAN USA, Inc. acquired Whiteboard Labs, LLC (WBL) and merged it with the Group's in-house reservations management and electronic distribution arm, Sceptre Hospitality, to create a new subsidiary, Sceptre Hospitality Resources, LLC (SHR), in which the Group holds a 51% equity interest.

During the year ended 31 December 2012, the capital contribution included the cash contribution of US$1.3 million (approximately $1.6 million) and substantially all of WBL's assets.

From 27 February 2012 to 31 December 2012, SHR contributed revenue of $4,688,000 and loss of $1,228,000 to the Group's results. If the acquisition had occurred on 1 January 2012, management estimates the Group's revenue and profit for the year would have been $3,354,665,000 and $860,179,000 respectively.

35 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONT'D)

(c) On 21 December 2012, the Group acquired 60,000 ordinary shares, representing 60% ordinary shareholding interest and 1 preference share, representing the entire issued preference share in its jointly-controlled entity, Grange 100 Pte. Ltd. which principally holds unsold completed properties, for a consideration of $204,483,000. The acquisition is accounted for as an acquisition of assets and is out of scope of FRS 103. The net cash outflow for the acquisition amounted to $203,976,000.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition dates:

	Note	$'000
Property, plant and equipment	3	79,851
Investment properties	4	222,820
Other non-current assets		7,707
Consumable stocks		279
Trade and other receivables		4,844
Cash and cash equivalents		5,552
Trade and other payables		(20,093)
Interest-bearing borrowings		(82,793)
Employee benefits	23	(383)
Provision for taxation		(83)
Other non-current liabilities		(15,114)
Total identifiable net assets		202,587
Non-controlling interests (based on share of net assets)		(2,534)
Net assets acquired		200,053
Shareholder's loan assumed		13,516
Cash consideration paid, satisfied in cash		213,569
Cash acquired		(5,552)
		208,017
Net cash outflow for acquisition of assets (refer to note (c) above)		203,976
Total net cash outflow		411,993

The transaction costs incurred for acquisitions referred to in note (a) and (b) above amounted to $487,000 and had been included in other operating expenses in the Group's income statement.

There were the following disposals of subsidiaries in 2011:

(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, 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 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONT'D)

The effect of the disposal of subsidiaries on the cash flow of the Group was as follow:

	Note	Carrying Amount $'000
Property, plant and equipment	3	27
Financial assets	37	211,524
Deferred tax assets	26	15
Other non-current assets		60,905
Trade and other receivables		1,380
Cash and cash equivalents		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 and cash equivalents disposed of		(1,992)
Net cash inflow		264,325

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							
2012							
Assets							
Financial assets	8	–	102,132	32,585	–	–	134,717
Other non-current assets*		69,672	–	–	–	–	69,672
Trade and other receivables excluding prepayments and tax recoverable		1,131,887	–	–	–	–	1,131,887
Cash and cash equivalents	15	2,156,827	–	–	–	–	2,156,827
		3,358,386	102,132	32,585	–	–	3,493,103
Liabilities							
Interest-bearing borrowings	19	–	–	–	–	4,466,928	4,466,928
Trade and other payables excluding deferred income	27	–	–	–	4,647	906,688	911,335
Other liabilities excluding deferred income	24	–	–	–	–	140,103	140,103
		–	–	–	4,647	5,513,719	5,518,366

* Excluding deferred tax assets, intangible assets, deferred expenditure and prepayment.

36 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

	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.

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					
2012					
Assets					
Financial assets	8	–	27,687	–	27,687
Trade and other receivables excluding prepayments		4,936,200	–	–	4,936,200
Cash and cash equivalents	15	1,040,004	–	–	1,040,004
		5,976,204	27,687	–	6,003,891
Liabilities					
Interest-bearing borrowings	19	–	–	2,789,696	2,789,696
Trade and other payables excluding deferred income	27	–	–	1,444,302	1,444,302
Other liabilities	24	–	–	124,254	124,254
		–	–	4,358,252	4,358,252
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

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.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

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					
2012					
Term loans	2,520,715	2,655,033	384,282	2,270,751	–
Bonds and notes	1,758,422	1,907,530	481,550	1,046,969	379,011
Bank loans	152,863	152,935	152,935	–	–
Trade and other payables *	911,335	913,956	913,956	–	–
Bank overdrafts	34,871	35,202	35,202	–	–
Finance lease creditors	57	57	11	46	–
Other liabilities *	140,103	143,266	2,019	140,000	1,247
	5,518,366	5,807,979	1,969,955	3,457,766	380,258
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	–	–
Finance lease creditors	3	3	3	–	–
Other liabilities *	96,973	102,057	1,878	98,888	1,291
	5,375,643	5,600,652	2,420,715	3,127,271	52,666

* 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	After 5 years $'000
Company					
2012					
Term loans	1,557,053	1,629,339	192,394	1,436,945	–
Bonds and notes	1,079,780	1,194,895	100,653	819,036	275,206
Bank loans	152,863	152,935	152,935	–	–
Trade and other payables*	1,444,302	1,448,230	1,448,230	–	–
Other liabilities	124,254	127,251	2,997	124,254	–
	4,358,252	4,552,650	1,897,209	2,380,235	275,206
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	–

* 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 2012 are provided below:

37 FINANCIAL RISK MANAGEMENT (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 2012 was a £0.1 million (approximately $183,000) liability (2011: £0.3 million (approximately $674,000) liability).

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 £0.2 million (approximately $474,000) (2011: £0.1 million (approximately $255,000)). 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:

		Interest rates per annum		Carrying amount		
	Note	**Floating rate**	**Fixed rate**	**Floating rate**	**Fixed rate**	**Total**
		%	**%**	**$'000**	**$'000**	**$'000**
Group						
2012						
Financial assets						
Cash and cash equivalents		–	0.001 to 7.80	–	1,903,686	1,903,686
Amounts owing by jointly-controlled entities*	7	–	1.50 to 8.50	–	656,352	656,352
Amounts owing by associates	6	2.87 to 3.24	–	94,125	–	94,125
				94,125	2,560,038	2,654,163
Financial liabilities						
Bank overdrafts	15					
– secured		2.90	–	(1,000)	–	(1,000)
– unsecured		0.90	–	(33,871)	–	(33,871)
Term loans	20					
– secured		0.65 to 7.30	–	(894,925)	–	(894,925)
– unsecured		0.80 to 4.12	1.61	(1,550,846)	(74,944)	(1,625,790)
Bank loans	22					
– unsecured		0.54 to 0.90	–	(152,863)	–	(152,863)
Bonds and notes	21					
– secured		–	2.00 to 3.02	–	(154,856)	(154,856)
– unsecured		0.80 to 1.20	2.34 to 3.88	(324,295)	(1,279,271)	(1,603,566)
Amounts owing to an associate	6	6.90	–	(32,340)	–	(32,340)
Amounts owing to a fellow subsidiary	14	–	2.00 to 2.50	–	(113,579)	(113,579)
				(2,990,140)	(1,622,650)	(4,612,790)
Total				(2,896,015)	937,388	(1,958,627)

* Carrying amount is net of impairment losses.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

	Note	Interest rates per annum		Carrying amount		
		Floating rate	Fixed rate	Floating rate	Fixed rate	Total
		%	%	$'000	$'000	$'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*	7	–	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)
Amounts 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)
Company						
2012						
Financial assets						
Cash and cash equivalents		–	0.08 to 0.82	–	945,802	945,802
Amounts owing by:						
– subsidiaries*		0.51 to 1.68	1.00 to 1.75	1,246,407	1,777,546	3,023,953
– jointly-controlled entities*	7	–	1.50 to 2.00	–	258,865	258,865
				1,246,407	2,982,213	4,228,620
Financial liabilities						
Amounts owing to subsidiaries	5	–	1.00 to 3.57	–	(383,733)	(383,733)
Term loans	20					
– secured		0.65 to 1.50	–	(124,124)	–	(124,124)
– unsecured		0.93 to 1.56	1.61	(1,357,985)	(74,944)	(1,432,929)
Bonds and notes (unsecured)	21	–	2.48 to 3.88	–	(1,079,780)	(1,079,780)
Bank loans	22	0.54 to 0.90	–	(152,863)	–	(152,863)
				(1,634,972)	(1,538,457)	(3,173,429)
Total				(388,565)	1,443,756	1,055,191

* Carrying amount is net of impairment losses.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

	Note	Interest rates per annum		Carrying amount		
		Floating rate	Fixed rate	Floating rate	Fixed rate	Total
		%	%	$'000	$'000	$'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

* Carrying amount is net of impairment losses.

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	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
100 bp increase				
Reduction in profit before income tax and on accumulated profits	(30,017)	(29,119)	(3,499)	(4,328)

There is no impact on other components of equity.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

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 Baht, 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 2012 are provided below:

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 loss recognised in other comprehensive income during the year in respect of the change in fair value of these hedging instruments was £1.6 million (approximately $3,267,000) (2011: £0.2 million (approximately $551,000) gain).

Amounts recognised in equity are recycled to the income statement to offset gains and losses when the underlying debt instrument is retranslated at the exchange rate applicable at each period end, and there was no ineffectiveness recognised in the year as a charge in the income statement.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

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								
2012								
Financial assets	1,265	–	–	140	–	11,808	–	619
Trade and other receivables*	96	492	1,216	–	347	–	2,047	9
Cash and cash equivalents	26,373	5,013	169	1,316	–	25,295	15,986	392
Amount owing (to)/by subsidiaries (net)	(39,753)	(520,970)	272,331	132,114	39,541	686	(381)	(43)
Interest-bearing borrowings	(77,040)	(50,000)	–	(64,025)	(87,230)	–	–	–
Trade and other payables**	(229)	(198)	–	(31)	(22)	–	(109)	(7)
	(89,288)	(565,663)	273,716	69,514	(47,364)	37,789	17,543	970
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	Hong Kong Dollar $'000	Japanese Yen $'000	Others $'000
Company				
2012				
Trade and other receivables*	–	–	–	9
Cash and cash equivalents	458	53	–	15
Amount owing (to)/by subsidiaries (net)	(194)	(11,193)	39,501	(7)
Interest-bearing borrowings	–	(64,025)	(87,230)	–
Trade and other payables	–	(17)	(22)	(7)
	264	(75,182)	(47,751)	10
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

* 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		
2012		
United States Dollar	(19,162)	(20,170)
Singapore Dollar	(26,839)	(5,000)
Thai Baht	10,554	–
Hong Kong Dollar	(7,284)	–
Japanese Yen	(4,736)	–
Sterling Pound	3,780	–
Renminbi	1,755	–
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	–
Company		
2012		
United States Dollar	26	–
Hong Kong Dollar	(7,518)	–
Japanese Yen	(4,775)	–
2011		
United States Dollar	(7,887)	–
Hong Kong Dollar	(7,882)	–
Japanese Yen	(5,188)	–

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% (2011: 10%) and 5% (2011: 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% (2011: 10%) and 5% (2011: 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	**Company**
	$'000	**$'000**
2012		
Quoted equity investments available for sale and held for trading		
Equity	3,893	1,153
Profit before income tax	3,073	–
Unquoted investments held for trading		
Profit before income tax	121	–
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	–

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:

	2012 Carrying amount $'000	2012 Fair value $'000	2011 Carrying amount $'000	2011 Fair value $'000
Group				
Assets carried at amortised cost				
Deposit receivables	5,985	7,572	5,762	7,628
Liabilities carried at amortised cost				
Bonds and notes				
– secured	(154,856)	(158,918)	(154,780)	(158,952)
– unsecured	(1,099,301)	(1,131,460)	(979,050)	(1,004,669)
Long-term deposits	(9,703)	(8,931)	(9,466)	(9,187)
Term loans (unsecured)	(74,944)	(76,304)	(74,906)	(75,224)
	(1,338,804)	(1,375,613)	(1,218,202)	(1,248,032)
Company				
Liabilities carried at amortised cost				
Bonds and notes (unsecured)	(999,786)	(1,029,149)	(829,746)	(853,697)
Term loans (unsecured)	(74,944)	(76,304)	(74,906)	(75,224)
	(1,074,730)	(1,105,453)	(904,652)	(928,921)

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.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values (cont'd)

Fair values versus carrying amounts (cont'd)

Investments in equity and convertible notes (cont'd)

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.

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).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values (cont'd)

Fair value hierarchy (cont'd)

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group					
2012					
Available-for-sale financial assets		39,007	–	9,012	48,019
Financial assets at fair value through profit or loss	8	31,375	–	1,210	32,585
		70,382	–	10,222	80,604
Derivative financial liabilities	27	–	(4,647)	–	(4,647)
		70,382	(4,647)	10,222	75,957
2011					
Available-for-sale financial assets		37,166	–	9,307	46,473
Financial assets at fair value through profit or loss	8	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
Company					
2012					
Available-for-sale financial assets	8	23,057	–	–	23,057
2011					
Available-for-sale financial assets	8	19,122	–	–	19,122

During the financial year ended 31 December 2012, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values (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 2012		9,307	1,400	10,707
Total gains or losses recognised in the income statement		–	(119)	(119)
Purchases		203	–	203
Translation differences on consolidation		(498)	(71)	(569)
At 31 December 2012		9,012	1,210	10,222
Total gains or losses for the year included in the income statement for assets held at the end of the reporting period		–	(119)	(119)
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)

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.

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.

There is no sensitivity analysis prepared as the Group's exposure to the effect on fair value changes for 2011 and 2012 is insignificant.

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 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 2012 and 2011.*

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.

Information about reportable segments

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2012					
Total revenue (including inter-segment revenue)	1,414,833	1,535,635	314,398	182,032	3,446,898
Inter-segment revenue	–	–	(10,565)	(82,606)	(93,171)
External revenues	1,414,833	1,535,635	303,833	99,426	3,353,727

The hotel operations are operated in the following geographical segments and revenue is set out as follows:

	2012 $'000
United States	426,293
Europe	354,940
Singapore	313,268
Rest of Asia	364,326
New Zealand	76,808
	1,535,635

38 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2012					
Profit from operating activities	433,964	255,782	171,854	58,770	920,370
Share of after-tax profit of associates and jointly-controlled entities	32,790	17,870	28,402	1,084	80,146
Finance income	17,887	6,495	1,128	13,080	38,590
Finance costs	(16,513)	(29,835)	(23,220)	(9,299)	(78,867)
Net finance income/(costs)	1,374	(23,340)	(22,092)	3,781	(40,277)
Reportable segment profit before income tax	468,128	250,312	178,164	63,635	960,239
Depreciation and amortisation	546	78,128	67,498	2,099	148,271
Other material non-cash items					
Loss on liquidation of subsidiaries	–	–	6,721	1,111	7,832
Gain on dilution of investment in an associate	–	–	1,241	–	1,241
Impairment losses on:					
– amounts owing by a jointly-controlled entity	–	2,904	–	–	2,904
– investment property	–	–	6,009	–	6,009
Investments in associates and jointly-controlled entities	361,679	254,270	590,719	18,143	1,224,811
Other segment assets	6,306,885	4,258,949	3,361,374	450,084	14,377,292
Reportable segment assets	6,668,564	4,513,219	3,952,093	468,227	15,602,103
Tax recoverable					2,166
Deferred tax assets					4,059
Total assets					15,608,328
Reportable segment liabilities	3,019,778	1,236,258	1,262,397	258,843	5,777,276
Deferred tax liabilities					352,637
Provision for taxation					221,360
Total liabilities					6,351,273
Additions to non-current assets*	3,990	208,169	67,113	2,475	281,747

* 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 $'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 disposal, dilution 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 property	–	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)

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
2012					
Revenue	2,027,371	439,817	307,197	579,342	3,353,727
Non-current assets #	3,464,637	1,072,818	897,940	2,198,141	7,633,536
Reportable segment assets	10,030,685	1,204,345	1,017,467	3,349,606	15,602,103
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

Include investment properties, property, plant and equipment, lease premium prepayment, investments in associates and jointly-controlled entities, and intangible assets.

39 NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. Those new standards, amendments to standards and interpretations that are expected to have a significant effect on the financial statements of the Group and the Company in future financial periods, and which the Group does not plan to early adopt except as otherwise indicated below, are set out below.

Applicable for the Group's 2013 financial statements

- FRS 19 *Employee Benefits (revised 2011)*, which revises certain principles of the current FRS 19, including the elimination of the option to defer recognition of re-measurement gains and losses for defined benefit plans and requiring these re-measurements to be presented in other comprehensive income. The standard also requires a re-assessment of the basis used for determining the income or expense related to defined benefit plans. In addition, there are changes to the definition of employee benefits as short-term or other long-term employee benefits.

  The Group does not expect any significant impact to the Group's financial statements when it adopts FRS 19 (revised) in 2013.

- FRS 113 *Fair Value Measurement*, which replaces the existing guidance on fair value measurement in different FRSs with a single definition of fair value. The standard also establishes a framework for measuring fair values and sets out the disclosure requirements for fair value measurements. The adoption of this standard will require the Group to re-assess the bases used for determining the fair values computed for both measurement and disclosures purposes and would result in more extensive disclosures on fair value measurements. On initial application of the standard, the Group does not expect substantial changes to the bases used for determining fair values.

Applicable for the Group's 2014 financial statements

- FRS 110 *Consolidated Financial Statements*, which changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power with the investee. FRS 110 introduces a single control model with a series of indicators to assess control. FRS 110 also adds additional context, explanation and application guidance based on the principle of control.

  The Group is presently assessing the impact of the adoption of this standard on the Group's financial statements.

- FRS 111 *Joint Arrangements*, which establishes the principles for classification and accounting of joint arrangements. The adoption of this standard would require the Group to re-assess and classify its joint arrangements as either joint operations or joint ventures based on its rights and obligations arising from the joint arrangements. Under this standard, interests in joint ventures will be accounted for using the equity method whilst interests in joint operations will be accounted for using the applicable FRSs relating to the underlying assets, liabilities, revenue and expense items arising from the joint operations.

  The Group has several investments in joint arrangements. The Group has re-evaluated the rights and obligations of the parties to these joint arrangements and has determined that the parties in this joint arrangement have rights to the net assets of the arrangement. Accordingly, these joint arrangements will be classified as joint ventures under FRS 111 and will be accounted for using the equity method. Currently, the Group's joint arrangements are accounted for as jointly-controlled entities under FRS 31 *Interests in Joint Ventures* using the equity method. As the Group is already applying the equity method of accounting, there will be no impact to the Group's financial statements when the Group adopts FRS 111 in 2014.

- FRS 112 *Disclosure of Interests in Other Entities*, which sets out the disclosures required to be made in respect of all forms of an entity's interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The adoption of this standard would result in more extensive disclosures being made in the Group's financial statements in respect of its interests in other entities; as FRS 112 is primarily a disclosure standard, there will be no financial impact on the results and financial position of the Group and the Company upon adoption of this standard by the Group in 2014.

40 SIGNIFICANT INVESTMENTS

The following are the Group's significant investments:

		Principal Activity	Country of Incorporation	Effective Group Interest 2012 %	2011 %
	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	100
*	CBM Solutions Pte. Ltd.	Advisors, consultants and service providers	Singapore	100	100
**	CDL China (Shanghai) Consulting Co., Ltd.	Provision of consultancy services	People's Republic of China	100	–
*	CDL Land Pte Ltd	Property owner and developer	Singapore	100	100

40 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2012 %	Effective Group Interest 2011 %
	Subsidiaries (cont'd)				
	Direct/Indirect Subsidiaries of the Company (cont'd)				
*	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
*	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
**	Chongqing Huang Huayuan Property Development Co., Ltd.	Property owner and developer	People's Republic of China	100	–

40 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2012 %	Effective Group Interest 2011 %
	Subsidiaries (cont'd)				
	Direct/Indirect Subsidiaries of the Company (cont'd)				
*	Crescent View Developments Pte. Ltd.	Property owner and developer	Singapore	60	–
*	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
*	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
*	Grange 100 Pte. Ltd.	Property investment and owner	Singapore	100	40
*	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
*	Ingensys Pte. Ltd.	Systems integration activities	Singapore	70	–

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Year ended 31 December 2012

40 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2012 %	2011 %
	Subsidiaries (cont'd) **Direct/Indirect Subsidiaries of the Company (cont'd)**				
*	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	55
*	New Vista Realty Pte. Ltd.	Property owner and developer	Singapore	100	100
*	Novel Developments Pte. Ltd.	Property owner and developer	Singapore	100	100
**	Pacific Height Enterprises Company Limited	Property investment	Hong Kong	100	100
**	Palmerston Holdings Sdn. Bhd.	Property owner and developer	Malaysia	51	51
**	Phuket Square Company Limited	Retail and hotel business	Thailand	49 #	–
^	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
*	Sparkland Holdings Pte. Ltd.	Property developer	Singapore	70	70
*	Sunshine Plaza Pte Ltd	Property owner, developer and investment holding	Singapore	100	100
**	Suzhou Global City Genway Properties Co., Ltd.	Property owner and developer	People's Republic of China	70	70
*	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

40 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2012 %	Effective Group Interest 2011 %
	Subsidiaries (cont'd)				
	Direct/Indirect Subsidiaries of the Company (cont'd)				
*	White Haven Properties Pte. Ltd.	Property developer	Singapore	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	55
**	Beijing Fortune Hotel Co. Ltd.	Hotel owner and operator	People's Republic of China	39	38
**	Bostonian Hotel Limited Partnership	Hotel owner	USA	55	55
**	CDL (New York) LLC	Hotel owner	USA	55	55
**	CDL Hotels (Chelsea) Limited	Hotel owner and operator	England and Wales	55	55
**	CDL Hotels (Korea) Ltd.	Hotel owner and operator	Republic of Korea	55	55
**	CDL Hotels (Malaysia) Sdn. Bhd.	Hotel owner and operator	Malaysia	55	55
**	CDL Hotels (UK) Limited	Hotel owner and operator	England and Wales	55	55
**	CDL Hotels USA Inc.	Hotel investment holding company	USA	55	55
**	CDL Investments New Zealand Limited	Investment and property management company	New Zealand	26	26
**	CDL West 45th Street LLC	Hotel owner	USA	55	55
**	Chicago Hotel Holdings, Inc.	Hotel owner and operator	USA	55	55
*	City Hotels Pte. Ltd.	Hotel operator and investment holding company	Singapore	55	55

40 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2012 %	Effective Group Interest 2011 %
	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	55
**	Copthorne Hotel (Gatwick) Limited	Hotel owner and operator	England and Wales	55	55
**	Copthorne Hotel (Manchester) Limited	Hotel owner and operator	England and Wales	55	55
**	Copthorne Hotel (Newcastle) Limited	Hotel owner and operator	England and Wales	53	52
**	Copthorne Hotel (Slough) Limited	Hotel owner and operator	England and Wales	55	55
**	Copthorne Hotel Holdings Limited	Hotels investment holding company	England and Wales	55	55
**	Copthorne Hotels Limited	Hotels investment holding company	England and Wales	55	55
*	Copthorne Orchid Hotel Singapore Pte Ltd	Property owner and developer	Singapore	55	55
**	Gateway Regal Holdings LLC	Hotel owner and operator	USA	55	55
**	Grand Plaza Hotel Corporation	Hotel owner and operator and investment holding company	Philippines	36	36
*	Harbour View Hotel Pte. Ltd.	Hotel operator	Singapore	55	55
**	Hong Leong Ginza TMK	Property owner	Japan	69	68
**	Hong Leong Hotel Development Limited	Hotel owner and operator	Taiwan	45	45
^	Hong Leong Hotels Pte Ltd.	Investment holding company	Cayman Islands	55	55
**	Hospitality Group Limited	Holding company	New Zealand	27	27
*	Hospitality Holdings Pte. Ltd.	Investment holding company	Singapore	55	55

40 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2012 %	2011 %
	Subsidiaries (cont'd)				
	Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels plc (cont'd)				
*	King's Tanglin Shopping Pte. Ltd.	Property owner	Singapore	55	55
**	London Britannia Hotel Limited	Hotel owner and operator	England and Wales	55	55
**	London Tara Hotel Limited	Hotel owner and operator	England and Wales	55	55
**	M&C Crescent Interests, LLC	Property owner	USA	55	55
**	M&C Hotel Interests, Inc	Hotel management services company	USA	55	55
**	M&C Hotels France SAS	Hotel owner	France	55	55
*	M&C REIT Management Limited	REIT investment management services	Singapore	55	55
**	Millennium & Copthorne Hotels New Zealand Limited	Hotel investment holding company	New Zealand	39	39
*	Millennium & Copthorne International Limited	Hotels and resorts management	Singapore	55	55
**	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	55
*	Republic Iconic Hotel Pte. Ltd.	Hotel owner and operator	Singapore	55	55
**	RHM-88, LLC	Hotel owner and operator	USA	55	55
**	WHB Biltmore LLC	Hotel owner and operator	USA	55	55

40 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2012 %	Effective Group Interest 2011 %
	Subsidiaries (cont'd)				
	Direct/Indirect Subsidiaries of City e-Solutions Limited				
**	Richfield Hospitality, Inc.	Investment holding and provision of hospitality related services	USA	53	53
**	Richfield Sceptre, Inc. (formerly known as Sceptre Hospitality Resources, Inc.)	Provision of reservation system services	USA	53	53
**	Sceptre Hospitality Resources, LLC	Provision of connectivity and revenue management services for hotels	USA	27	–
^	SWAN Holdings Limited	Investment holding	Bermuda	53	53
**	SWAN USA, Inc.	Holding company	USA	53	53
**	SWAN Carolina Investor, LLC	Special purpose entity holding title to hotel real estate as a tenant in common with capital partner	USA	53	–
	Associates				
	Associates of Millennium & Copthorne Hotels plc				
*	CDL Hospitality Trusts	See Note (1)	Singapore	20	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	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

40 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2012 %	Effective Group Interest 2011 %
	Jointly-controlled Entities (cont'd)				
	Jointly-controlled Entities of the Company (cont'd)				
****	CBM GISCO Integrated Facilities Management LLC	Provision of facilities management services	United Arab Emirates	49	49
*****	CBM Primetech Facilities Private Limited	Facilities management company	India	50	–
**	CBM Qatar LLC	Provision of facilities management services	State of Qatar	50 ##	50 ##
**	Exchange Tower Ltd.	Property owner and investment holding	Thailand	39	39
*	Freshview Developments Pte. Ltd.	Property owner and developer	Singapore	50	50
*	Granmil Holdings Pte Ltd	Property owner and developer	Singapore	40	40
**	Krungthep Rimnam Limited	Hotel business	Thailand	49	49
*	Mount V Development Pte. Ltd.	Real estate developer	Singapore	30	–
******	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	50.1
*	Summervale Properties 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 Entity of Millennium & Copthorne Hotels plc				
^	New Unity Holdings Limited	Investment holding company	British Virgin Islands	28	27

40 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2012 %	Effective Group Interest 2011 %
	Jointly-controlled Entities (cont'd)				
	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**	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 Anil De Souza & Associates

****** Audited by BDO Unicorn Inc

^ Not subject to audit by law of country of incorporation

The company is considered a subsidiary of the Group by virtue of the management control over financial and operating policies of the company.

CBM International Pte. Ltd. has a direct shareholding of 30% in CBM Qatar LLC and through a shareholder's loan of $15,592 (2011: $15,592), the management considers its effective interest in CBM Qatar LLC to be 50%. The shareholder's loan is granted to Mr Saeed Dohaman Mohammad Al-Zayani, another shareholder of the jointly-controlled entity. With the passing on of Mr Saeed Dohaman Mohammad Al-Zayani, the shareholder's loan is transferred to his heir. The settlement of the loan is neither planned nor likely to occur in the foreseeable future. The loan, in substance, forms part of the Group's net investment in the jointly-controlled entity.

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 5 March 2013

Class of Shares	:	Ordinary Shares
No. of Ordinary Shares issued	:	909,301,330
No. of Ordinary Shareholders	:	9,739
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	1,301	13.36	377,334	0.04
1,000	–	10,000	7,680	78.86	19,895,379	2.19
10,001	–	1,000,000	728	7.47	30,790,301	3.39
1,000,001 and above			30	0.31	858,238,316	94.38
			9,739	100.00	909,301,330	100.00

Based on information available to the Company as at 5 March 2013, approximately 31.40% 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 5 MARCH 2013

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	113,651,980	12.50
4	DBS Nominees (Pte) Ltd	102,193,466	11.24
5	BNP Paribas Securities Services	67,107,163	7.38
6	DBSN Services Pte Ltd	56,998,153	6.27
7	HSBC (Singapore) Nominees Pte Ltd	40,205,038	4.42
8	UOB Nominees (Pte) Ltd	24,902,963	2.74
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	SGI Investment Holdings Pte Ltd	13,752,414	1.51
15	Raffles Nominees (Pte) Ltd	11,715,891	1.29
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	7,447,528	0.82
19	OUB Nominees Pte Ltd	6,430,985	0.70
20	Interfab Private Limited	5,648,781	0.62
		828,520,322	91.12

* The percentage of Ordinary Shares held is based on the total number of issued Ordinary Shares of the Company as at 5 March 2013.

STATISTICS OF ORDINARY SHAREHOLDINGS
As at 5 March 2013

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 Managers Limited	–	113,484,198 (5)	113,484,198	12.480
Aberdeen Asset Management Asia Limited	–	118,566,871 (6)	118,566,871	13.039
Aberdeen Asset Management plc	–	182,092,169 (7)	182,092,169	20.026

* The percentage of Ordinary Shares held is based on the total number of issued Ordinary Shares of the Company as at 5 March 2013.

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 Managers Limited ("AAML") is based on the last notification to the Company on 9 March 2012 and relates to Ordinary Shares held by various accounts managed or advised by AAML.

(6) The deemed interest of Aberdeen Asset Management Asia Limited ("AAMAL") is based on the last notification to the Company on 24 January 2013 and relates to Ordinary Shares held by various accounts managed or advised by AAMAL.

(7) The deemed interest of Aberdeen Asset Management plc ("Aberdeen") is based on the last notification to the Company on 8 February 2013 and relates to Ordinary Shares held by various accounts managed or advised by Aberdeen.

STATISTICS OF PREFERENCE SHAREHOLDINGS

As at 5 March 2013

Class of Shares	:	Non-Redeemable Convertible Non-Cumulative Preference Shares ("Preference Shares")
No. of Preference Shares issued	:	330,874,257
No. of Preference Shareholders	:	2,606
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	389	14.93	173,358	0.05
1,000 – 10,000	1,845	70.80	5,200,611	1.57
10,001 – 1,000,000	355	13.62	26,938,820	8.14
1,000,001 and above	17	0.65	298,561,468	90.24
	2,606	100.00	330,874,257	100.00

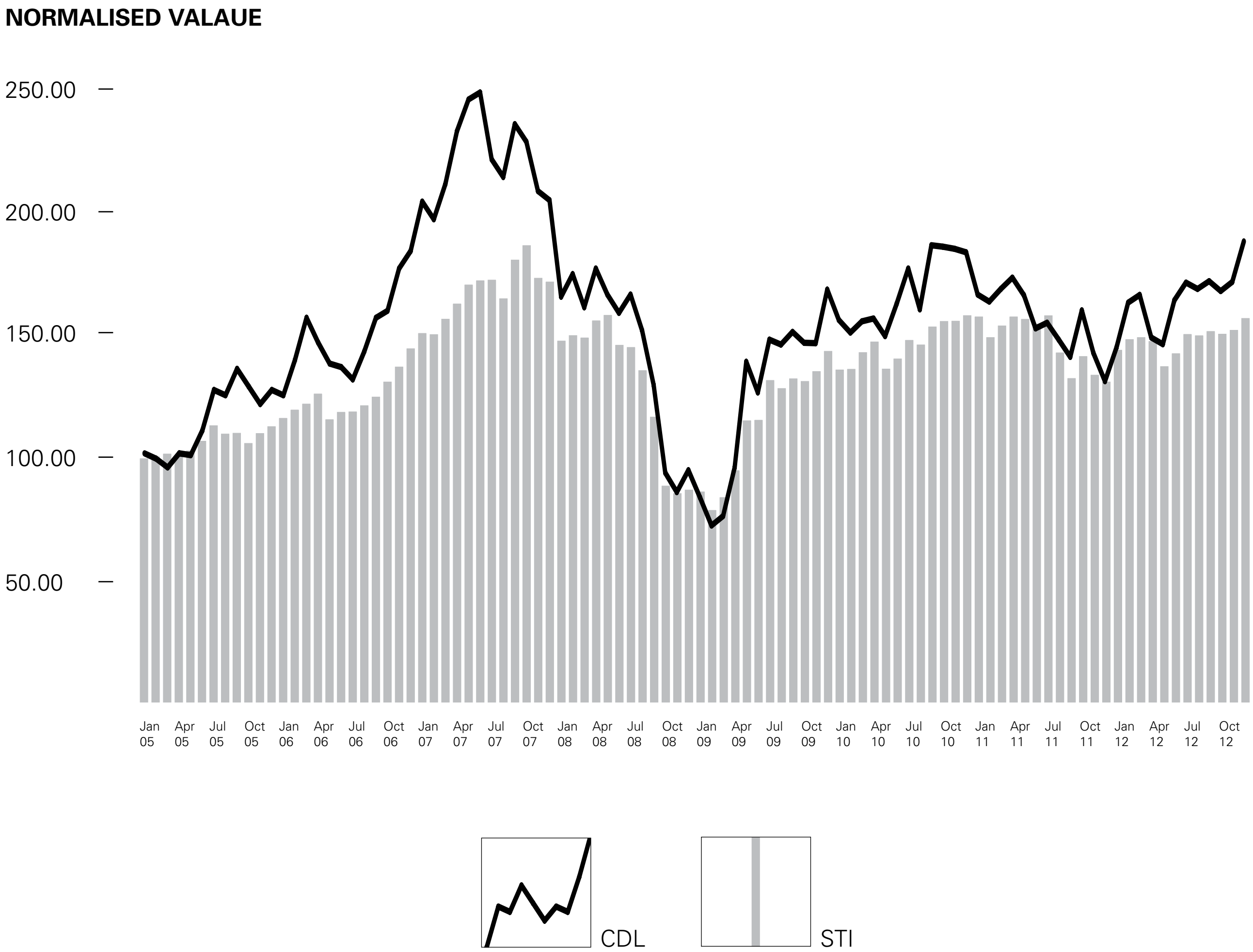
MAJOR PREFERENCE SHAREHOLDERS LIST – TOP 20 AS AT 5 MARCH 2013

No.	Name	No. of Preference Shares Held	%*
1	DB Nominees (Singapore) Pte Ltd	75,177,521	22.72
2	Mandai Properties Pte Ltd	64,931,000	19.62
3	Citibank Nominees Singapore Pte Ltd	42,538,957	12.86
4	Raffles Nominees (Pte) Ltd	31,785,118	9.61
5	Aster Land Development Pte Ltd	26,913,086	8.13
6	DBS Nominees Pte Ltd	21,009,723	6.35
7	HSBC (Singapore) Nominees Pte Ltd	8,049,345	2.43
8	Fairmount Development Pte Ltd	7,000,000	2.12
9	Guan Hong Plantation Private Limited	5,000,000	1.51
10	Hong Leong Foundation	3,564,038	1.08
11	Upnorth Development Pte. Ltd.	3,000,000	0.91
12	Interfab Private Limited	2,054,102	0.62
13	Lim & Tan Securities Pte Ltd	1,900,864	0.58
14	Maybank Kim Eng Securities Pte Ltd	1,834,800	0.55
15	Hong Leong Finance Nominees Pte Ltd	1,411,000	0.43
16	Freddie Tan Poh Chye	1,300,000	0.39
17	United Overseas Bank Nominees Pte Ltd	1,091,914	0.33
18	Sun Yuan Overseas Pte Ltd	972,000	0.29
19	Morgan Stanley Asia (Singapore) Pte Ltd	945,386	0.28
20	Wong Seow Choon George	860,000	0.26
		301,338,854	91.07

* The percentage of Preference Shares held is based on the total number of issued Preference Shares of the Company as at 5 March 2013.

SHARE TRANSACTION STATISTICS

8-YEAR SHARE PRICE PERFORMANCE



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fiftieth Annual General Meeting (the "Meeting") of City Developments Limited (the "Company") will be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Wednesday, 24 April 2013 at 3.00 p.m. for the following purposes:

(A) ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December ("FY") 2012 and the Auditors' Report thereon.

2. To declare a final one-tier tax-exempt ordinary dividend of 8.0 cents per ordinary share ("Final Ordinary Dividend") and a special final one-tier tax-exempt ordinary dividend of 5.0 cents per ordinary share ("Special Final Ordinary Dividend") for FY 2012.

3. To approve Directors' Fees of $339,846.00 for FY 2012 (FY 2011: $308,000.00) and Audit & Risk Committee Fees of $58,750.00 per quarter for the period from 1 July 2013 to 30 June 2014 (period from 1 July 2012 to 30 June 2013: $47,500.00 per quarter), with payment of the Audit & Risk Committee Fees to be made in arrears at the end of each calendar quarter.

4. To re-elect the following Directors retiring in accordance with the Articles of Association of the Company and who, being eligible, offer themselves for re-election:

   (a) Mr Yeo Liat Kok Philip
   (b) Mr Chan Soon Hee Eric (appointed on 26 July 2012)

5. 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 the Meeting until the next Annual General Meeting ("AGM"):

   (a) Mr Kwek Leng Beng
   (b) Mr Chee Keng Soon
   (c) Mr Foo See Juan
   (d) Mr Tang See Chim

6. To re-appoint 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 AGM of the Company or the date by which the next AGM 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 AGM 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 AGM 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 2013

NOTICE OF ANNUAL GENERAL MEETING

Books Closure Date and Payment Date for Final Ordinary Dividend and Special Final Ordinary Dividend

The Final Ordinary Dividend and Special Final Ordinary Dividend, if approved by the ordinary shareholders at the Meeting, will be paid on 20 May 2013.

The Ordinary Shares Transfer Books and Register of Holders of ordinary shares of the Company will be closed on 3 May 2013. Duly completed registrable transfers received by the Company's Registrar, M & C Services Private Limited of 112 Robinson Road #05-01, Singapore 068902, up to 5.00 p.m. on 2 May 2013 will be registered to determine ordinary shareholders' entitlement to the Final Ordinary Dividend and Special Final Ordinary Dividend.

Explanatory Notes:

1. With reference to item 3 of the Ordinary Business above, the Directors' Fees of $339,846.00 for FY 2012 excludes Audit & Risk Committee Fees of $58,750.00 per quarter.

2. With reference to item 4(a) of the Ordinary Business above, Mr Yeo Liat Kok Philip will, upon re-election as a Director of the Company, remain as a member of Remuneration and Corporate Social Responsibility & Corporate Governance Committees. Mr Yeo is considered independent by the Board.

3. With reference to item 4(b) of the Ordinary Business above, Mr Chan Soon Hee Eric who was appointed a Director of the Company on 26 July 2012, is due to retire at this Meeting and will, upon re-election as a Director of the Company, remain as a member of the Board and Audit & Risk Committees. Mr Chan is considered independent by the Board.

4. With reference to item 5(a) of the Ordinary Business above, Mr Kwek Leng Beng will, upon re-appointment as a Director of the Company, remain as Chairman of the Board and a member of the Board and Nominating Committees.

5. With reference to item 5(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 & Risk, Nominating and Remuneration Committees. Mr Chee is considered independent by the Board.

6. With reference to item 5(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 & Risk and Nominating Committees. Mr Foo is considered independent by the Board.

7. With reference to item 5(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 & Risk and Remuneration Committees. Mr Tang is considered independent by the Board.

8. Key information on the Directors seeking re-election and re-appointment under items 4(a) and (b) and 5(a), (b), (c) and (d) can be found on pages 26 and 27 of the Annual Report.

9. The Ordinary Resolution set out in item 7 above, if passed, will empower the Directors of the Company from the date of the Meeting until the next AGM (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.

10. The Ordinary Resolution set out in item 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 AGM 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.

11. The Ordinary Resolution set out in item 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 AGM of the Company, unless previously revoked or varied at a general meeting.

    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.

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. The Chairman of the Meeting will be exercising his rights under Article 56 of the Company's Articles of Assocation ("Article 56") for all resolutions at the Meeting and at any adjournment thereof to be put to the vote by way of poll. Accordingly, each resolution at the Meeting will be voted on by way of a poll.

   Article 56 provides that a poll may be demanded by:

   (a) the Chairman of the Meeting; or
   (b) not less than five members present in person or by proxy and entitled to vote at the Meeting; or
   (c) a member or members present in person or by proxy and representing not less than ten (10) per cent. of the total voting rights of all the members having the right to vote at the Meeting; or
   (d) a member or members present in person or by proxy and holding not less than ten (10) per cent. of the total number of paid-up shares of the Company (excluding treasury shares).

5. To allow for a more efficient voting system, polling will be done by way of an electronic poll voting system. With 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 detailed procedures for the electronic poll voting will be explained at the Meeting.

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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 50th 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 / Company Registration 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	Proportion of Shareholdings: %

*and/or

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Fiftieth Annual General Meeting of the Company ("AGM") to be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Wednesday, 24 April 2013 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 & Risk Committee Fees			
4.	Re-election of Directors under the Articles of Association:	(a) Mr Yeo Liat Kok Philip		
		(b) Mr Chan Soon Hee Eric		
5.	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		
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 ______________ 2013

No. of ordinary shares held

Signature(s) of Member(s)/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

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Co. Reg. No. 196300316Z