CITY DEVELOPMENTS LIMITED
(REG. NO. 196300316Z)

UNAUDITED FULL YEAR FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

These figures have not been audited.

	The Group Full Year Ended 31 December		
	2008	**2007**	**Incr/ (Decr)**
	S$'000	**S$'000**	**%**
Revenue	2,945,229	3,106,106	(5.2)
Cost of sales	(1,271,410)	(1,478,150)	(14.0)
Gross profit	1,673,819	1,627,956	2.8
Other operating income [(2)]	138,083	29,202	372.9
Administrative expenses [(3)]	(504,569)	(522,757)	(3.5)
Other operating expenses [(4)]	(527,523)	(396,230)	33.1
Profit from operations	779,810	738,171	5.6
Finance income [(5)]	30,760	49,218	(37.5)
Finance costs [(6)]	(115,273)	(119,486)	(3.5)
Net finance costs	(84,513)	(70,268)	20.3
Share of after-tax profit of associates [(7)]	19,006	16,254	16.9
Share of after-tax profit of jointly-controlled entities [(8)]	119,504	270,456	(55.8)
Profit before income tax [(1)]	833,807	954,613	(12.7)
Income tax expense [(9)]	(152,132)	(65,394)	132.6
Profit for the year	681,675	889,219	(23.3)
Attributable to:			
Equity holders of the Company	**580,944**	**724,993**	(19.9)
Minority interests	100,731	164,226	(38.7)
Profit for the year	681,675	889,219	(23.3)
Earnings per share			
- basic	62.5 cents	78.3 cents	(20.2)
- diluted	60.9 cents	76.0 cents	(19.9)

Notes to the Group's Income Statement:

(1) Profit before income tax includes the following:

	The Group Full Year Ended 31 December	
	2008 S$'000	2007 S$'000
Interest income	30,627	41,740
Profit on sale of investments, investment properties and property, plant and equipment (net)	48,259	4,337
Profit on aborted sale of a subsidiary	73,241	-
Investment income	7,262	14,150
Gain on dilution of investment in an associate	-	6,013
Allowance for foreseeable losses on development properties (net)	-	(16,783)
Depreciation and amortisation	(132,036)	(136,139)
Interest expenses	(92,354)	(112,478)
Net exchange losses	(7,902)	(8,711)
Mark-to-market (loss)/gain on financial assets held for trading (net)	(19,845)	4,163
Property, plant and equipment and investment properties written off	(23,016)	(22,163)
Impairment losses (made)/written back on investment properties	(8,994)	75,017
Impairment losses on property, plant and equipment	(62,311)	(20,320)
Impairment loss on loan to a jointly-controlled entity	(19,456)	-

(2) Other operating income, comprising mainly management fee, miscellaneous income and profit on sale of investments, investment properties and property, plant and equipment, increased by $108.9 million to $138.1 million (2007: $29.2 million). The increase was due to a gain of £31.4 million (approximately S$73.2 million) arising from the forfeiture of non-refundable cash deposit relating to the aborted sale of CDL Hotels (Korea) Limited, a wholly-owned subsidiary of Millennium & Copthorne Hotels plc (M&C) and gain from disposal of Commerce Point. This is partially offset by dilution gain of £1.9 million (approximately S$6.0 million) in CDL Hospitality Trusts (CDLHT) recognized in Q3 2007 following subscription to a rights issues of shares at discount by the Company’s 53.5% owned subsidiary, M&C. In addition, profit from sale of some shares held in CDLHT and release of £1.0 million (approximately S$3.0 million) property tax provision in Q1 2007 set aside by M&C on the acquisition of Regal hotels in 1999 had also offset the effect of the increase for full year.

(3) Administrative expenses, comprise mainly depreciation, hotel administrative expenses, operating lease expenses and salaries and related expenses. This had decreased by $18.2 million due to lower salaries and related expenses incurred.

(4) Other operating expenses comprise mainly property taxes and insurance on hotels, hotel other operating expenses, professional fees, net exchange losses and charge for/write-back of impairment losses on investment properties, property, plant and equipment and loan to jointly controlled entity. Other operating expenses had increased by $131.3 million for 2008 due to net impairment losses amounted to $90.8 million on some assets held by M&C, an investment property and a loan to a joint venture in Bangkok as compared to net write-back of impairment losses of $54.7 million in 2007.

(5) Finance income comprises mainly interest income and mark-to-market gain on financial assets held for trading, declined by $18.5 million in 2008 as a result of minimal mark-to-market gain recognised on financial assets. In addition, lower interest income earned from fixed deposits had also reduced the finance income.

(6) Finance costs comprise primarily interest on borrowings, mark-to-market loss on financial assets held for trading and amortisation of capitalised transaction costs on borrowings and debt securities. This had decreased by $4.2 million in 2008 on account of lower interest expenses incurred, partially offset by higher mark-to-market loss recognized for financial assets held for trading.

(7) Share of after-tax profit of associates relates mainly to the Group's share of results of CDLHT.

(8) Share of after-tax profit of jointly-controlled entities decreased by $151.0 million to $119.5 million (2007: $270.5 million) mainly due to impairment loss made on a hotel in Beijing in Q4 2008, write-back on allowance for foreseeable losses on certain development projects in 2007 as well as lower contributions from St. Regis Residences and The Sail @ Marina Bay in 2008. This was partially mitigated by increased contribution from The Oceanfront @ Sentosa Cove in 2008.

(9) Income tax expense for the year is derived at by applying the varying statutory tax rates on the taxable profits/(losses) and taxable/deductible temporary differences of the different countries in which the Group operates.

	The Group Full Year Ended 31 December	
	2008	**2007**
	S$'m	**S$'m**
The tax charge relates to the following:		
Profit for the year	152.7	155.8
Overprovision in respect of prior years	(0.6)	(90.4)
	152.1	65.4

The write-back of overprovision of tax for 2007 related primarily to changes made in the UK tax legislation on hotel tax allowances and reduction in tax rates in various geographical regions where the Group's operations are located. Excluding the overprovision in respect of prior years, the effective tax rate for the Group would be 18.3% for 2008 (2007: 16.3%).

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1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Note	The Group		The Company	
		As at 31.12.2008 S$'000	As at 31.12.2007 S$'000	As at 31.12.2008 S$'000	As at 31.12.2007 S$'000
Non-current assets					
Property, plant and equipment		4,161,527	4,257,799	166,945	104,202
Investment properties	(1)	2,312,675	2,468,253	277,115	281,942
Investments in subsidiaries		-	-	2,258,199	2,258,755
Investments in associates	(2)	348,644	277,615	-	-
Investments in jointly-controlled entities	(3)	693,860	553,213	35,204	34,159
Financial assets	(4)	162,718	183,880	23,387	39,307
Other non-current assets		18,569	30,981	105,218	127,897
		7,697,993	**7,771,741**	**2,866,068**	**2,846,262**
Current assets					
Development properties		2,920,056	2,578,015	1,534,891	1,428,690
Consumable stocks		11,220	14,877	-	-
Financial assets	(4)	19,727	67,509	-	-
Trade and other receivables		1,098,648	1,074,806	2,592,840	2,278,295
Cash and cash equivalents		775,882	711,602	159,490	103,027
		4,825,533	**4,446,809**	**4,287,221**	**3,810,012**
Total assets		**12,523,526**	**12,218,550**	**7,153,289**	**6,656,274**
Equity attributable to equity holders of the Company					
Share capital		1,991,397	1,991,397	1,991,397	1,991,397
Reserves		3,438,311	3,207,387	2,417,943	2,343,449
		5,429,708	5,198,784	4,409,340	4,334,846
Minority interests		1,592,609	1,717,613	-	-
Total equity		**7,022,317**	**6,916,397**	**4,409,340**	**4,334,846**
Non-current liabilities					
Interest-bearing borrowings *		3,286,610	3,235,377	1,640,280	1,618,809
Employee benefits		27,259	36,999	-	-
Other liabilities		84,388	74,739	26,343	21,336
Provisions		2,400	3,464	-	-
Deferred tax liabilities		410,616	426,812	65,922	45,999
		3,811,273	**3,777,391**	**1,732,545**	**1,686,144**
Current liabilities					
Trade and other payables		641,218	585,002	469,481	249,932
Interest-bearing borrowings *		860,063	796,290	490,068	351,647
Employee benefits		14,536	15,718	1,804	1,625
Other liabilities		2,099	2,236	-	-
Provision for taxation		167,130	115,894	50,051	32,080
Provisions		4,890	9,622	-	-
		1,689,936	**1,524,762**	**1,011,404**	**635,284**
Total liabilities		**5,501,209**	**5,302,153**	**2,743,949**	**2,321,428**
Total equity and liabilities		**12,523,526**	**12,218,550**	**7,153,289**	**6,656,274**

** These balances are stated at amortised cost after taking into consideration their related transaction costs.*

Notes to the Balance Sheet of the Group

1) The decrease was due mainly to the disposal of Commerce Point in July 2008.

2) The increase was mainly due to additional investment in First Sponsor Capital Limited and share of profit of CDLHT, partially offset by dividends received.

3) The increase was due primarily to share of jointly-controlled entities' after-tax profit for the year and investment in a joint venture in Russia, partially offset by dividends received and impairment loss made on a hotel located in Beijing which is held under a joint venture.

4) The decreases were due to mark-to-market loss recognised as well as disposal of certain current financial assets during the year.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

The Group's net borrowings refer to aggregate borrowings from banks, financial institutions and finance lease creditors, after deducting cash and cash equivalents. It excludes deferred real estate taxes payable, retention sums payable, other payables and deposits received. Unamortised balance of transaction costs have not been deducted from the gross borrowings.

		As at 31.12.2008 S$'000	As at 31.12.2007 S$'000
Unsecured			
- repayable within one year		666,581	794,986
- repayable after one year		2,331,677	2,362,822
	(a)	2,998,258	3,157,808
Secured			
- repayable within one year		193,755	2,206
- repayable after one year		961,453	879,484
	(b)	1,155,208	881,690
Gross borrowings	(a) + (b)	4,153,466	4,039,498
Less: cash and cash equivalents		(775,882)	(711,602)
Net borrowings		3,377,584	3,327,896

Details of any collateral

Where secured, borrowings are collateralised by:

- mortgages on the borrowing companies' development, investment and hotel properties; and
- assignment of all rights and benefits to sale, lease and insurance proceeds in respect of development, investment and hotel properties.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Full Year Ended 31 December	
	2008	**2007**
	S$'000	**S$'000**
Operating Activities		
Profit before income tax	833,807	954,613
Adjustments for:		
Depreciation and amortisation	132,036	136,139
Dividend income	(7,262)	(14,150)
Finance income	(30,760)	(49,218)
Finance costs	115,273	119,486
Impairment losses on property, plant and equipment	62,311	20,320
Impairment losses made/(written back) on investment properties	8,994	(75,017)
Impairment loss on loan to a jointly-controlled entity	19,456	-
Profit on sale of property, plant and equipment and investment properties	(48,259)	(1,812)
Gain on dilution of investment in an associate	-	(6,013)
Loss on liquidation of jointly-controlled entities	29	24
Profit on sale of investments	-	(310)
Profit from aborted sale of a subsidiary	(73,241)	-
Profit on disposal of interest in a subsidiary	(29)	-
Property, plant and equipment and investment properties written off	23,016	22,163
Profit on partial disposal of interest in an associate	-	(2,215)
Share of after-tax profit of associates	(19,006)	(16,254)
Share of after-tax profit of jointly-controlled entities	(119,504)	(270,456)
Units in an associate received in lieu of fee income	(7,373)	(8,242)
Value of employee services received for issue of share options	2,996	2,340
Operating profit before working capital changes	892,484	811,398
Changes in working capital		
Development properties	(340,768)	(249,663)
Stocks, trade and other receivables	10,204	(277,077)
Trade and other payables	(21,901)	98,388
Employee benefits	(13,112)	(24,535)
Cash generated from operations	526,907	358,511
Income tax paid	(78,789)	(98,152)
Cash flows from operating activities carried forward	**448,118**	**260,359**

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	Full Year Ended 31 December	
	2008	2007
	S$'000	S$'000
Cash flows from operating activities brought forward	**448,118**	**260,359**
Investing Activities		
Acquisition of minority interests	(4,876)	-
Capital expenditure on investment properties	(18,855)	(10,471)
Disposal/(Purchase) of financial assets	19,108	(30,699)
Dividends received		
- financial investments	7,262	12,429
- jointly-controlled entities	27,050	34,500
- an associate	32,255	19,953
Interest received	10,698	46,649
Proceeds from sale of property, plant and equipment and investment properties	182,179	402
Proceeds from partial disposal of interest in an associate	-	4,771
Proceeds from liquidation of a jointly-controlled entity	-	77
Proceeds less expenses from aborted sale of subsidiary	73,241	-
Increase in investments in jointly-controlled entities	(58,264)	(37,483)
Increase in investments in associates	(63,926)	(150,727)
Payments for purchase of property, plant and equipment and lease premium	(442,804)	(485,762)
Cash flows from investing activities	(236,932)	(596,361)
Financing Activities		
Advances from related parties	111,982	6,022
Return of capital to minority shareholders (net)	(23,456)	(23,735)
Dividends paid	(235,979)	(260,002)
Repayment of other long-term liabilities	(2,487)	(2,541)
Interest paid (including amounts capitalised as property, plant and equipment and development properties)	(124,634)	(153,330)
Net proceeds from revolving credit facilities and short-term bank borrowings	62,338	528,893
Payment of transaction costs	(2,682)	(3,901)
Proceeds from bank borrowings	381,953	871,468
Proceeds from issuance of bonds and notes	326,387	515,882
Repayment of bank borrowings	(389,017)	(740,736)
Repayment of bonds and notes	(223,604)	(450,920)
Repayment to finance leases	(196)	(6,474)
Cash flows from financing activities	(119,395)	280,626
Net increase/(decrease) in cash and cash equivalents carried forward	**91,791**	**(55,376)**

	Full Year Ended 31 December 2008 S$'000	2007 S$'000
Net increase/(decrease) in cash and cash equivalents brought forward	**91,791**	**(55,376)**
Cash and cash equivalents at beginning of the year	710,566	774,605
Effect of exchange rate changes on balances held in foreign currencies	(32,498)	(8,663)
Cash and cash equivalents at end of the year	**769,859**	**710,566**
Cash and cash equivalents comprise:-		
Cash and cash equivalents as shown in the Balance Sheet	775,882	711,602
Less: Bank overdrafts	(6,023)	(1,036)
	769,859	**710,566**

Note to the Consolidated Cash Flow Statement

(1) The Group had a net cash outflow for investing activities of $236.9 million for 2008 (2007: $596.4 million). This was primarily attributable to proceeds from the aborted sale of a subsidiary and sale of Commerce Point, partially offset by additional investment in First Sponsor Capital Limited, investment in a joint venture in Russia, purchase of freehold interest of the Copthorne Hotel Auckland Harbour City and cost incurred for renovation at Millennium Bostonian and Millennium Knickerbocker.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	Attributable to equity holders of the Company							
	Share Capital S$m	Cap. Res. S$m	Other Res.* S$m	Exch. Fluct. Res. S$m	Accum. Profits S$m	Total S$m	Minority Interests S$m	Total Equity S$m
At 1 January 2007	1,991.4	147.2	28.0	81.7	2,486.2	4,734.5	1,645.6	6,380.1
Translation differences on consolidation of foreign subsidiaries	-	-	-	(37.0)	-	(37.0)	(27.1)	(64.1)
Exchange differences on hedge of net investments in foreign entities	-	-	-	(0.4)	-	(0.4)	(0.4)	(0.8)
Exchange differences on monetary items forming part of net investments in foreign entities	-	-	-	(8.2)	-	(8.2)	(6.7)	(14.9)
Change in fair value of equity investments available for sale	-	-	1.4	-	-	1.4	-	1.4
Actuarial losses on defined benefit plans	-	-	-	-	(0.8)	(0.8)	(0.7)	(1.5)
Net gains/(losses) recognised directly in equity	-	-	1.4	(45.6)	(0.8)	(45.0)	(34.9)	(79.9)
Profit for the year	-	-	-	-	725.0	725.0	164.2	889.2
Total recognised income and expenses for the year	-	-	1.4	(45.6)	724.2	680.0	129.3	809.3
Net return of capital to minority interests	-	-	-	-	-	-	(23.7)	(23.7)
Value of employee services received for issue of share options	-	-	2.2	-	-	2.2	2.0	4.2
Dividends	-	-	-	-	(217.9)	(217.9)	(35.6)	(253.5)
At 31 December 2007	1,991.4	147.2	31.6	36.1	2,992.5	5,198.8	1,717.6	6,916.4
Translation differences on consolidation of foreign subsidiaries	-	-	-	(144.3)	-	(144.3)	(169.4)	(313.7)
Exchange differences on hedge of net investments in foreign entities	-	-	-	22.7	-	22.7	20.4	43.1
Exchange differences on monetary items forming part of net investments in foreign entities	-	-	-	(8.2)	-	(8.2)	(5.6)	(13.8)
Change in fair value of equity investments available for sale	-	-	(26.9)	-	-	(26.9)	-	(26.9)
Actuarial gains on defined benefit plans	-	-	-	-	0.8	0.8	0.7	1.5
Share of other reserve movements of an associate	-	-	(0.2)	-	-	(0.2)	(0.2)	(0.4)
Net gains/(losses) recognised directly in equity	-	-	(27.1)	(129.8)	0.8	(156.1)	(154.1)	(310.2)
Profit for the year	-	-	-	-	580.9	580.9	100.7	681.6
Total recognised income and expenses for the year	-	-	(27.1)	(129.8)	581.7	424.8	(53.4)	371.4
Value of employee services received for issue of share options	-	-	(0.6)	-	-	(0.6)	(0.6)	(1.2)
Change of interest in subsidiaries	-	1.5	-	-	-	1.5	(5.0)	(3.5)
Return of capital to minority interest	-	-	-	-	-	-	(24.8)	(24.8)
Dividends	-	-	-	-	(194.8)	(194.8)	(41.2)	(236.0)
At 31 December 2008	1,991.4	148.7	3.9	(93.7)	3,379.4	5,429.7	1,592.6	7,022.3

** Other reserves comprise mainly share option reserve.*

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The Company	Share Capital S$m	Capital Res. S$m	Fair Val. Res. S$m	Accum. Profits S$m	Total S$m
At 1 January 2007	1,991.4	63.7	19.2	1,832.1	3,906.4
Change in fair value of equity investments available for sale	-	-	0.3	-	0.3
Net gain recognised directly in equity	-	-	0.3	-	0.3
Profit for the year	-	-	-	646.0	646.0
Total recognised income and expenses for the year	-	-	0.3	646.0	646.3
Dividends	-	-	-	(217.9)	(217.9)
At 31 December 2007	1,991.4	63.7	19.5	2,260.2	4,334.8
Change in fair value of equity investments available for sale	-	-	(13.1)	-	(13.1)
Net loss recognised directly in equity	-	-	(13.1)	-	(13.1)
Profit for the year	-	-	-	282.4	282.4
Total recognised income and expenses for the year	-	-	(13.1)	282.4	269.3
Dividends	-	-	-	(194.8)	(194.8)
At 31 December 2008	1,991.4	63.7	6.4	2,347.8	4,409.3

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the Company, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Ordinary share capital

There was no change in the Company's issued share capital during the year ended 31 December 2008.

Preference share capital

There was no change in the Company's issued preference share capital during the year ended 31 December 2008.

As at 31 December 2008, the maximum number of ordinary shares that may be issued upon full conversion of all the non-cumulative preference shares of the Company ("Preference Shares") at the sole option of the Company is 44,998,898 ordinary shares (31 December 2007: 44,998,898 ordinary shares).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The Company did not hold any treasury shares as at 31 December 2008 and 31 December 2007.

The total number of issued ordinary shares (excluding treasury shares) as at 31 December 2008 and 31 December 2007 is 909,301,330.

The total number of issued Preference Shares as at 31 December 2008 and 31 December 2007 is 330,874,257.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the year ended 31 December 2008.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as those applied in the Group's most recently audited financial statements for the year ended 31 December 2007.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

There was no change in the accounting policies and methods of computation.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Full Year Ended 31 December	
	2008	**2007**
Basic Earnings per share (cents)	62.5	78.3
Diluted Earnings per share (cents)	60.9	76.0
Earnings per share is calculated based on:		
a) Profit attributable to equity holders of the parent (S$'000) (*)	568,038	712,089
b) Weighted average number of ordinary shares in issue:		
- basic	909,301,330	909,301,330
- diluted (**)	954,300,228	954,300,228

** After deducting preference dividends of $12,906,000 (2007: $12,904,000) paid and declared in 2008.*

*** For computation of diluted earnings per share, the weighted average number of ordinary shares has been adjusted for any dilutive effect of potential ordinary shares arising from the conversion of all preference shares.*

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares (excluding treasury shares) of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group		The Company	
	31/12/2008 S$	**31/12/2007 S$**	**31/12/2008 S$**	**31/12/2007 S$**
Net Asset Value per ordinary share based on the number of issued 909,301,330 ordinary shares (excluding treasury shares) as at 31 December 2008 (909,301,330 ordinary shares (excluding treasury shares) as at 31 December 2007)	5.97	5.72	4.85	4.77

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Group Performance

For the year ended 31 December 2008, CDL achieved revenue of $2,945.2 million (2007: $3,106.1 million) and posted after-tax profit attributable to shareholders of $580.9 million (2007: $725.0 million). The Group's net profits which are core earnings, show a credible performance given the severe economic conditions that it operated during 2008. Its results are the second highest achieved since its inception in 1963.

The decrease in earnings was largely due to lower contribution from the Group's subsidiary, Millennium and Copthorne Hotels plc (M&C) hotel operations as a result of the strength of the Singapore dollar particularly against the Sterling Pound which had a significant impact when the exchange rate translation was factored in the consolidation at the Group level. M&C also took in impairment charges relating to its joint-venture investments in Beijing and Bangkok and some of its assets in Asia, UK and US.

The Group's property development segment continued to be the main contributor to its core earnings. Profits have also yet to be recognised fully from its pre-sold residential developments as these projects are still in the early stage of construction. These healthy gains have been locked in and will be booked in progressively based on the construction progress.

Rental properties segment, though the third in line, had shown a further improvement of 2.0% on top of last year's profit which had benefited from $75.0 million of reversals of impairment provisions. This year, the rental properties segment benefited from the sale of Commerce Point and higher occupancy during the year.

As the Group adopted the conservative accounting policy of stating its investment properties including joint-venture investments and associate companies such as CDLHT at cost less accumulated depreciation and impairment losses, its profit is not subject to volatility arising from anticipated lower valuations due to the current economic downturn.

Whilst the credit market has tightened, the Group continued to maintain a healthy balance sheet. Net gearing ratio was at 48.0% (2007: 48.0%) with interest cover of 11.0 times (2007: 10.5 times). Had the Group adopted a revaluation policy, its net gearing ratio would be 32.0%.

During the year, the Group pioneered Singapore's first corporate *Sukuk-Ijarah* through the establishment of a S$1 billion unsecured Islamic Trust Certificate Programme. It was able to do so because it has a diversified portfolio of assets and had the advantage to extract appropriate assets which have to be Shariah compliant to tap on these new investors and diversify its financing stream. In parallel, the Group had also upsized one of its current existing Medium Term Note Programmes from S$700 million to S$1.5 billion on 29 December 2008. This fund-raising exercise adds another dimension to the Group's financial strength, providing flexibility to meet the Group's financing and working capital requirements as well as enhance its war-chest, allowing it to seize potential investment opportunities at the appropriate time.

Despite the difficult trading conditions going forward, the Board will recommend a final dividend of 7.5 cents (2007: 7.5 cents) per share, which is consistent with its dividends declared in past years, other than additional special ordinary dividends and preference dividends.

Property

The global financial crisis worsened in the last quarter of 2008 dragging Singapore's GDP down by 3.7% in Q4 08. The GDP growth for the whole of 2008 is estimated at a mere 1.2% compared to the initial estimates made in the beginning of the year of between 4.5% and 6.5%.

Not unexpectedly, 2008 was a challenging year for the Singapore property market with downward pressure on both transaction volumes and sale prices after a blistering performance in the previous two years, weighed down by global financial woes.

According to official statistics released by the Government, residential property prices fell 4.7% in 2008 compared to a 31.2% increase in 2007. While property prices for the mass market had dropped slightly, the high-end property segment showed steeper falls. Transaction volume of new residential units plummeted to 4,264 units compared to 14,811 units in 2007, a decline of 71% year-on-year.

In view of the subdued market conditions, the Group tested the market with the launch of its small development Shelford Suites in June. The response was not up to its expectations. After reviewing the strategy, the Group extracted from its land bank and launched Livia to the mass market in Q3 08 with a different price package as its land and construction costs were relatively low. The launch was very well received with strong take-up rates even without the Deferred Payment Scheme (DPS) or interest absorption scheme. Recently, another 30 units were re-launched and more than half of them have been sold. To-date, the Group has sold more than 350 units of Livia out of the 440 launched units.

During the year under review, the Group booked in profits from pre-sold projects such as City Square Residences, One Shenton, Tribeca, The Solitaire, Wilkie Studio and Cliveden at Grange. It also booked in profits from joint-venture projects namely The Sail @ Marina Bay, St. Regis Residences, Botannia, The Oceanfront @ Sentosa Cove, Parc Emily and Ferraria Park Condominium.

The turmoil in the financial market during the last quarter caused many firms to shelve business expansion plans or to downsize their workforce hence reducing their office space requirements. Such contraction has affected the office market. According to property consultants, prime Grade A office rental fell by 12.5% in Q4 08 alone. Though the occupancy rate remained relatively healthy, it is expected to moderate downwards due to the contraction in the economy.

For the year under review, the Group managed to achieve an occupancy level of about 94% for its office portfolio.

Hotel

In 2008, M&C in which the Group has a 53.5% interest, continued to maintain a strong balance sheet and low gearing at 16.4% (2007: 18.3%) with interest cover up at 12.4 times (2007: 8.5 times). As at 31 December 2008, M&C had cash of £212.1 million and total undrawn committed bank facilities available at £188.6 million.

Despite the difficult economic conditions, M&C in 2008 achieved a 5.0% increase in revenue to £702.9 million (2007: £669.6 million) in reported currency. Its RevPAR in reported currency also increased by 7.6% to £57.19 (2007: £53.16) while headline profit before tax increased by 6.4% to £125.9 million (2007: £118.3 million).

M&C opened seven new hotels in 2008 – one in Beijing, another two in China operating under franchise agreements and four in the Middle East region operating under management contracts. Since then, a new managed hotel in Sheffield, United Kingdom, has been opened and a management contract for two hotels has been signed in Liverpool. As at 31 December 2008, M&C had 102 hotels operational and 17 hotels in the pipeline to be managed under M&C's brands.

Prior to the global economic turmoil in 2008, a period of high liquidity and relatively easy access to credit markets had fuelled an insatiable demand for real estate properties including hotels and has contributed to an escalation in asset prices in many countries around the world. During this period however, M&C adopted a conservative approach and had been selective in making investments in Asia, with a particular emphasis on growing the Group's presence in key gateway cities. Accordingly, M&C has been relatively less aggressive than other investors, and thus, the overall exposure of its investments to the deterioration in the global markets has been less significant.

In June 2008, M&C entered into a contract to dispose of CDL Hotels (Korea) Limited. Although the purchaser was unable to complete the transaction, M&C recorded a £31.4 million gain arising from the forfeiture of the non-refundable cash deposit paid by the buyer. This has helped to boost M&C's cash position by £27.3 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group's performance for the year under review is in line with its expectations as disclosed in the announcement of results for the third quarter and nine months ended 30 September 2008.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Property

The severe contraction in the Singapore economy in Q4 08 has prompted the Government to drastically mark down its GDP forecast to -2% to -5%, the gloomiest forecast for Singapore to-date.

Recognising the severity of the downturn, the Government brought forward its 2009 Budget to January and presented a resilient budget of $20.5 billion, drawing $4.9 billion from its past Reserves for the first time.

In the property sector, the Government suspended sale of Confirmed List sites in its Government Land Sales programme which will help to curb the supply of land for new developments in the future. It also introduced new measures to ease the cash flow of developers by giving them greater flexibility to stage sale and construction of projects according to market conditions. The measures include deferring land tax and provision for longer completion period of new projects. Property tax rebates were also given to assist landlords and tenants to help ride through the difficult period.

In view of the market conditions, the Group has held back the launch of two residential projects namely The Arte at Thomson and The Quayside Collection at Sentosa Cove (comprising 336 and 228 units respectively) even though it has continued to construct these developments. The continued construction reflects the Group's confidence of the market's recovery before the completion of the projects. As market sentiments continue to improve, the Group may launch these projects soon. When the projects are launched, the Group will be able to book in more profits immediately based on the advanced stage of construction at the time of sale.

While the high-end residential property market has been sluggish, the recent successful new launches targeting the mid and mass market segment is generating renewed interest with increased visitorship to showflats and good take-up rates. This is largely due to developers aligning their prices with the market appetite to push sales or generate cash flow with the possible aim of self-financing the projects. The well-received launches are an indication that buyer sentiment is improving and purchasers, especially the mid and mass market segment, have the financial capability to commit to property investments as banks are still lending on housing loans even though the quantum may be more conservative. Many investors prefer to own real assets and are returning to invest in property as such investments do not plunge as much within a short time frame as compared to stocks and shares. Furthermore, real estate in Singapore is likely to outperform other classes of assets when viewed with a medium to long term perspective. The Group believes that as the property market turns more active, confidence will increase which augurs well for the economic recovery.

Currently, the Group has low stock of unsold inventory of its launched projects. An estimated 142 units are left of its share of already launched developments. Less than 10% of these units are for the high-end market and the remainder is for the mid and mass market.

The Group has also done an extensive analysis of buyers who had opted for DPS when it was made available. Its exposure is limited as only 30% of units sold were under this scheme. The Group has adopted the policy of collecting a 20% down payment for DPS buyers unlike other developers who may require a lower quantum. The Group does not extend DPS to subsales. The sales and purchase agreement is a legally binding document and buyers cannot breach their contractual obligations. The Group believes that there is hardly any risk of DPS buyers being unable to fulfil their commitments for the properties pre-sold prior to 2007. For units pre-sold especially during the second half of 2007, the percentage of the Group’s exposure is relatively low. Notwithstanding the current market conditions, and considering the land cost of those pre-sold developments, the Group believes the situation has not arisen to warrant any alarming concern on DPS buyers defaulting.

As reported in Q3 2008, the Group in consultation with its joint-venture partners have deferred the construction of its South Beach development as it believes that construction cost will come down further over time as it is already beginning to do so, making the project even more attractive when market conditions improve. The joint-venture partners are engaged in discussions with the consortium’s banks to extend its loan for the land. It is important to note that South Beach development was awarded after an intensive competitive tender exercise. Even though the consortium was not the highest bidder, it won based on its innovative eco-design. In a recent external valuation for the year ended 31 December 2008, there is no provision required for impairment on this development.

The Group has also introduced cost-saving measures to rein in operating cost and expenses. For projects which the Group has not commenced construction, It has decided to defer further development of its land bank for the time being as past experience has shown that the value of its undeveloped land bank will not fall as much as a built environment during the lull periods, but instead, continues to appreciate over time. Moreover, the Group will be able to utilise this land more effectively in an upturn. Nevertheless, depending on demand, it does have the option to tap on its extensive land bank, much of which was acquired at a low cost. Its strong land bank and investment portfolio of hotels and commercial properties provide the Group with a sustainable model to grow its business or to extract value from its investments.

The Group’s office portfolio is enjoying healthy occupancy of about 94% compared to 83% achieved during the difficult period in 2003. Nevertheless, no effort is being spared to ensure a high rate of renewal for existing tenancies and also to attract new tenants to its buildings as the Group has a diversified office portfolio that caters to different tenant mix and requirements. The Group has already renewed most of its office leases at higher rates and these have been locked in. In light of the present economic conditions, even though office rentals will be moderated, most of the Group’s remaining leasing contracts up for renewal should still be renewed at a higher rate as previous rental rates committed during the lull period were low.

The Group's mega retail complex, the City Square Mall is progressing on schedule for opening in the last quarter of 2009. Strategically located at the fringe of the city and conveniently connected to Farrer Park MRT Station, the Mall is attracting retailers who are starting to move out of the city centre into the captive suburban market. With its good location and also with large numbers of residents soon to move into the area from new residential developments like the 910-unit City Square Residences, the Mall is targeting to attract at least 1.3 million footfalls per month. Over 75% of the retail spaces have already been committed and the Mall will be ready to open for business once TOP is obtained.

Leasing of the two suburban office buildings at Tampines, 9 Tampines Grande and Tampines Concourse is progressing and active negotiations are ongoing to fill up the remaining space.

Hotel

Airline load factors are currently in decline despite the reduction in energy and fuel oil prices. Leisure and corporate travel are also facing great constraints. The global hospitality market will not be spared from these tough times.

M&C's RevPAR for the first five weeks of 2009 has declined by 21.2% mainly due to decrease in contributions from New York and Regional US markets (41% and 23% respectively). New York hotels were affected the most, especially the Millenium Hilton Hotel which saw a steeper decline with its greater exposure to the city's ailing financial sector. The refurbishments of M&C hotels in Boston and Chicago (except its lobby) were also just completed in Q4 08. M&C has flattened the management structure in the US and is closely monitoring to improve its operations. Despite the softening of demand across the regions which M&C operates, it is important to note that in general, the lower performance of the first 5 weeks of 2009 is not a good indication as the lion's share of M&C's earnings are traditionally achieved in the second half of the year.

In general, the hospitality market is expected to decline further before it gets better. While the next few quarters will present challenging trading conditions, this is expected to be partially mitigated by the fact that global rooms supply from new build hotels will be limited due to the lack of debt financing. Moreover, M&C's extensive portfolio of hotels are diversified geographically and are positioned as 4-star hotels, even though some are of 5-star standard. They offer very competitive rates for the high standards that they deliver. During this downturn, many discerning travellers are expected to downtrade their stay from 5-star hotels to 4-star facilities that offer value for money. M&C stands to benefit from this and should have the advantage of performing better than other hotel operators. Riding through this storm, M&C will continue to focus on conserving cash and profit protection plans, to mitigate the impact of the global downturn.

Some tough decisions have been made in recent years at M&C, including changes in senior management, and a prudent approach to acquisitions, divestments and the way in which these are financed have been maintained. While some of these decisions were unconventional and may have even been unpopular, M&C's responsible actions have helped to enhance its strength to withstand the current economic crisis. With a continued policy of tough, prudent and analytical management, M&C will be able to steer through these rough waters. When calm returns to the world economic scene – as eventually it must, M&C would have secured an enviable competitive position from which it can exploit the best commercial opportunities that become available.

Group Prospects

The Group is cognisant of the many challenges that lie ahead.

Moving forward, the Group will adopt a "3P" approach. It will exercise *prudence* in the management of expenses and remain thrifty. The Group will take a *pragmatic* strategy in managing our risks and opportunities and will work harder to ensure no stone is left unturned in the drive towards continued profitability. It will streamline its operations and prepare for the recovery and the next boom. Finally, the Group will exercise *patience* in riding out this difficult period. It is confident that after this storm, there will be growth and just as it has done in the past, with foresight, the Group will do the groundwork which will enable it to take the next quantum leap forward.

While much of the global economic woes are beyond its control, the Group remains optimistic of Singapore's prospects. Given Singapore's strong fundamentals and the dedication shown by the Government in its recent extraordinary budget, it is confident that Singapore has the ammunition to ensure that her economy will be one of the first to emerge from this recession stronger. The Government has done its part through its Budget incentives, but it cannot act alone. This worldwide financial tsunami is not one that can be easily resolved. The challenges are so globally intertwined that it is imperative for everyone to preach the belief that there is light at the end of this tunnel. Together, the community can help restore market confidence which is the bedrock of any economic revival. The Group believes that Singapore remains an excellent city to live, work, play and invest.

Depending on how quickly the global economy recovers, the Group is confident that with good management strategies in place, its sheer tenacity and resilient spirit will help tide it through this year; and it expects to continue to perform profitably.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

The Company had paid the following tax-exempt (one-tier) non-cumulative preference dividends to holders of City Developments Limited Non-redeemable Convertible Non-cumulative Preference Shares ("Preference Shares").

Name of Dividend	Preference Dividend	
Date of payment	30 June 2008	31 December 2008
Dividend Type	Cash	Cash
Dividend Amount per Preference Share (in cents)	1.94 cents^	1.96 cents^
Dividend rate (in %)	3.9% per annum on the issue price of each Preference Share	3.9% per annum on the issue price of each Preference Share
Dividend period	From 31 December 2007 to 29 June 2008 (both dates inclusive)	From 30 June 2008 to 30 December 2008 (both dates inclusive)
Issue price of Preference Shares	$1.00 per Preference Share	$1.00 per Preference Share

^ *Preference dividend for each Preference Share is calculated at the dividend rate of 3.9% per annum of the issue price of $1.00 for each Preference Share on the basis of the actual number of days comprised in the dividend period divided by 366 days.*

Subject to ordinary shareholders' approval at the Annual General Meeting to be held on 29 April 2009, the following Ordinary dividend has been proposed:

Name of Dividend	Proposed Tax-exempt (One-tier) Final Dividend
Dividend Type	Cash
Dividend Amount (in cents)	7.5 cents per Ordinary Share

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes

Name of Dividend	Preference Dividend	
Date of payment	2 July 2007	31 December 2007
Dividend Type	Cash	Cash
Dividend Amount (in cents)	1.93 cents (net) per Preference Share^	1.97 cents (net) per Preference Share^
Dividend rate (in %)	3.9% (net) per annum on the issue price of each Preference Share	3.9% (net) per annum on the issue price of each Preference Share
Dividend period	From 31 December 2006 to 29 June 2007 (both dates inclusive)	From 30 June 2007 to 30 December 2007 (both dates inclusive)
Issue price	$1.00 per Preference Share	$1.00 per Preference Share
Tax rate	18%	18%

Name of Dividend	Special Interim Ordinary Dividend	Tax-exempt (One-tier) Special Final Dividend	Tax-exempt (One-tier) Final Dividend
Date of payment	30 October 2007	23 May 2008	23 May 2008
Dividend Type	Cash	Cash	Cash
Dividend Amount (in cents)	10.0 cents (gross) per Ordinary Share	12.5 cents per Ordinary Share	7.5 cents per Ordinary Share
Tax rate	18%	N.A.	N.A.

^ *Preference dividend for each Preference Share is calculated at the dividend rate of 3.9% per annum of the issue price of $1.00 for each Preference Share on the basis of the actual number of days comprised in the dividend period divided by 365 days.*

(c) Date payable

Subject to ordinary shareholders' approval at the Annual General Meeting to be held on 29 April 2009, the proposed final ordinary dividend for financial year ended 31 December 2008 will be payable on 22 May 2009.

***(d)* Books Closure Date**

5.00 pm on 7 May 2009.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

By Business Segments

	<-------The Group -------> Full Year Ended 31 December	
	2008	**2007**
	S$'000	**S$'000**
Revenue		
Property Development	773,107	861,791
Hotel Operations	1,865,951	1,986,513
Rental Properties	246,466	201,467
Others	59,705	56,335
	2,945,229	3,106,106
Profit before income tax (*)		
Property Development	476,125	506,321
Hotel Operations	244,968	285,422
Rental Properties	136,301	133,568
Others	(23,587)	29,302
	833,807	954,613

** Includes share of after-tax profit of associates and jointly-controlled entities.*

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Property Development

Revenue decreased by $88.7 million to $773.1 million (2007: $861.8 million) and pre-tax profit decreased by $30.2 million to $476.1 million (2007: $506.3 million).

Projects that contributed to both revenue and profit include Botannia, City Square Residences, Cliveden at Grange, One Shenton, The Solitaire, Tribeca, Wilkie Studio and sale of land banks in New Zealand. In accordance to the Group's policy of equity accounting for the results of its jointly-controlled entities, whilst revenue from The Sail @ Marina Bay, Parc Emily, The Oceanfront @ Sentosa Cove, Ferraria Park and St. Regis Residences, had not been consolidated into the Group's total revenue, the Group's share of profits arising from these joint venture developments had been included in pre-tax profit.

The decrease in revenue was attributed to the fact that completed projects such as Monterey Park, No. 7 Draycott Drive, Residences @ Evelyn, Savannah CondoPark, The Pier at Robertson and The Imperial which had contributed to 2007 revenue were fully sold by end of 2007. In addition, there was lower revenue recognition from City Square Residences, The Equatorial and Chelsea Garden as well as decline in land bank sale in New Zealand. This is partially mitigated by revenue accounted for One Shenton, The Solitaire, Wilkie Studio and Cliveden at Grange and increased contribution from Botannia.

Pre-tax profit of 2008 was lower than 2007 on account of lower contribution from The Sail @ Marina Bay and St. Regis Residences, partially offset by increased contribution from The Oceanfront @ Sentosa Cove. In addition, there was also write-back of allowance for foreseeable losses for certain development projects in 2007.

Hotel Operations

Revenue declined by 6.1% to $1,866.0 million (2007: $1,986.5 million). The decrease in revenue was attributable to strengthening of Singapore dollars, particularly against Sterling Pound. This was however partially mitigated by improvement in the Group's RevPAR based on reported currency.

Pre-tax profit reported a decline of 14.2% to $245.0 million (2007: $285.4 million) for 2008. The decrease, which was in-line with the decline in revenue, was also a result of higher impairment losses provided on certain assets located in United States, United Kingdom and India. In addition, impairment losses were provided on a hotel in Beijing and loan to a joint venture in Bangkok in 2008. This is however partially mitigated by the gain of £31.4 million (approximately S$73.2 million) arising from the forfeiture of non-refundable cash deposit relating to aborted sale of CDL Hotels (Korea) Limited.

Rental Properties

Revenue increased by 22.3% to $246.5 million (2007: $201.5 million) for 2008 largely due to improvements in both average rental rates and occupancy.

Pre-tax profit for 2008 had increased by 2.0% to $136.3 million (2007: $133.6 million) mainly due to a gain recognised on sale of Commerce Point in July 2008, higher rental income, recovery of some property taxes from tenants and increased profit contribution from CDLHT. This was partially offset by the impairment losses of $23.7 million on an investment property in Japan and land in United States. Included in pre-tax profit of 2007 was write-back of impairment losses of approximately $75.0 million.

Others

Revenue comprises mainly building maintenance contracts, management fee, club operations and dividend income. This had increased by $3.4 million to $59.7 million (2007: $56.3 million) for 2008 on account of higher management fees income earned, partially offset by lower dividend income received.

Whilst revenue had increased, a pre-tax loss of $23.6 million (2007: pre-tax profit of $29.3 million) was reported. This was largely due to mark-to-market losses on financial assets held for trading being accounted under the current bearish stock market as compared to gains recognised in 2007 as well as share of losses from joint ventures in education services and investment dealing activities.

15. A breakdown of sales

	<------------------The Group------------------->					
	2008			2007		
	1H S$'000	2H S$'000	Total S$'000	1H S$'000	2H S$'000	Total S$'000
Sales	1,539,516	1,405,713	2,945,229	1,544,285	1,561,821	3,106,106
Operating profit after tax before deducting minority interests	392,168	289,507	681,675	412,487	476,732	889,219

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Net Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Full Year 2008 S$'000	Full Year 2007 S$'000
Ordinary	68,198	68,198
Special	-	188,226
Preference	12,906	12,904
Total	**81,104**	**269,328**

The final tax exempt (one-tier) ordinary dividend for the year ended 31 December 2008 of 7.5 cents per ordinary share is subject to the approval of ordinary shareholders at the forthcoming Annual General Meeting and the dividend amounts are based on the number of issued ordinary shares as at 31 December 2008.

17. Interested Person Transactions

Interested Persons	Aggregate value of all interested person transactions conducted in FY2008 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
Hong Leong Investment Holdings Pte. Ltd. group of companies	Property-related: (a) provision to interested persons of (i) carpark operation and management services, (ii) property management and maintenance services, (iii) managing agent's services, (iv) security services, (v) cleaning services, and (vi) project management services; and (b) leases of premises to and from interested persons Management and Support Services: (provision of financial services to interested persons)	$6,889,885 $357,800
	Total	**$7,247,685**
Directors and their immediate family members		Nil

BY ORDER OF THE BOARD

Shufen Loh @ Catherine Shufen Loh
Company Secretary
26 February 2009