ANNUAL REPORTS AND RELATED DOCUMENTS::

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Company Secretary

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)
The Company's Annual Report for the financial year ended 31 December 2019 ("AR 2019") is available for download from the Company's corporate website at the URL www.cdl.com.sg/annualreport2019. Please refer to the Company's announcements on 1 April and 9 April 2020, on the extension of time granted up to 29 June 2020 for the Company to hold its 57th annual general meeting ("2020 AGM"). Please note that the online version of AR 2019 does not contain the Notice for the 2020 AGM or the Proxy Form for use in relation to the 2020 AGM. Once the date of the 2020 AGM is finalised, the Company will issue the Notice of AGM and Proxy Form accordingly.

Additional Details

Period Ended
31/12/2019

Attachments

CDLAR2019.pdf

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Extension%20of%20time%20-%201%20April%202020.pdf

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GET INSPIRED

GET INSPIRED

At CDL, we are inspired to shape the future of real estate with innovation, creativity and passion to create unique spaces that excite and enrich lives.

Our **GET** strategy – focusing on **G**rowth, **E**nhancement and **T**ransformation, inspires us to challenge convention and chart our growth trajectory. With an innovative spirit, we constantly reinvent tomorrow's landscapes in this age of disruption, building on our strengths to unlock opportunities and create sustained value for our investors and stakeholders.

As we continue to inspire our built environment with architectural breakthroughs, we stand ready to push boundaries and turn promising possibilities into long-term growth.

Cover: **Republic Plaza** *Singapore*

Facing: **Amber Park** *Singapore* *Artist's Impression*

CORPORATE PROFILE

City Developments Limited (CDL) is a leading global real estate company with a network spanning 106 locations in 29 countries and regions. Listed on the Singapore Exchange, the Group is one of the largest companies by market capitalisation. Its income-stable and geographically-diverse portfolio comprises residences, offices, hotels, serviced apartments, shopping malls and integrated developments.

With a proven track record of over 55 years in real estate development, investment and management, the Group has developed over 46,000 homes and owns over 24 million square feet of gross floor area in residential, commercial and hospitality assets globally. Its diversified global land bank offers 3.4 million square feet of land area.

Along with its London-based hotel arm, Millennium & Copthorne Hotels Limited (M&C), the Group has 156 hotels and 45,000 rooms worldwide, many in key gateway cities.

Leveraging its deep expertise in developing and managing a diversified asset base, the Group is focused on enhancing the performance of its portfolio and strengthening its recurring income streams to deliver long-term sustainable value to shareholders. The Group is also developing a fund management business and targets to achieve US$5 billion in Assets Under Management (AUM) by 2023.

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ACQUISITIONS & INVESTMENTS

$2.3 BILLION

IN SINGAPORE & KEY MARKETS

PROPERTY DEVELOPMENT SINGAPORE:

6 LAUNCHES

BOULEVARD 88, AMBER PARK, HAUS ON HANDY, PIERMONT GRAND, NOUVEL 18, SENGKANG GRAND RESIDENCES

SOLD

1,554 UNITS

WITH SALES VALUE OF

$3.3 BILLION

OVERSEAS:

4 LAUNCHES

HANS ROAD (LONDON), SYDNEY STREET (LONDON), THE MARKER (MELBOURNE), WATERBROOK BOWRAL (SYDNEY)

EXPANSION INTO RENTAL APARTMENT SEGMENT

£15.4 MILLION

ACQUISITION OF PRIVATE RENTED SECTOR SITE IN LEEDS, UK

¥5.46 BILLION

ACQUISITION OF FOUR RENTAL APARTMENT PROJECTS IN OSAKA, JAPAN

GROWING OUR GLOBAL FOOTPRINT

In 2019, we grew our portfolio with about $2.3 billion of acquisitions and investments in Singapore and our key overseas markets of China, UK, Japan and Australia.

With the successful launch of a record six residential projects in Singapore, we have demonstrated our development and execution capabilities, emerging as one of the top-selling private sector developers in Singapore.

We also expanded into the Private Rented Sector in the UK and Japan, investing in high quality built-to-rent projects that will enhance our recurring income.

Amber Park
Singapore
Artist's Impression

ASSET ENHANCEMENTS

COMPLETED
SINGAPORE:
$70 MILLION
REFURBISHMENT OF REPUBLIC PLAZA

OVERSEAS:
£60 MILLION
REFURBISHMENT OF THE BILTMORE MAYFAIR HOTEL IN LONDON

GLOBAL PORTFOLIO
>24 MILLION SQ FT
TOTAL GROSS FLOOR AREA OF OFFICE, INDUSTRIAL, RETAIL, RESIDENTIAL AND HOTEL SPACE

AEI PLANS:
- PALAIS RENAISSANCE
- JUNGCEYLON (PHUKET)
- CITY INDUSTRIAL BUILDING
- CIDECO INDUSTRIAL COMPLEX

ENHANCING OUR ASSET PORTFOLIO

A $70 million asset enhancement initiative (AEI) for Republic Plaza, our flagship building in Raffles Place was completed in 2019. It now showcases an iconic 1,800 sq ft digital wall in its lobby – Singapore's largest UHD LED wall in an office building, a refreshed retail enclave and other innovative features such as a smart building mobile app. The enhanced asset achieved positive rental reversions of 10% post-AEI.

Over in the UK, we completed a £60 million refurbishment of our Mayfair property in London into a five-star deluxe hotel, rebranded as The Biltmore Mayfair, under Hilton's LXR Hotels & Resorts collection. It re-opened in September 2019.

We continue to focus on asset renewal and portfolio enhancement as the key pillars of our GET strategy to drive operational efficiency and strengthen recurring income.

Republic Plaza
Singapore

GROUP'S TOTAL ASSETS
$23.2 BILLION
INCREASED BY 12.5%

FUND MANAGEMENT
US$5 BILLION
AUM TARGET BY 2023

STRATEGIC INVESTMENT IN REIT PLATFORM
$77.8 MILLION
INITIAL INVESTMENT IN SINGAPORE-LISTED IREIT GLOBAL

TRANSFORMING THROUGH DIVERSIFIED PLATFORMS

To better position ourselves for the future, we must continually explore growth opportunities and strategically invest in key markets with the acquisition of assets and platforms that complement our business transformation and expand our footprint.

We will continue to embrace innovation and capitalise on new economy and technology ventures that will revolutionise our product offerings and enhance our value proposition. These new platforms, coupled with our fund management ambitions will steer our business transformation into the future.

Darmstadt Campus
Frankfurt, Germany

GLOBAL HOSPITALITY PORTFOLIO:
156 HOTELS
45,000 ROOMS

SUCCESSFUL PRIVATISATION
OF M&C BASED ON
£2.23 BILLION
VALUATION

HOSPITALITY ASSETS
$6 BILLION

REJUVENATING OUR HOSPITALITY PORTFOLIO

Following the successful privatisation of our London-based hospitality arm, Millennium & Copthorne Hotels Limited (M&C) is now the Group's wholly-owned subsidiary. We have embarked on an integration process to drive synergies and achieve sustainable hotel performance.

Beyond portfolio rejuvenation, we continue to focus on unlocking value through enhancing operational efficiency and leveraging the Group's core competencies in real estate development and asset management.

The Biltmore Mayfair
London, UK

LISTED ON 12 GLOBAL SUSTAINABILITY RANKINGS AND INDEXES INCLUDING:

2020 Most Sustainable Corporations in the World GLOBAL 100

RANKED WORLD'S TOP REAL ESTATE FIRM, TOP SINGAPORE COMPANY, AND ONLY SINGAPORE COMPANY LISTED ON GLOBAL 100 FOR 11 CONSECUTIVE YEARS

CDP A LIST 2019 CLIMATE

CDP A LIST 2019 WATER

ONLY COMPANY IN SOUTHEAST ASIA AND HONG KONG TO SCORE DOUBLE 'A'S FOR BOTH CORPORATE CLIMATE ACTION AND WATER SECURITY

SINGAPORE GOVERNANCE AND TRANSPARENCY INDEX 2019

#5 OUT OF 578 COMPANIES

GREEN FINANCING MILESTONES:

$500 MILLION

GREEN LOANS

SINGAPORE'S FIRST GREEN LOANS FOR NEW PROPERTY DEVELOPMENTS

$250 MILLION

SDG INNOVATION LOAN

FIRST-OF-ITS-KIND TO ACCELERATE INNOVATIVE SOLUTIONS

ACHIEVED ENERGY SAVINGS OF

>$28 MILLION

FOR 8 COMMERCIAL PROPERTIES FROM 2012 TO 2019

38% REDUCTION

IN CARBON EMISSIONS INTENSITY FROM 2007 LEVELS

110 BCA GREEN MARK

DEVELOPMENTS AND OFFICE INTERIORS – HIGHEST AMONGST LOCAL DEVELOPERS

CDL FUTURE VALUE 2030 BLUEPRINT

– ON TRACK TO ACHIEVING ESG GOALS AND EXPANDED SUPPORT FOR 14 SDGS

CHANGING THE CLIMATE. CHANGING THE FUTURE.

– BUILDING SUSTAINABLE CITIES & COMMUNITIES

Environmental, Social and Governance (ESG) integration has continued to be a cornerstone of our corporate ethos and business practices.

We have remained proactive in our strategies to address the more rigorous global call for climate action, lower carbon footprint and sustainable development. Our unwavering ESG commitment for over two decades has not only helped us to mitigate climate risks, but also enabled us to meet rising investor expectations and open new growth opportunities by tapping on fast-growing sustainable investment and finance through adaptation and innovation.

We are on track to achieving our Future Value 2030 targets that are aligned with the United Nations Sustainability Development Goals (SDGs) and the Task Force on Climate-related Financial Disclosures (TCFD) framework. We will continue to strengthen our value chain engagement for a more sustainable future for all.

BCA GREEN MARK PLATINUM

Piermont Grand
Singapore
Artist's Impression

2019 HIGHLIGHTS

REVENUE
$3.4 BILLION
$4.2 BILLION IN 2018

EBITDA
$1.1 BILLION
$1.2 BILLION IN 2018

PATMI
$564.6 MILLION
$557.3 MILLION IN 2018

TOTAL ASSETS
$23.2 BILLION
$20.9 BILLION IN 2018

NET ASSET VALUE (NAV) PER SHARE
$11.60
$11.07 IN 2018

REVALUED NAV (RNAV) PER SHARE*
$16.46
$15.72 IN 2018

NET GEARING RATIO*
43%
23% IN 2018

INTEREST COVER
14.0x
14.9x IN 2018

RETURN ON EQUITY
5.4%
5.6% IN 2018

BASIC EARNINGS PER SHARE
60.8 CENTS
59.9 CENTS IN 2018

ORDINARY DIVIDENDS PER SHARE
20 CENTS
20 CENTS IN 2018

CLOSING SHARE PRICE
$10.95
INCREASED 34.9% YOY

* Including only fair value gains on investment properties.

5-YEAR FINANCIAL HIGHLIGHTS

Year	2015	2016	2017 [1]	2018	**2019**
For the financial year ($'million)					
Revenue	3,304	3,905	3,829	4,223	**3,429**
Profit before tax	985	914	763	876	**754**
Profit for the year attributable to owners of the Company (PATMI)	773	653	522	557	**565**
At 31 December ($'million)					
Property, plant and equipment	5,175	5,136	4,999	5,013	**5,462**
Investment properties	2,584	2,346	2,449	3,741	**4,410**
Development properties	5,515	5,209	4,308	5,704	**5,156**
Cash and bank balances (including restricted deposits in other non-current assets and bank balances in assets held for sale)	3,565	3,887	3,990	2,512	**3,084**
Other assets	3,480	3,219	3,618	3,916	**5,088**
Total assets	20,319	19,797	19,364	20,886	**23,200**
Equity attributable to owners of the Company	8,996	9,294	9,391	10,041	**10,520**
Non-controlling interests	2,217	2,115	2,255	2,233	**746**
Borrowings	6,483	5,738	5,022	6,327	**9,711**
Other liabilities	2,623	2,650	2,696	2,285	**2,223**
Total equity and liabilities	20,319	19,797	19,364	20,886	**23,200**
Per share					
Basic earnings (cents)	83.6	70.4	56.0	59.9	**60.8**
Net asset value ($)	9.89	10.22	10.33	11.07	**11.60**
Dividends (cents)					
a) Ordinary dividend (gross)					
- final	8.0	8.0	8.0	8.0	**8.0** [2]
- special interim	4.0	4.0	4.0	6.0	**6.0**
- special final	4.0	4.0	6.0	6.0	**6.0** [2]
b) Preference dividend (net)	3.9	3.9	3.9	3.9	**3.9**
Financial ratios					
Return on equity (%)	8.6	7.0	5.6	5.6	**5.4**
Net gearing ratio (%) [3]	26	16	9	31	**61**
Net gearing ratio if fair value gains on investment properties are taken into consideration (%)	19	12	7	23	**43**
Interest cover ratios (times)	13.0	12.5	13.5	14.9	**14.0**

NOTES:

[1] 2017 comparative figures were adjusted to take into account retrospective adjustments arising from the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards framework as well as SFRS(I)9 - *Financial Instruments* and SFRS(I)15 - *Revenue from Contracts with Customers.*

[2] Final and special final tax-exempt (one-tier) ordinary dividends proposed for financial year ended 31 December 2019 will be subject to the approval of the ordinary shareholders at the forthcoming Annual General Meeting.

[3] 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 accumulated impairment losses.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to report that CDL Group achieved net profit of $564.6 million for FY 2019 – a resilient performance despite a challenging macroeconomic environment.

Going forward, the Group's underlying fundamentals remain solid with a geographically diversified portfolio and a strong balance sheet. We are confident of managing the near-term headwinds with tenacity, clear-mindedness, cost control and tight discipline.

KWEK LENG BENG
Executive Chairman

RESILIENCE

Against global and domestic headwinds, the Group achieved revenue of $3.4 billion (FY 2018: $4.2 billion). The decline was due to the timing of revenue recognition for the property development segment as the revenue for certain overseas projects, and Singapore Executive Condominium (EC) projects cannot be recognised progressively but only upon completion in entirety.

The main contributing projects to revenue for FY 2019 were The Tapestry and Whistler Grand, for which the revenue and profits were recognised progressively based on their stage of construction, along with the sale of balance units in completed projects including Gramercy Park, New Futura, Suzhou Hong Leong City Center (HLCC) and Shanghai Hongqiao Royal Lake.

Comparatively, revenue in FY 2018 was boosted primarily from completed projects including New Futura, Gramercy Park, and The Criterion EC in which its entire revenue was recognised upon TOP, as well as substantial revenue from overseas projects including HLCC and Park Court Aoyama The Tower, Tokyo upon handover of units following their completion.

Despite lower revenue in FY 2019, earnings before interest, taxes, depreciation and amortisation (EBITDA) remained strong at $1.13 million.

The Group's net profit after tax and minority interests (PATMI) increased by 1.3% to $564.6 million (FY 2018: $557.3 million). This was supported by a portfolio of diversified income streams, bolstered by substantial gains from the unwinding of the Group's second Profit Participation Securities (PPS 2) structure which included the realisation of pre-tax deferred gains of $153.9 million from the divestment of Manulife Centre and 7 & 9 Tampines Grande and a pre-tax $52.6 million gain from the Group's stake in PPS 2.

Additionally, the contributions from Aldgate House, 125 Old Broad Street, Le Grove Serviced Residences (previously under renovation) and Central Mall Office Tower (bought back from the PPS 2 structure), added to the Group's portfolio at various timings in 2018, also contributed positively to PATMI.

While revenue for joint venture (JV) development projects are not included in revenue, the profit contribution from these JV associates including South Beach Residences, Boulevard 88 and Brisbane's Ivy and Eve project also contributed to the resilient pre-tax profit and PATMI.

For the hotel operations segment, a loss of $6.6 million was reported for FY 2019 due to several factors, including impairment losses of $58.2 million (FY 2018: $94.1 million) made on hotels in US, Europe and Asia; transaction costs for the Millennium & Copthorne Hotels Limited (M&C) privatisation; disruptions to operations following the closure of Millennium Hotel London Mayfair and Dhevanafushi Maldives Luxury Resort in 2018 for repositioning; and refurbishment works at Orchard Hotel Singapore. The Biltmore Mayfair contributed an operating loss of $21 million, which adversely impacted the performance of this segment.

Basic earnings per share for FY 2019 stands at 60.8 cents (FY 2018: 59.9 cents).

The Group continues to exercise financial prudence in capital management. As of 31 December 2019, the Group has cash reserves of $3.1 billion.

The Net Asset Value (NAV) per share as at 31 December 2019 stands at $11.60. Notably, the Group adopts the policy of stating investment properties at cost less accumulated depreciation and impairment losses. Had the Group factored in fair value gains on its investment properties, the Revalued Net Asset Value (RNAV) per share would be $16.46.

Post-M&C privatisation, the net gearing ratio (including fair value gains on investment properties) is 43%. Interest cover remains healthy at 14.0 times (FY 2018: 14.9 times).

DIVIDEND

In addition to the final ordinary dividend of 8.0 cents per share, the Board has recommended a special final ordinary dividend of 6.0 cents per share. Considering the special interim ordinary dividend of 6.0 cents per share paid in September 2019, the total full-year dividend amounts to 20.0 cents per share (FY 2018: 20.0 cents).

OPERATIONS

In Singapore, the Group and our JV associates sold 1,554 units including ECs with total sales value of $3.3 billion (FY 2018: 1,113 units with total sales value of $2.2 billion).

Our Singapore office portfolio remained resilient, with a committed occupancy of 89.8% as at 31 December 2019, on par with the island-wide occupancy rate of 89.5%.

Over in China, the Group's wholly-owned subsidiary CDL China Limited and its JV associates sold 526 residential units and four villas with total sales value of RMB 1.81 billion (approximately $350 million) (FY 2018: 259 residential units and 18 villas with total sales value of RMB 1.32 billion or approximately $269 million). The office component of HLCC mixed-use development in Suzhou is about 70% occupied, while the retail component (HLCC mall) has achieved 82% occupancy.

The Group's property development projects in our other key markets – UK, Australia and Japan – are progressing steadily.

For the hotel operations segment, although performance for FY 2019 was impacted by impairment losses made on hotels in US, Europe and Asia, transaction costs involved in the M&C privatisation exercise, the closure of the Millennium Hotel London Mayfair and Dhevanafushi Maldives Luxury Resort for repositioning, as well as the refurbishment of Orchard Hotel Singapore, the Group's hotel portfolio reported some operational improvements.

Global revenue per available room (RevPAR) for FY 2019 increased by 0.8% to $145.0 (FY 2018: $143.9) and global occupancy increased by 0.6% to 73.7% (FY 2018: 73.1%).

EXPANSION

Beyond expanding into new market segments such as the UK Private Rented Sector and Japan residential rental market in 2019, we are in active collaborations with capital partners to grow our fund management business, focused on our target to achieve assets under management of US$5 billion by 2023.

The successful privatisation of the Group's hospitality arm M&C in 2019 marks a significant milestone in our transformational journey, and is in line with our focus to enhance recurring income. While industry challenges persist, opportunities to create and unlock value propels us to navigate with agility.

CHAIRMAN'S STATEMENT

To accelerate our fund management platform, the Group is exploring setting up a private fund and/or REIT. In 2019, the Group's total assets grew by 11.5% to $23.2 billion (FY 2018: $20.9 billion).

To achieve our target of $900 million in EBITDA for our recurring income segment by 2028, we recognised the need to enhance underperforming assets and drive significant performance improvements in our hotel operations segment.

On 7 June 2019, we took a bold step to transform our hospitality portfolio with a takeover offer for M&C at 685 pence per share, valuing M&C at approximately £2.23 billion ($3.86 billion). The cash consideration payable by the Group amounted to £776.3 million (approximately $1.34 billion).

Following the successful privatisation bid, M&C became a wholly-owned subsidiary of the Group on 19 November 2019, with its delisting from the London Stock Exchange on 11 October 2019 – marking the start of the Group's journey to drive sustainable hotel performance. With full control of M&C, the Group is focused on achieving synergies, cost efficiencies and driving profitability by tapping onto the wider Group's capabilities.

We plan to accelerate M&C's integration with initiatives to maximise shareholder value. These include controlling and reducing operating costs acutely; leveraging the Group's global network, resources and real estate capabilities to refurbish assets for enhanced growth – especially those with conference facilities; repositioning underperforming assets and exploring the development of unutilised land.

In addition, we have taken a holistic review of our enlarged hotel portfolio to drive synergies. Taking a more proactive stance as a sponsor to M&C's listed REIT associate, CDL Hospitality Trusts (CDLHT), with our 37.8% effective interest, the Group is committed to seed suitable hotel assets to support the REIT's expansion plans.

In line with this, we announced the divestment of the 240-room W Singapore – Sentosa Cove hotel to CDLHT for $324 million or $1.35 million per key. Since receiving CDLHT unitholders' approval for the transaction at its EGM in January 2020, the lifestyle hotel on Sentosa Cove will be injected into CDLHT's portfolio.

Today, as an enlarged group with M&C, our fully-integrated capabilities will give us the added competitive edge in the hospitality industry with combined competencies, network, resources and infrastructure.

As part of our growth strategy and core focus to enhance recurring income, we continued to build on strategic portfolio management initiatives through a multi-pronged approach.

PROSPECTS

Several unprecedented events have severely dampened market sentiments as we enter into a new decade.

Besides geopolitical tensions and a weakening global economy, the emergence of the COVID-19 pandemic has become one of the biggest disruptors, creating a thick cloud of uncertainty and placing global economic and social resilience to the test. The situation remains fluid, and the full impact on businesses, operations and supply chains is still unknown. The near-term outlook for the hotel sector is bleak as the industry bears the immediate brunt with travel restrictions, trip cancellations, postponement of major events, as well as reduced F&B spend, caused by the COVID-19 outbreak. It is likely to get worse before it gets better.

We welcome the swift response of fiscal and business relief measures offered by the Singapore Government in its $4 billion Stabilisation and Support Package announced at Budget 2020 to help companies ride out the economic downturn, and we are heartened that the Government has indicated that it will consider further relief measures should the situation warrant.

With the collective efforts from government, businesses and individuals, we have confidence that the situation will stabilise and recover in time.

APPRECIATION

I would like to express my heartfelt gratitude to all our shareholders, customers, business associates and partners for your continued support in our journey.

To my fellow Directors, I am grateful for your counsel, invaluable contributions and guidance in our endeavours to grow our Group to its fullest potential.

To the management team and staff, thank you for your unwavering dedication, hard work and commitment in the past year. It has been a challenging yet fruitful 2019, and our accomplishments were made possible with your steadfast stewardship.

Kwek Leng Beng
Executive Chairman

GROUP CEO'S STATEMENT

Dear Shareholders,

2019 was a bumper year for CDL with a record of six residential project launches in Singapore that registered healthy sales. Globally, we completed around $2.3 billion of acquisitions and investments, including the privatisation of Millennium & Copthorne Hotels Limited (M&C). Republic Plaza's asset enhancement initiative (AEI) achieved positive rental reversions and we are progressing forward with other AEIs to derive greater value from our assets.

Recent global macroeconomic events, especially the COVID-19 outbreak, are fitting reminders that with globalisation and CDL's scale, we cannot be overly reliant on a specific geography or asset class. We continue to build a diversified portfolio, enabling us to tap on various sustainable income streams to withstand cyclical headwinds and market shifts.

SHERMAN KWEK
Group Chief Executive Officer

GET INSPIRED

In 2018, the CDL Group embarked on a journey of renewal and transformation – to renew and reposition our business, sharpen our value proposition and expand our asset portfolio to deliver greater performance and superior outcomes.

Anchored on our **GET** strategy – focusing on **G**rowth, **E**nhancement and **T**ransformation, we are constantly inspired to challenge convention and reinvent ourselves as an organisation.

Despite the challenging market conditions and intensifying competition, the Group delivered a respectable performance across all our business segments, reflecting the strength of our diversified portfolio.

GROWTH

➤ **Build a development pipeline and recurring income streams**

In 2019, we completed around $2.3 billion of strategic acquisitions and investments in Singapore and our key overseas markets of Australia, Japan, UK and China.

Development Properties

In our home market, we continued to seize opportunities to replenish our land bank strategically and ensure a stable launch pipeline. While we have been more cautious in our land bidding, land remains our primary raw material.

To manage development risk, we collaborated with joint venture (JV) partners and focused on building a diversified land bank that caters to all market segments.

Together with our JV partners in 2019, we secured a Government Land Sales (GLS) site at Sims Drive near Aljunied MRT station, as well as the prime Liang Court site alongside the Singapore River, which will be redeveloped into an iconic waterfront integrated development.

Along with our successful bid for another GLS site at Irwell Bank Road in January 2020, we now have a pipeline of over 1,800 units for launch over the next two years. We will continue to actively replenish our land bank through the GLS programme or selective private acquisitions.

GROUP CEO'S STATEMENT

In this age of disruption, we cannot rest on our laurels and must continue to deliver innovative products and an elevated customer experience.

The Group's iconic freehold 592-unit Amber Park development, launched in May, reflects our spirit of innovation. It features first-of-its-kind attributes such as the unique 600-metre sky jogging track and its stunning rooftop recreational deck called The Stratosphere. Complementing the exclusive development is its sales gallery which features a rotating architectural model that provides dynamic perspectives of the development – the first in Singapore. The right combination of excellent locational attributes and exceptional product offering supported strong sales take-up on the launch weekend, with the project setting a new price benchmark for the Amber Road area.

By creating strong value propositions and timing our launches strategically, we have been able to achieve healthy sales for our residential projects in Singapore. Our ethos to continually innovate ensures that every project that we create is extraordinary, spurring us to break new ground in transforming landscapes in Singapore and abroad.

Recurring Income

The Group continues to build on our expansion efforts to achieve our target of $900 million in EBITDA for our recurring income segment by 2028.

In line with our core focus to boost our recurring income, our two freehold commercial buildings in Central London acquired in 2018 – Aldgate House and 125 Old Broad Street, have already shown significant positive rental reversions post-acquisition. In addition, we also expanded into the UK Private Rented Sector (PRS) with the acquisition of a freehold development site in Monk Bridge, Leeds, for £15.4 million (approximately $27.5 million). The 193,752 square feet (sq ft) site will be developed into a 664-unit build-to-rent residential project with retail space.

Other recurring income assets acquired in the year include a portfolio of four rental apartment projects in Osaka, Japan, for ¥5.46 billion (approximately $69.3 million) and the Shanghai Hongqiao Sincere Centre (Phase 2), a completed commercial property comprising 11 blocks of office, serviced apartments and retail space in Shanghai, China, for RMB 1.75 billion (approximately $344 million).

ENHANCEMENT

➤ Enhance asset portfolio and drive operational efficiency

Asset renewal and portfolio enhancement are key pillars of our GET strategy. To improve asset performance and drive recurring income growth, we have put in place proactive asset enhancement initiatives (AEI). In 2019, we completed two major AEIs.

In Singapore, we unveiled a new look for Republic Plaza (RP), our flagship commercial property, following a $70 million AEI that completed in September. Although the building had previously undergone several minor enhancements, the recent AEI was its first major facelift since the building was completed in 1996.

The AEI included a substantial makeover of RP's main lobby, comprising an impressive 1,800 sq ft digital wall, revamped arrival frontage with canopy, individual lift lobbies as well as lift modernisation and significant interior enhancements to drive space efficiency. In addition, RP's retail podium was also expanded.

Apart from infrastructure and space efficiency upgrades, we leveraged innovation and technology to redefine user experience through our proprietary CityNexus smart building app – transforming RP into a smart workplace of the future.

RP has now been transformed into a modern and vibrant destination in the CBD, renewing its standing as one of Singapore's most iconic Grade A office landmarks. Post-AEI, we have seen positive rental reversions at RP and achieved strong committed occupancy of about 90%, with the retail space fully leased.

For our hotel assets, we also completed a major refurbishment for Orchard Hotel Singapore which included the makeover of 260 guests rooms, the grand ballroom, meeting facilities, lobby and F&B outlets. Copthorne King's Hotel is currently in the midst of phased renovation works, while Grand Copthorne Waterfront and Studio M are planned for upgrading works.

In the UK, we completed a £60 million (approximately $106 million) refurbishment of our Mayfair hotel property in London into a five-star deluxe hotel with 256 guest rooms and 51 designer suites. Rebranded as The Biltmore Mayfair, the hotel reopened in September 2019 and is managed by Hilton under its luxury LXR Hotels & Resorts brand. Phased renovations for other hotels in the UK, US and Europe are also scheduled to commence in 2020.

Moving forward, we continue to explore suitable enhancement and redevelopment opportunities for our existing asset portfolio.

This includes the potential redevelopment of eligible assets such as Fuji Xerox Towers under the CBD Incentive Scheme, which offers an avenue to rejuvenate existing commercial sites and replenish our development land bank.

TRANSFORMATION

➤ Transform business via new platforms

To renew and reposition our business model, we continue to invest strategically in sizeable game-changing platforms and new economy or technology ventures that will transform our product offerings and enhance our value proposition.

These new platforms, in addition to our bold ambition to be a leading Asian fund manager with Assets under Management (AUM) of US$5 billion by 2023, will guide our business transformation into the future.

Hospitality

In 2019, the Group achieved a transformative milestone with the privatisation of our London-based hotel arm, M&C. With our enlarged hospitality portfolio, we are focused on achieving synergies, cost efficiencies and driving profitability and have embarked on the process of integrating M&C with the Group.

China

We plan to deepen our presence in China through another platform deal. As the most populous nation in the world, China is a huge market full of immense potential. In May, the Group announced a strategic partnership with Sincere Property Group (Sincere), an established real estate developer in China. The proposed total investment of RMB 5.5 billion (approximately $1.1 billion) represents a 24% effective equity stake in Sincere and encompasses interest-bearing loans extended to them. Due to changes in China's real estate environment as well as the adverse impact of COVID-19, this deal is currently being renegotiated and the Group expects to obtain more favourable terms for its investment. When completed, this will transform the Group's scale and firmly establish us as a major player in China's property market.

Fund Management

On the fund management front, the Group has been actively building our pipeline and is in active collaborations with capital partners to acquire new AUM.

In April, we acquired a 50% stake in IREIT Global Group Pte. Ltd., the manager of Singapore-listed IREIT Global, and we currently own approximately 12.5% of the total issued units in IREIT Global. In December, we worked with IREIT's management to facilitate the acquisition of four quality office assets in Spain.

Besides being earnings accretive with immediate contribution to recurring income through management fees and attractive yields, the investment in IREIT Global's manager also strengthens our fund management expertise and establishes our track record.

We are also exploring the setting up of a private fund and/or REIT to accelerate growth.

Sustainability

Beyond the brick and mortar, we also focused on strengthening our long-standing commitment to the environment and ensuring that the planet is sustainable for many generations to come.

Over the past two decades, our ethos of 'Conserving as we Construct' has led to our prioritisation of Environmental, Social and Governance (ESG) integration to create value and future-proof our business. We are immensely honoured to be recognised as the top real estate firm globally and top Singapore company in the Global 100 Most Sustainable Corporations in the World ranking by Corporate Knights. Announced in January 2020 at the World Economic Forum in Davos, our ranking at 36th place – amongst the 100 most sustainable companies in the world – affirms our progress and initiatives to drive transformations for our industry and be a change catalyst.

We will continue to strengthen our ESG targets, innovate and proactively encourage a global green-minded business mindset.

Working together with other stakeholders within the larger ecosystem, we will forge ahead in the new climate economy and steer our built environment towards a more sustainable future. In 2019, we achieved two green financing milestones – secured first green loans amounting to $500 million for new property developments and a $250 million Sustainable Development Goals (SDG) Innovation Loan from DBS Bank Ltd., marking the first-of-its-kind green financing concept to accelerate innovative solutions that have a positive impact on the United Nations SDGs.

The Group will remain focused on executing our GET strategy of Growth, Enhancement and Transformation. We are committed to raising the bar in our Singapore operations while further deepening our presence in our key overseas markets by building local expertise.

APPRECIATION

On behalf of Senior Management, I would like to express our heartfelt appreciation to all our shareholders, customers, business associates and partners for your strong support. We are also thankful to the Board of Directors for their invaluable guidance and decisiveness.

Most of all, we are truly grateful to all our staff for their immense contributions and tireless dedication towards executing on our strategic initiatives, enabling us to lay a strong foundation for the Group's sustained growth and continued success in the years to come.

Sherman Kwek
Group Chief Executive Officer

CORPORATE NETWORK

AS AT 28 FEBRUARY 2020

6 COMPANIES LISTED ON STOCK EXCHANGES in Singapore, New Zealand and Philippines

GLOBAL NETWORK OF OVER **600** Subsidiaries & Associated Companies

RESIDENTIAL

DEVELOPED OVER
46,000
LUXURIOUS RESIDENCES GLOBALLY

COMMERCIAL

OWNS OVER
24 MILLION SQ FT
OF GROSS FLOOR AREA OF OFFICE, INDUSTRIAL, RETAIL, RESIDENTIAL AND HOTEL SPACE GLOBALLY

HOTELS

GLOBAL FOOTPRINT OF
156
HOTELS,
45,000
ROOMS

FUND MANAGEMENT

TARGETS
US$5 BILLION
IN ASSETS UNDER MANAGEMENT (AUM) BY 2023

106 LOCATIONS IN 29 COUNTRIES & REGIONS

ASIA

CHINA
- Beijing
- Chengdu
- Chongqing
- Dongguan
- Fujian
- Fuqing
- Guizhou
- Hangzhou
- Hong Kong
- Shanghai
- Suzhou
- Wenjiang
- Wuxi
- Xiamen

INDONESIA
- Jakarta

JAPAN
- Tokyo
- Osaka

MALAYSIA
- Cameron Highlands
- Johor Bahru
- Kuala Lumpur
- Malacca
- Penang

MALDIVES
- Meradhoo Island
- Velavaru Island

SINGAPORE
- Singapore

SOUTH KOREA
- Seoul

TAIWAN
- Hualien
- Taichung
- Taipei

THAILAND
- Bangkok
- Phuket

PHILIPPINES
- Manila

AUSTRALASIA

AUSTRALIA
- Brisbane
- Melbourne
- Perth

NEW ZEALAND
- Auckland
- Bay of Islands
- Dunedin
- Greymouth
- Hokianga
- Masterton
- New Plymouth
- Paihia
- Palmerston North
- Queenstown
- Rotorua
- Taupo
- Te Anau
- Wanganui
- Wellington

MIDDLE EAST

IRAQ
- Sulaymaniyah

JORDAN
- Amman

KUWAIT
- Al Jahra
- Al Kuwayt
- Al Salmiya

OMAN
- Muscat
- Mussanah
- Salalah

PALESTINE
- Ramallah

QATAR
- Doha

SAUDI ARABIA
- Hail
- Madinah
- Makkah

TURKEY
- Istanbul

UNITED ARAB EMIRATES
- Abu Dhabi
- Dubai
- Fujairah
- Sharjah

EUROPE

FRANCE
- Paris

GEORGIA
- Tbilisi

GERMANY
- Munich

ITALY
- Rome
- Florence

RUSSIA
- Moscow

THE NETHERLANDS
- Amsterdam
- Utrecht

UNITED KINGDOM
- Aberdeen
- Birmingham
- Cambridge
- Cardiff
- Dudley
- Gatwick
- Glasgow
- Leeds
- Liverpool
- London
- Manchester
- Newcastle
- Plymouth
- Sheffield
- Slough-Windsor

NORTH AMERICA

UNITED STATES
- Anchorage
- Avon
- Boston
- Boulder
- Buffalo
- Chagrin Falls
- Chicago
- Durham
- Kissimmee
- Los Angeles
- Minneapolis
- Nashville
- New York
- Scottsdale
- Sunnyvale

CORPORATE STRUCTURE

AS AT 28 FEBRUARY 2020

HONG LEONG GROUP SINGAPORE

CITY DEVELOPMENTS LIMITED*

248	53	12	6
SUBSIDIARY COMPANIES	ASSOCIATED COMPANIES®	TRUSTS	LIMITED PARTNERSHIPS

MILLENNIUM & COPTHORNE HOTELS LIMITED 100%^

ASIA
- 53 Subsidiary Companies
- 12 Associated Companies

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

CDL Hospitality Trusts* (37%)
- 42 Subsidiary Companies
- 5 Trusts

First Sponsor Group Limited* (36%)
- 44 Subsidiary Companies
- 52 Associated Companies
- 2 Trusts
- 7 Joint Ventures

NEW ZEALAND / AUSTRALIA
- 3 Subsidiary Companies

Millennium & Copthorne Hotels New Zealand Limited* (76%)
- 20 Subsidiary Companies

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

EUROPE
- 41 Subsidiary Companies
- 1 General Partnership

NORTH AMERICA
- 34 Subsidiary Companies
- 18 Limited Liability Corporations
- 12 Limited Partnerships
- 1 General Partnership

* Listed Companies/Trust.
® Includes Limited Liability Corporations.
^ As at 19 November 2019, Millennium & Copthorne Hotels Limited (M&C) became a wholly-owned subsidiary following the completion of M&C's privatisation.

HIGHLIGHTS OF THE YEAR

1ST QUARTER (JANUARY – MARCH)

- In January, CDL emerged the top Singapore company in the **2019 Global 100 Most Sustainable Corporations in the World** ranking, the first and only Singapore company listed for 10 consecutive years. It was also the first and only Singapore company to be recognised in the **CDP A List for corporate climate action**. CDL continued to be listed on the **Bloomberg Gender-Equality Index 2019** for the second consecutive year.
- CDL and joint venture (JV) partner Alpha Investment Partners (Alpha) divested **Manulife Centre** for $555.5 million in January. The property is part of a $1.1 billion portfolio of three office assets injected into the Group's Profit Participation Securities (PPS) 2 platform in 2015.
- CDL and JV partners Hong Leong Holdings Limited (HLHL) and Lea Investments Pte Ltd commenced private previews for **Boulevard 88**, a 154-unit ultra-luxury freehold residential development along Orchard Boulevard in March.
- In March, CDL expanded into the United Kingdom (UK) Private Rented Sector with the acquisition of a £15.4 million freehold site at **Monk Bridge, Leeds**. The 193,752 sq ft freehold site will be developed into a 664-unit build-to-rent residential project with retail space.


Monk Bridge
Leeds
Artist's Impression

2ND QUARTER (APRIL – JUNE)

- In April, CDL and JV partner HLHL were awarded a 174,648 sq ft residential land parcel at **Sims Drive** through a Government Land Sales tender for $383.5 million (or $732 psf ppr). The site is near Aljunied MRT station and will comprise 566 apartments.
- CDL secured its **first green loans** amounting to $500 million in April, marking the first time that green loans in Singapore will be used for new property developments.
- To grow its fund management business, CDL invested in Singapore-listed **IREIT Global**, with the acquisition of a 50% stake in IREIT Global Group Pte. Ltd., the REIT manager, for around $18.4 million; and 78.6 million units (approximately 12.4%) of the total issued units in IREIT Global for about $59.4 million, in April. As at end 2019, CDL's direct interest in the units of IREIT Global had increased to 12.5%.
- In connection with the non-residential components comprising **W Singapore – Sentosa Cove** and **Quayside Isle** valued at $393 million, CDL acquired the remaining instruments from the investors of its PPS 1 platform in April.
- CDL marked the unwinding of its PPS 2 platform in May, with the divestment of **7 & 9 Tampines Grande** – its final PPS 2 asset with JV partner Alpha – for $395 million.
- In May, CDL and JV partner Hong Realty (Private) Limited launched **Amber Park**, a 592-unit freehold condominium in the sought after Tanjong Katong area. CDL also commenced previews of 100 Sydney Street, a boutique development with eight apartments and a retail unit in Chelsea, London.
- To chart its next phase of growth in China, CDL announced a proposed RMB 5.5 billion strategic partnership with **Sincere Property Group**, an established real estate developer in China.
- In Australia, CDL acquired the residential development division of ASX-listed Abacus Property Group for A$25.9 million, which included a portfolio of three prime freehold sites – two in Melbourne and one in Brisbane, as well as a local management team. The three projects will yield over 600 residential units and 4,800 sqm of commercial/retail space. One of the three developments, the 195-unit **The Marker**, located on Spencer Street in West Melbourne started sales previews in May. This project is a JV with Lechte Corporation and Crema Group – two local Melbourne developers.
- CDL and JV partner CapitaLand Limited (CapitaLand) acquired the 447,406 sq ft **Liang Court retail mall** in Clarke Quay for $400 million in May.
- On 7 June, the Boards of CDL and Agapier Investments Limited (Bidco) launched a takeover offer for approximately 34.8% shares in its London-listed hotel subsidiary **Millennium & Copthorne Hotels plc (M&C)** held by minority shareholders, for 685 pence cash per share. The offer valued M&C at approximately £2.23 billion, and the cash consideration payable by Bidco amounted to approximately £776.29 million.

3RD QUARTER (JULY – SEPTEMBER)

- In July, CDL launched three residential projects:
  - **Haus on Handy**: 188-unit condominium in prime District 9, located across the road from Dhoby Ghaut MRT station
  - **Nouvel 18**: 156-unit freehold luxury residence on Anderson Road, in District 10 (divested PPS 3 project marketed by CDL)
  - **Piermont Grand**: 820-unit Executive Condominium at Sumang Walk (with JV partner TID Pte. Ltd.)
- CDL acquired **Horie Lux**, a freehold rental apartment project in Osaka, Japan, for JPY 2.01 billion in July.


Haus on Handy
Singapore
Artist's Impression

- In September, CDL secured a $250 million **Sustainable Development Goals (SDG) Innovation Loan** from DBS Bank Ltd., marking the first-of-its-kind green financing concept to accelerate innovative solutions that have a positive impact on the United Nations SDGs.
- Following a $70 million makeover which started in April 2018, CDL celebrated the launch of the revamped **Republic Plaza**, its flagship property in Raffles Place in September. Enhancements included a revamped lobby with a 1,800 sq ft digital wall – Singapore's largest UHD LED wall in an office building, a refreshed retail enclave housing close to 40 F&B and retail outlets across three levels and innovative features such as the CityNexus smart building mobile app.
- In Japan, CDL acquired three freehold rental apartment projects (**Pregio Joto Chuo**, **B-PROUD Tenmabashi** and **Pregio Miyakojima Hondori**) in Osaka for JPY 3.45 billion.
- M&C completed the £60 million refurbishment of its Mayfair property in London into a five-star deluxe hotel with 256 guest rooms and 51 designer suites. Rebranded as **The Biltmore Mayfair**, the hotel reopened in September and is managed by Hilton under its luxury LXR Hotels & Resorts brand.

4TH QUARTER (OCTOBER – DECEMBER)

- On 11 October, M&C was delisted from the London Stock Exchange following CDL's successful privatisation exercise. It was subsequently re-registered as **Millennium & Copthorne Hotels Limited** and became a wholly-owned subsidiary of CDL.
- CDL and JV partner CapitaLand launched the 680-unit **Sengkang Grand Residences** in November. The project is part of an integrated development at Sengkang Central, with seamless connectivity to Buangkok MRT station.
- In November, CDL with JV partners CapitaLand and Ascott Residence Trust, announced the proposed redevelopment of the **Liang Court site**, comprising the Liang Court retail mall, Somerset Liang Court Singapore and Novotel Singapore Clarke Quay, into an integrated development with about 700 residential apartments, a commercial component, a hotel and a serviced residence with a hotel licence.
- In China, CDL completed the acquisition of **Shanghai Hongqiao Sincere Centre (Phase 2)**, a commercial property in Shanghai's Hongqiao CBD for RMB 1.75 billion. Comprising 11 blocks of office, serviced apartments and retail space, the completed building was acquired from Sincere Property Group.
- In Australia, CDL and JV partners Lechte Corporation and Crema Group completed the acquisition of a freehold mixed-use 33,024 sq ft site on **Macaulay Road, North Melbourne** for A$18.5 million, in December. The site will be developed into a 180-unit residential project.


Sengkang Grand Residences
Singapore
Artist's Impression

AWARDS & ACCOLADES

BUSINESS & PERFORMANCE EXCELLENCE*

- **Bloomberg Gender-Equality Index (GEI) 2019**
- **HR Asia Best Companies to Work for in Asia 2019**
- **Institutional Investor All-Asia Executive Team 2019**
  - Asia's Most Honoured Company – Developed Markets (#2 in Singapore)
  - Asia's Best CEO – Developed Markets (Sherman Kwek – #2 in Singapore)
  - Asia's Best CFO – Developed Markets (Yiong Yim Ming – #2 in Singapore)
- **IR Magazine Awards – South East Asia 2019**
  - Best ESG Materiality Reporting
- **Securities Investors Association (Singapore) Investors' Choice Awards 2019**
  - Most Transparent Company Award (Winner, Real Estate Category)
  - Sustainability Award (Winner, Big Cap)
  - Singapore Corporate Governance Award (Runner-up, Diversity Category)
  - Shareholder Communications Excellence Award (Runner-up, Big Cap)
- **Singapore Governance and Transparency Index (SGTI) 2019**
  #5 out of 578 companies

SUSTAINABILITY^

- **Asia Sustainability Reporting Awards**
  - Asia's Best Online Sustainability Report (Winner)
  - Asia's Best Carbon Disclosure (Winner)
- **CDP**
  - A List for corporate climate action
  - A List for water security
- **Dow Jones Sustainability Indices (World and Asia Pacific) 2019**
- **FTSE4Good Index Series**
- **Global 100 Most Sustainable Corporations in the World 2019**
- **Global Real Estate Sustainability Benchmark (GRESB) 2019**
  Sector Leader for Office, Asia
- **MSCI ESG Leaders Indexes 2019**
  Highest 'AAA' rating
- **Patron of the Arts Award 2019**
- **Royal Society for the Prevention of Accidents (RoSPA) Awards 2019**
  - President's Award
- **STOXX® Global ESG Leaders Indices 2019**
- **Sustainable Business Awards Singapore 2019**
  - Overall Winner
  - Best Energy Management

Boulevard 88
Singapore
Artist's Impression

PRODUCT EXCELLENCE*

- **Building and Construction Authority (BCA) Awards 2019**
  - Quality Excellence Award - Quality Champion (Platinum)
  - Construction Productivity Award (Advocate) - Gold
  - BCA-HPB Green Mark For Healthier Workplaces – Platinum
    CDL Corporate Office – Republic Plaza (Levels 10 – 12)
    CDL Corporate Office – Republic Plaza (Level 36)
  - Green Mark Pearl Award
    Republic Plaza Tower 1
  - Green Mark Award – Platinum
    City House (recertification)
    Piermont Grand Executive Condominium (EC)
  - Green Mark Award – GoldPLUS
    Amber Park
    Boulevard 88
    Sengkang Central project
    Whistler Grand
  - Universal Design Mark Award – GoldPLUS
    Coco Palms
    Forest Woods (Design)
    Piermont Grand EC (Design)
    Whistler Grand (Design)
  - Construction Excellence Award – Excellence
    New Futura
    The Brownstone EC
  - Construction Excellence Award – Merit
    D'Nest
    The Venue Residences and Shoppes
  - Construction Productivity Award (Projects) – Platinum
    The Brownstone EC
  - Construction Productivity Award (Projects) – Gold
    New Futura
- **EdgeProp Excellence Awards 2019**
  - Top Developer
  - Top Development
    Coco Palms
    The Venue Residences and Shoppes
    The Tapestry
    The Criterion EC
  - Design Excellence
    Coco Palms
  - Landscape Excellence
    Coco Palms
  - Sustainability Excellence
    Boulevard 88
    Coco Palms
    The Tapestry
    The Venue Residences and Shoppes
  - Top Showflat Excellence
    The Tapestry
- **FIABCI World Prix d'Excellence Awards 2019**
  New Futura (World Gold Winner, Residential – High Rise)
- **Singapore Green Building Council-BCA Sustainability Leadership Awards 2019**
  Coco Palms (Leadership in Sustainable Design & Performance Award, Residential)

* Not exhaustive. For a full listing of CDL corporate and project awards, please refer to www.cdl.com.sg.
^ Not exhaustive. For a full listing of CDL sustainability awards, please refer to www.cdlsustainability.com.

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Executive Directors

Kwek Leng Beng,
Executive Chairman

Sherman Kwek Eik Tse,
Group Chief Executive Officer

Lead Independent Director

Lim Yin Nee Jenny

Non-Executive Directors

Kwek Leng Peck
Philip Yeo Liat Kok, *Independent*
Tan Poay Seng, *Independent*
Tan Yee Peng, *Independent*
Koh Thiam Hock, *Independent*

BOARD COMMITTEE

Kwek Leng Beng
Kwek Leng Peck
Lim Yin Nee Jenny
Tan Yee Peng
Koh Thiam Hock

AUDIT & RISK COMMITTEE

Lim Yin Nee Jenny, *Chairman*
Tan Yee Peng
Koh Thiam Hock

NOMINATING COMMITTEE

Philip Yeo Liat Kok, *Chairman*
Kwek Leng Beng
Lim Yin Nee Jenny
Tan Yee Peng

REMUNERATION COMMITTEE

Lim Yin Nee Jenny, *Chairman*
Philip Yeo Liat Kok
Koh Thiam Hock

BOARD SUSTAINABILITY COMMITTEE

Tan Yee Peng, *Chairman*
Philip Yeo Liat Kok
Tan Poay Seng
Sherman Kwek Eik Tse

COMPANY SECRETARIES

Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong

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Singapore 048619
Tel : +65 6877 8228
Fax : +65 6225 2746
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INVESTOR RELATIONS

Belinda Lee
Head, Investor Relations &
Corporate Communications
Email : belindalee@cdl.com.sg

AUDITORS

KPMG LLP
Public Accountants and
Chartered Accountants, Singapore
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
(Partner-in-charge: Tay Puay Cheng, appointment commenced from the audit of the financial statements for the year ended 31 December 2015)

PRINCIPAL BANKERS

Agricultural Bank of China
Bank of America Merrill Lynch
Bank of China Limited
Bank of Communications Co., Ltd
BNP Paribas
China Construction Bank
Crédit Agricole Corporate & Investment Bank
Crédit Industriel et Commercial
CTBC Bank Co., Ltd
DBS Bank Ltd.
Hang Seng Bank Limited
Industrial and Commercial Bank of China Limited
Malayan Banking Berhad
Mizuho Bank, Ltd.
MUFG Bank, Ltd.
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

BOARD OF DIRECTORS

KWEK LENG BENG

KWEK LENG PECK

SHERMAN KWEK

KWEK LENG BENG / 79

CHAIRMAN
EXECUTIVE DIRECTOR

First appointment as Director
1 October 1969

Appointment as Executive Chairman
1 January 1995

Last re-election as Director
25 April 2018
(Will be seeking re-election at the 2020 AGM)

Board committees
- Board Committee (Member)
- Nominating Committee (Member)

Present directorships in other listed companies* and principal commitments
- Hong Leong Finance Limited* (Chairman/Managing Director)
- Hong Leong Investment Holdings Pte. Ltd. (Executive Chairman)
- Millennium & Copthorne Hotels Limited (Executive Chairman)

Other appointments
- Singapore Hotel Association (Member)
- Singapore Institute of Directors (Fellow)

Past directorships in other listed companies* and principal commitments held in the preceding five years
- City e-Solutions Limited* (Chairman/Managing Director)
- Hong Leong Asia Ltd.* (Non-Executive Chairman)
- Millennium & Copthorne Hotels plc* (Non-Executive Chairman) *(delisted and privatised in 2019 and now known as Millennium & Copthorne Hotels Limited)*

Mr Kwek has extensive experience in the real estate business, having joined City Developments Limited (CDL) in the late 1960s and since then has contributed significantly to building CDL's more than five decades of track record. He grew the Group's hospitality arm and has been actively involved in its development into Singapore's largest international hotel group and one of the largest hotel owners and operators in the world. He also 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 Hong Leong Finance Limited). He is also experienced in the trading and manufacturing sectors.

Mr Kwek has received numerous accolades. In 1997, he was named "Businessman of the Year 1996" by Singapore Business Awards, organised by The Business Times and DHL. In 2012, he was jointly awarded the "Partners in the Office of the CEO" award in the Brendan Wood International – Securities Investors Association Singapore (SIAS) TopGun CEO Designation Award with the late Mr Kwek Leng Joo (former Deputy Chairman of CDL). This award is given to CEOs who are best in class as rated by shareholders. In 2014, he received the inaugural Real Estate Developers' Association of Singapore (REDAS) Lifetime Achievement Award which honours a pioneering group of real estate leaders.

He received the Singapore Chinese Chamber of Commerce and Industry (SCCCI) SG50 Outstanding Chinese Business Pioneers Award in 2015. The award honours the Republic's outstanding Chinese business pioneers and their exemplary contributions to nation-building. That same year, he was accorded the Lifetime Achievement Award from Hotel Investment Conference Asia Pacific (HICAP). This accolade honours exceptional individuals who have distinguished themselves through accomplishments and contributions to the hotel industry.

In 2017, he was presented the Lifetime Achievement Award at the Asia Pacific Entrepreneurship Awards organised by Enterprise Asia, a regional non-governmental organisation for entrepreneurship. The award was in recognition of outstanding achievements, visionary leadership and steadfast dedication that led to the successful growth of the Hong Leong Group for over five decades. That same year, he clinched the inaugural Global Blue Ocean Shift Award, given at the Global Entrepreneurship Community Summit in Kuala Lumpur. Mr Kwek was awarded the Singapore Tatler Diamond Award (Lifetime Achievement) 2018, in recognition of his exceptional leadership that led Hong Leong Group to grow into a globally diversified enterprise.

Mr Kwek holds a law degree, LL.B. (London) and is also a fellow of The Institute of Chartered Secretaries and Administrators. He was also conferred an Honorary Doctorate of Business Administration in Hospitality from Johnson & Wales University (Rhode Island, US) and an Honorary Doctorate from Oxford Brookes University (UK).

KWEK LENG PECK / 63

NON-EXECUTIVE AND
NON-INDEPENDENT DIRECTOR

First appointment as Director
1 August 1987

Last re-election as Director
25 April 2018

Board committees
- Board Committee (Member)

Present directorships in other listed companies* and principal commitments
- Hong Leong Asia Ltd.* (Executive Chairman)
- Tasek Corporation Berhad* (Non-Executive Chairman)
- Hong Leong Finance Limited* (Non-Executive Director)
- China Yuchai International Limited* (Non-Executive Director)
- Hong Leong Investment Holdings Pte. Ltd. (Executive Director)
- Hong Leong Corporation Holdings Pte. Ltd. (Executive Director)
- Millennium & Copthorne Hotels Limited (Non-Executive Director)

Other appointments
Nil

Past directorships in other listed companies* and principal commitments held in the preceding five years
- Millennium & Copthorne Hotels plc* (Non-Executive Director) *(delisted and privatised in 2019 and now known as Millennium & Copthorne Hotels Limited)*

Mr Kwek has many years of experience in trading, manufacturing, property investment and development, hotel operations, corporate finance and management as well as extensive involvement in Hong Leong Group real estate developments, investments and hotel operations.

With his in-depth knowledge of the Hong Leong Asia Ltd. Group's (HLA Group) business, Mr Kwek has overseen the growth of the HLA Group over the last three decades from an integrated building materials group in the 1980s and 1990s to being also a major player in the consumer products and diesel engines industries in China beginning in the 2000s.

SHERMAN KWEK EIK TSE / 44

EXECUTIVE DIRECTOR AND
GROUP CHIEF EXECUTIVE OFFICER

First appointment as Director
15 May 2019

Last re-election as Director
N.A.
(Will be seeking re-election at the 2020 AGM)

Board committees
- Board Sustainability Committee (Member)

Present directorships in other listed companies* and principal commitments
- CDL China Limited (Executive Chairman) (non-listed)

Other appointments
- Singapore Chinese Chamber of Commerce and Industry (SCCCI) (Council Member)
- SCCCI - Youth Business Affairs Committee (Chairman)
- Council for Board Diversity (Council Member)
- Building and Construction Authority (Board Member)
- Business China (Board Member)

Past directorships in other listed companies* and principal commitments held in the preceding five years
- City e-Solutions Limited* (Chief Executive Officer)

Mr Kwek assumed his current role as Group Chief Executive Officer in January 2018, responsible for setting and implementing the business direction and strategies for the CDL Group as endorsed by the Board, providing leadership to drive the pursuit of the Group's strategic objectives, and having overall management oversight of the Group's performance. He has held the position of Executive Chairman of CDL China Limited since 2016.

Prior to joining CDL, Mr Kwek was the CEO of City e-Solutions Limited (now known as China Tian Yuan Healthcare Group Limited), a Hong Kong-listed company that was formerly a subsidiary of the Group and engaged in the provision of hotel management and electronic distribution services to the global hospitality industry. It was divested by CDL in 2016.

Mr Kwek has been a Council member of the Singapore Chinese Chamber of Commerce and Industry (SCCCI) since 2013. He was appointed by the SCCCI as the Chairman of the Youth Business Affairs Committee, which is tasked with promoting the Chinese entrepreneurial spirit, managing succession planning and nurturing future business leaders. He is also a member of the Council for Board Diversity (formerly known as the Diversity Action Committee initiated by the Singapore Exchange Limited) which advocates greater gender diversity on the boards of listed companies. In April 2019, he was appointed as a board member of the Building and Construction Authority (BCA), a statutory board that plays a key role in shaping the built environment in Singapore. In October 2019, he was appointed as a board member of Business China, which aims to nurture an inclusive bilingual and bicultural group of Singaporeans, so as to sustain Singapore's multi-cultural heritage and develop a cultural and economic bridge linking the world and China.

He graduated from Boston University, USA with a Bachelor of Science in Business Administration, majoring in Finance and Marketing with a minor in Psychology.

Note:
Hong Leong Investment Holdings Pte. Ltd. is the immediate and ultimate holding company of CDL. Hong Leong Finance Limited, Hong Leong Asia Ltd., Tasek Corporation Berhad, China Yuchai International Limited and Hong Leong Corporation Holdings Pte. Ltd. are related companies under the Hong Leong Group of companies. Millennium & Copthorne Hotels Limited and CDL China Limited are subsidiaries of CDL.

BOARD OF DIRECTORS

NON-EXECUTIVE AND INDEPENDENT DIRECTORS


LIM YIN NEE JENNY


PHILIP YEO LIAT KOK


TAN POAY SENG


TAN YEE PENG


KOH THIAM HOCK

LIM YIN NEE JENNY / 66

LEAD INDEPENDENT DIRECTOR

First appointment as Director
22 June 2018

Last re-election as Director
26 April 2019

Board committees
- Audit & Risk Committee (Chairman)
- Remuneration Committee (Chairman)
- Board Committee (Member)
- Nominating Committee (Member)

Present directorships in other listed companies and principal commitments
- Viriya Community Services (President)

Other appointments
Nil

Past directorships in other listed companies* and principal commitments held in the preceding five years
- M&C REIT Management Limited, the manager of CDL Hospitality Real Estate Investment Trust (Non-Executive and Independent Director)
- M&C Business Trust Management Limited, the trustee-manager of CDL Hospitality Business Trust (Non-Executive and Independent Director)

Ms Lim was admitted as a partner of KPMG in 1983. She started her career with KPMG, first in audit and subsequently specialised in taxation. Prior to her retirement from professional practice on 31 December 2001, she was the Head of KPMG's Tax Practice and a member of KPMG's International Tax Committee. She remained as an Advisor to KPMG until 31 January 2004.

Ms Lim is a retired fellow member of the Association of Chartered Certified Accountants, United Kingdom (ACCA). She was previously ACCA's examiner for both the Taxation and Advanced Taxation papers, an adjunct professor with the Singapore Management University, a facilitator with the Tax Academy of Singapore and a board member of Raffles Institution.

PHILIP YEO LIAT KOK / 73

First appointment as Director
11 May 2009

Last re-election as Director
26 April 2019

Board committees
- Nominating Committee (Chairman)
- Remuneration Committee (Member)
- Board Sustainability Committee (Member)

Present directorships in other listed companies* and principal commitments
- Kerry Logistics Network Limited* (Independent Director)
- Economic Development Innovations Singapore Private Limited (EDIS) (Chairman)
- Accuron Technologies Limited (Chairman)
- Advanced MedTech Holdings Pte. Ltd. (Chairman)

Other appointments
Nil

Past directorships in other listed companies* and principal commitments held in the preceding five years
- Hitachi Ltd* (Independent Director)
- Baiterek National Managing Holding (Independent Director)

Mr Yeo is the Chairman of Economic Development Innovations Singapore Pte Ltd (EDIS) which provides strategic advice and undertakes the development and management of integrated industrial and urban areas with an emphasis on job creation and industrial cluster development.

Mr Yeo received the Order of the Rising Sun, Gold and Silver Star from Government of Japan (2007) and the Distinguished Service (Star) award from the Singapore Labour Movement, National Trade Union Congress (2008).

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

TAN POAY SENG / 53

First appointment as Director
2 February 2012

Last re-election as Director
26 April 2019

Board committees
- Board Sustainability Committee (Member)

Present directorships in other listed companies* and principal commitments
- Magni-Tech Industries Berhad* (Managing Director)
- Coronation Springs (M) Sdn. Bhd. (Managing Director)
- South Island Garment Sdn Bhd (Managing Director)

Other appointments
Nil

Past directorships in other listed companies* and principal commitments held in the preceding five years
Nil

Currently the Managing Director of Magni-Tech Industries Berhad, an investment holding company listed on the Main Market of Bursa Securities Malaysia Berhad, and Coronation Springs (M) Sdn. Bhd., a niche property development company, Mr Tan has more than 30 years of experience in various business sectors which include manufacturing, housing development, marketing, retailing and healthcare services. He was named as one of the best CEOs of companies listed in nine sectors on Bursa Malaysia in 2016. Mr Tan holds a diploma in Hotel Management, Switzerland.

TAN YEE PENG / 46

First appointment as Director
7 May 2014

Last re-election as Director
25 April 2017
(Will be seeking re-election at the 2020 AGM)

Board committees
- Board Sustainability Committee (Chairman)
- Board Committee (Member)
- Audit & Risk Committee (Member)
- Nominating Committee (Member)

Present directorships in other listed companies* and principal commitments
- Dutech Holdings Limited* (Lead Independent Director)

Other appointments
- Agency for Care Effectiveness, Ministry of Health (Member)
- Vanguard Healthcare Medifund Committee (Member)
- Viriya Community Services (Treasurer)
- Hercules Pte Ltd (Director)

Past directorships in other listed companies* and principal commitments held in the preceding five years
- Nanyang Business School, Nanyang Technology University (Adjunct Associate Professor)
- Jurong Health Services Pte. Ltd. (Member of the Audit Committee – non board position)

Ms Tan has more than 18 years of accounting and auditing experience, and previously served as an audit partner with KPMG LLP ("KPMG") from 2003 to 2010. As an audit and advisory partner, she was closely involved in providing accounting and advisory services to clients in both the private and public sectors. She also acted as the Reporting Accountant and auditor for several companies listed on the Singapore Exchange but was not involved in any KPMG audit engagement with the CDL Group.

Since her retirement as a practicing accountant, Ms Tan, at the request of KPMG, served as principal advisor from 2010 to 2011 on matters related to the healthcare industry, and assisted the firm in establishing the AsPAC Healthcare network. She has also been contributing actively to the non-profit sector.

Ms Tan graduated with First Class Honours degree in Accountancy from Nanyang Technology University (NTU).

KOH THIAM HOCK / 69

First appointment as Director
5 September 2016

Last re-election as Director
25 April 2017
(Will be seeking re-election at the 2020 AGM)

Board committees
- Board Committee (Member)
- Audit & Risk Committee (Member)
- Remuneration Committee (Member)

Present directorships in other listed companies* and principal commitments
Nil

Other appointments
Nil

Past directorships in other listed companies* and principal commitments held in the preceding five years
- Bank of America NT & SA (Singapore Branch) (Vice Chairman and General Manager)

Mr Koh held the role of Vice Chairman and General Manager of Bank of America NT & SA Singapore Branch (BOA) from 2012 until his retirement in April 2016. In his last role with BOA, he was responsible for grooming new senior local talent and assisted with the transition resulting from the merger of Bank of America (Singapore Branch) and Merrill Lynch Singapore. He was the principal officer liaising with the Regulators to ensure that all material weaknesses in the system were addressed and chaired the local branch management committee which comprised the heads of the various business lines and enterprise control and operational functions to discuss and resolve strategic issues.

Mr Koh's experience included a broadened function involving oversight responsibilities for compliance (regulatory, anti-money laundering, fraud detection/escalation and remediation protocols including code of ethics and conduct), finance (audit, tax and financial reporting and disclosure processes), human resource and enterprise risk matters.

During his 40 years in banking, which included his stints as Country Executive for Bank of America (prior to merger) from 2004 to 2008 and Country Executive of the merged BOA operations in Singapore from 2009 to 2011, he had dealt with different industries covering local/regional hardware, automotive and trading/ commodity/shipping and the manufacturing sectors. His responsibilities had also been expanded to cover the construction and real estate industries, and in this particular area, he helped the bank to set up broad guidelines on Real Estate and Construction Lending and was later seconded to Hong Kong for a period to manage the real estate and construction lending activities and protocols for Asia.

Mr Koh holds a Bachelor of Business Administration from the University of Hawaii.

KEY MANAGEMENT PERSONNEL

Left to Right: **Kwek Eik Sheng, Yiong Yim Ming, Sherman Kwek, Chia Ngiang Hong, Frank Khoo**

SHERMAN KWEK

GROUP CHIEF EXECUTIVE OFFICER

Mr Sherman Kwek assumed his role as CDL's Group Chief Executive Officer (CEO) in January 2018 after serving as the CEO-designate from August 2017. He was appointed an Executive Director in May 2019 and concurrently holds the position of Executive Chairman of CDL China Limited since April 2016. He was previously the Deputy CEO and Chief Investment Officer of CDL. He has been spearheading the Group's expansion in China, Japan and Australia for almost a decade and in recent years has also broadened the Group's presence in Singapore and the UK.

Under his leadership, the Group embarked on a Growth, Enhancement and Transformation (GET) strategy to expand its presence, enhance its existing portfolio, strengthen recurring income streams, develop a fund management business and enable significant transformation through strategic investments and innovation, all of which with the ultimate goal of driving strong performance and creating lasting value for all shareholders.

Throughout his career, Mr Kwek has held various senior management roles including serving as the CEO of Hong Kong-listed City e-Solutions Limited and the Chief Operating Officer of Singapore-listed Thakral Corporation Ltd. He also worked at RECAP Investments Limited, a real estate private equity fund.

Mr Kwek started his career in New York in venture capital and investment banking before eventually joining the US division of Millennium & Copthorne Hotels Limited. He has experience in the areas of investments, mergers and acquisitions, real estate, hospitality and technology, and has worked in New York, Hong Kong, Shanghai and Singapore.

He graduated from Boston University with a Bachelor of Science in Business Administration, majoring in Finance and Marketing with a minor in Psychology.

CHIA NGIANG HONG

GROUP GENERAL MANAGER

Mr Chia Ngiang Hong joined CDL in 1981 and has more than 40 years of experience in the real estate industry in Singapore and the region. A much-respected industry veteran, Mr Chia is the President of the Real Estate Developers' Association of Singapore, Board Member of the Institute of Real Estate and Urban Studies, and Past President of the Singapore Green Building Council. He is also a Fellow of the Institute of Surveyors and Valuers.

He presently chairs the Advisory Committee to the National University of Singapore's School of Design and Environment and is a member of the Department Consultative Committee.

Beyond his contributions to the building and construction industry, Mr Chia is also active in community and grassroots activities and serves as a Justice of the Peace.

He holds a Bachelor of Science in Estate Management (Honours) from the University of Singapore and a Master in Business Administration (Distinction) from the University of Hull, UK.

KWEK EIK SHENG

GROUP CHIEF STRATEGY OFFICER

Mr Kwek Eik Sheng joined CDL in 2009, covering Business Development for overseas projects before being appointed as Head of Corporate Development.

Mr Kwek assumed his role as Chief Strategy Officer in 2014 and was additionally appointed Head, Asset Management in April 2016. He was re-designated to Group Chief Strategy Officer on 1 February 2018.

Prior to joining CDL, he was with the Hong Leong Group of companies in Singapore specialising in corporate finance roles since 2006.

Mr Kwek was appointed an Executive Director of CDL's principal subsidiary, Millennium & Copthorne Hotels Limited (M&C) – formerly known as Millennium & Copthorne Hotels plc – in November 2019, having previously been appointed a Non-Executive Director of M&C from April 2008 to October 2019.

He holds a Bachelor of Engineering in Electrical and Electronics Engineering from Imperial College of Science, Technology and Medicine and a Master of Philosophy in Finance from Judge Business School, Cambridge University.

FRANK KHOO

GROUP CHIEF INVESTMENT OFFICER

Mr Frank Khoo joined CDL as Group Chief Investment Officer in February 2018 to source and execute new investment opportunities, and also establish a dedicated fund management platform.

With over 20 years of international experience in fund management, private equity, acquisition of real estate assets and the repositioning and restructuring of real estate businesses, Mr Khoo has an extensive network of investors, ranging from insurance companies, pension funds, sovereign wealth funds and high net worth individuals across Asia and Europe.

Previously, Mr Khoo was the Global Head of Asia of AXA Investment Manager – Real Assets (AXA IM Real Assets) where he oversaw all real estate activities for AXA IM Real Assets in Asia, including investment, transaction, fund and asset management, capital raising and finance. He has also held various executive positions in Pacific Star Fund Management Pte Ltd, Guthrie GTS Ltd, Phileoland Bhd and Kestral Capital Partners.

Mr Khoo holds a Master of Business Administration from Nanyang Technological University of Singapore, as well as Bachelor of Engineering (Honours) and Bachelor of Science degrees from University of Queensland, Australia. He is also a Chartered Accountant in Singapore.

YIONG YIM MING

GROUP CHIEF FINANCIAL OFFICER

Ms Yiong Yim Ming was appointed CDL's Chief Financial Officer in April 2016 and was re-designated to Group Chief Financial Officer on 1 February 2018.

An executive of the Company since 2007, she has extensive knowledge on CDL Group's financial and operation matters, both domestically and overseas, covering property development, investment properties and hotels.

She has strong technical competencies, specialising in the real estate sector, harnessed through 12 years of audit experience. Prior to joining CDL, she served a 10-year stint in KPMG Singapore and a two-year engagement with Ernst & Young Singapore.

Ms Yiong is a Council Member of the Institute of Singapore Chartered Accountants and is also a Member of the Board of Trustees for the Singapore University of Social Sciences.

She holds a Bachelor of Accountancy degree from Nanyang Technological University.

SENIOR MANAGEMENT

MARK YIP
Chief Revenue Officer
Chief Executive Officer, CDL China Limited

LEE MEI LING
Executive Vice President &
Head, Property Development

IVAN NG
Chief Technology Officer

YVONNE ONG
Chief Executive Officer, Commercial

ESTHER AN
Chief Sustainability Officer

STEVEN TAN
Chief Human Resource Officer

CORPORATE GOVERNANCE

City Developments Limited ("CDL" or the "Company") is committed to upholding a high standard of corporate governance and business integrity in all its business activities, which is essential for the long-term sustainability of the Group's businesses and the enhancement of shareholders' value.

To demonstrate its commitment towards excellence in corporate governance, CDL had, since 2010, joined the Securities Investors Association Singapore ("SIAS") and its partners in making the following public Statement of Support at the annual Singapore Corporate Governance Week (organised by SIAS):

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

CORPORATE GOVERNANCE ACCOLADES

- At the SIAS Investors' Choice Awards 2019, CDL:
  - was a winner in the Real Estate category for the Most Transparent Company Award, which recognised listed companies that have excellent corporate governance practices and shareholder interests;
  - continued to be a Sustainability Award winner in the Big Cap category, an award which recognised companies with substantial Sustainability Reporting report and practices;
  - was a runner-up winner in the Diversity category of the Singapore Corporate Governance Awards; and
  - was a runner-up winner in the Big Cap category for Shareholder Communications Excellence Award.
- As CDL continues its journey to uphold the highest standards of corporate governance, we have further improved our ranking on the Singapore Governance and Transparency Index (SGTI) from the 7th position in 2018 to the 5th position in 2019. The SGTI is aimed at assessing companies on their corporate governance disclosure and practices, as well as the timeliness, accessibility and transparency of their financial results announcements.
- In recognition of its commitment to transparency in gender reporting and advancing gender diversity in the workplace, CDL was listed once again in the 2019 Bloomberg Gender-Equality Index (GEI). The sector-neutral Bloomberg GEI is a reference index which measures gender equality across internal company statistics, employee policies, external community support and engagement, and gender-conscious product offerings. CDL was the only Singapore real estate management and development company to be listed on the Bloomberg GEI for two consecutive years.
- CDL has been placed on the SGX Fast Track programme since April 2018. This programme was launched by Singapore Exchange Regulation (SGX RegCo) in recognition of listed companies which have maintained good corporate governance standing and compliance track record. Companies under this programme will receive prioritised clearance on selected corporate action submissions to SGX RegCo.

The Company has complied with Listing Rule 710 by describing in this report its corporate governance practices with specific reference to the updated principles and provisions in the revised Code of Corporate Governance 2018 ("2018 Code"). Where the Company's practices differ from the principles and provisions under the 2018 Code, the Company's position and reasons in respect of the same are explained in this report.

The Company's significant listed subsidiaries, CDL Hospitality Trusts (a Singapore Exchange listed hospitality trust) and Millennium & Copthorne Hotels New Zealand Limited and CDL Investments New Zealand Limited, both of which are listed on the New Zealand Stock Exchange, have independent boards and board committees which are responsible for upholding high standards of corporate governance and oversee the effectiveness of their internal controls and risk management systems. Further information on the governance regime, corporate governance practices, and the assurances on the adequacy and effectiveness of the internal controls and risk management systems of these listed subsidiaries can be found in their respective corporate governance statements as published in their annual reports.

The Company's principal subsidiary, Millennium & Copthorne Hotels Limited ("M&C") (formerly known as Millennium & Copthorne Hotels plc), was previously listed on the London Stock Exchange until its delisting on 11 October 2019 following the Company's successful privatisation bid that was first announced on 7 June 2019. On 4 November 2019, M&C was re-registered as a private company. The Company has already commenced the integration process with M&C to ensure that key aspects of the governance regime, internal controls and risk management systems of M&C and its subsidiaries are substantially aligned with those of the Company.

OUR GOVERNANCE FRAMEWORK

BOARD	
• Kwek Leng Beng, Executive Chairman • Kwek Leng Peck, Non-executive non-independent Director • Sherman Kwek Eik Tse, Executive Director and Group Chief Executive Officer • Lim Yin Nee Jenny, Lead Independent Director • Philip Yeo Liat Kok, Independent Director • Tan Poay Seng, Independent Director • Tan Yee Peng, Independent Director • Koh Thiam Hock, Independent Director	• ***Key Objectives**: Provides leadership by setting the strategic objectives of the Company together with the Senior Management team to achieve long-term success for the Company and its subsidiaries (the "Group") through value creation, innovation and sustainability. Oversees the performance of the Group for accountability to shareholders by ensuring that necessary financial, operational and human resources are in place for the Company to meet its strategic objectives, which are supported by an adequate and effective system of risk management and internal controls.*

Committees	Composition	
Audit & Risk Committee	• Lim Yin Nee Jenny, Chairman (ID) • Tan Yee Peng (ID) • Koh Thiam Hock (ID)	• ***Key Objectives:** Assists the Board in the discharge of statutory and other responsibilities relating to the integrity of the financial statements of the Group, and reviews the adequacy and effectiveness of the internal controls and risk management system. Considers the key risks of the Group under a risk management framework which takes into acccount the strategic objectives and risk appetite of the Group.*
Nominating Committee	• Philip Yeo Liat Kok, Chairman (ID) • Kwek Leng Beng (non-ID) • Lim Yin Nee Jenny (ID) • Tan Yee Peng (ID)	• ***Key Objectives:** Assists the Board in its succession plan through the review of board size and composition and the recommendations on the independence of directors, appointment, re-nomination and retirement of Directors. Assists the Board in the evaluation of the performance of the Board, the Board Committees and the Directors.*
Remuneration Committee	• Lim Yin Nee Jenny, Chairman (ID) • Philip Yeo Liat Kok (ID) • Koh Thiam Hock (ID)	• ***Key Objectives:** Oversees the remuneration of the Board and the Key Management Personnel, including setting appropriate remuneration frameworks and policies to reflect a performance-based remuneration system that is balanced between the current and long term objectives of the Company.*
Board Sustainability Committee	• Tan Yee Peng, Chairman (ID) • Philip Yeo Liat Kok (ID) • Tan Poay Seng (ID) • Sherman Kwek Eik Tse (non-ID)	• ***Key Objectives:** Assists the Board in the review of the Company's sustainability issues and approach to sustainability reporting, reviews the Company's environmental, social and governance (ESG) framework, key ESG targets and performance contributing to the Company's performance, and reputation as a global corporate citizen.*
Board Committee	• Kwek Leng Beng, Chairman (non-ID) • Kwek Leng Peck (non-ID) • Lim Yin Nee Jenny (ID) • Tan Yee Peng (ID) • Koh Thiam Hock (ID)	• ***Key Objectives:** Assists the Board in the approval of matters which include, routine banking-related matters and release of non price-sensitive announcements.*

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Primary Functions of the Board

The Board oversees the Company's business and its performance under its collective responsibility and provides leadership by setting the strategic objectives of the Company together with the Management, to achieve long-term success for the Group through value creation, innovation and sustainability. The Board sets broad policies, provides guidance on and approves strategic objectives, ensures that necessary financial, operational and human resources are in place for the Company to meet its objectives, reviews the performance of the Group and Management's performance, and satisfies itself as to the adequacy and effectiveness of the framework and processes for internal controls (including financial, operational, compliance and information technology ("IT") controls) and risk management for the safeguarding of shareholders' interests and the Group's assets.

The Board also assumes responsibility for good corporate governance and is responsible for setting the right 'tone at the top' in its policies and decisions to ensure that the Company's corporate values and ethical standards are observed and there is proper accountability throughout the Group and obligations to its shareholders and stakeholders are clearly understood and met.

The Board is also committed to the Company's strategic approach to integrating sustainability in key aspects of its business and operations and to advance the Company's sustainability efforts and achievements.

Directors' Objective Discharge of Duties and Declaration of Interests (Provision 1.1)

All Directors, being fiduciaries, are required to objectively discharge their duties and responsibilities in the best interests of the Company. This ability to exercise objectivity is one of the assessment criteria in the Nominating Committee's ("NC") annual evaluation of the Directors.

Directors, who are in any way, directly or indirectly, interested in a transaction or proposed transaction, declare the nature of their interests in accordance with the provisions of the Companies Act, Chapter 50, and in the case of any conflicts of interests, abstain from participating in the deliberation and decision-making on such transactions, with abstention duly recorded within the minutes and/or the resolutions of the Board and/or the Committees.

Accountability of the Board and Management (Provision 1.1)

The Board and Management are committed to conducting business with integrity, consistent with high standards of business ethics, and in compliance with all applicable laws and regulatory requirements. The Company has established various corporate policies as necessary which provide a communicable and understandable framework for employees to observe the Company's principles on honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of the Company's business in their relationships with the Company's stakeholders, including customers, suppliers and employees. Further details of these policies are described in the segment entitled "Corporate Values and Conduct of Business" at the end of this report.

Board Orientation and Training (Provision 1.2)

Each 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 roles, duties and responsibilities of a director (and where applicable, as a member of the Committees), 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 of the Board and where applicable, the Committees.

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 governance practices and processes, risk management systems and internal controls, their responsibilities as directors and in the case of appointments to any of the Committees, the roles and areas of responsibilities of such Committees. 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 to the Management team in future. The programme also includes briefings by the Management team on key areas of the Company's operations.

For a first-time Director who has no prior experience as a director of a listed company, in addition to the induction as detailed above, he or she will be required to also attend certain specific modules of the Listed Entity Director ("LED") Programme conducted by the Singapore Institute of Directors ("SID") in order to acquire relevant knowledge of what is expected of a listed company director, this being a mandatory requirement under the SGX-ST Listing Rules. Completion of the LED Programme, which focuses on comprehensive training of company directors on compliance, regulatory and corporate governance matters, should provide the first-time Director with a broad understanding of the roles and responsibilities of a director of a listed company under the requirements of the Companies Act, Chapter 50, the Listing Manual of SGX-ST ("Listing Manual") and the 2018 Code.

Mr Sherman Kwek Eik Tse, the Group Chief Executive Officer ("Group CEO"), was appointed as an Executive Director in May 2019. As Mr Kwek was previously a director of a listed company in Singapore between 2007 to 2014, the NC was of the view that there was no necessity for Mr Kwek to attend the above-mentioned LED Programme for first-time Directors. The NC had also taken into account that Mr Kwek in the execution of his responsibilities as Group CEO of the Company, has sufficient knowledge of the regulatory and corporate governance compliance expected of the Company including having an understanding of the roles and responsibilities as a director of the Company.

The Directors are also provided with updates and/or briefings from time to time by professional advisers, auditors, the Management and the Company Secretaries in areas such as directors' duties and responsibilities, corporate governance practices, relevant legislations and regulations, risk management and financial reporting standards. The Directors are also regularly kept informed by the Company Secretaries of the availability of appropriate courses, conferences and seminars including those conducted by the SID, and the Directors are encouraged to attend such training at the Company's expense. The NC and the Board are kept informed of the trainings attended by the Directors during the year. As part of the NC's annual assessment of the skills set of the Board and the Committees, the NC will also recommend further training for the Directors in specific areas, if so required, to supplement the regular updates/briefings provided to the Directors from time to time.

During the year, some of the trainings attended by the Directors included the 2019 ACRA-SGX-SID Audit Committee Seminar, SID Directors Conference 2019, SID Corporate Governance Roundup 2019, Annual Singapore Exchange (SGX) Regulatory Symposium, the Singapore Bicentennial Conference, briefings by SID, audit professionals and other consultants in relation to audit committee matters, remuneration committee matters, risk management matters, and topics relating to data protection and cyber security, anti-money laundering and countering of financing of terrorism.

An in-house seminar was conducted by invited external speakers in 2019, which included the following topics:

1. Are Businesses Well Prepared for Rising Heat & Sea Levels: Climate Change Scenario Planning
2. Sustainability Reporting Best Practices: Materiality Study and External Assurance
3. Sustainable Financing – Disclosure Strategy and Assurance Processes

Members of the Audit & Risk Committee ("ARC") were also provided with regular briefings from the Company's external auditors on applicable Accounting Standards and Tax Updates during the year.

In addition to the training courses/programmes and briefing updates, Directors are also at liberty to approach Management should they require any further information or clarification concerning the Company's operations.

87.5% of the Board attended various training seminars and workshops in 2019	=	Accounted for more than 81 training hours in aggregate

Board Approval (Provision 1.3)

Key matters which are specifically reserved for approval by the Board include the decisions over the strategic direction, plans and performance objectives of the Group (including its risk appetite); the Group's financial objectives and annual budget; decisions to commence, discontinue or modify significantly any business activity or to enter into or withdraw from a particular market sector which have or may have material impact on the profitability or performance of the Group; corporate or financial restructuring; major funding and investment proposals; decisions over new borrowings or significant amendments to the terms and conditions of existing borrowings other than in the ordinary course of business; adoption of key corporate policies and corporate governance practices and any other matters which require the Board's approval as prescribed under the relevant legislations and regulations as well as the provisions of the Company's Constitution. All issuance of the Group's financial results requires the approval of the Board, including decisions with regards the Company's dividend policy and payouts.

Aligned with the Company's strategy to develop growth platforms in Singapore and key international markets, the Board has put in place an approval matrix with established authority limits in connection with the acquisitions and divestments of the Group's investments for its property development, property investment, asset management and fund management platforms.

Management is fully apprised of such matters which require the approval of the Board or the Committees. For operational efficiency, the Company also has a structured approval limits matrix which sets out the delegated authority to various levels of Management to approve operating expenditure below the thresholds requiring the Board's approval.

Delegation by the Board (Provision 1.4)

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 ARC, the NC, the Remuneration Committee ("RC") and the Board Sustainability Committee ("BSC"), all collectively referred to hereafter as the "Committees".

Specific written terms of reference for each of the Committees set out the required composition, authority and responsibilities of the Committees, and provide for each Committee to submit at least an annual report of its activities to the Board. All terms of reference for the Committees are approved by the Board and reviewed periodically to ensure their continued relevance, taking into account the changes in the governance and legal environment.

The delegation of authority by the Board to the Committees enables the Board to achieve operational efficiency by empowering these Committees to decide, review and make recommendations on matters within their respective written terms of reference and/or limits of delegated authority, without abdicating the Board's overall responsibility.

The BC comprises five Directors with the majority of its members being non-executive. The BC's principal responsibility as set out in its terms of reference, approved by the Board, is to assist the Board in the discharge of its duties which 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 of 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.

Please refer to the sections on Principles 4, 5, 6, 7 and 10 in this report for further information on the activities of the NC, RC and ARC. Information on the activities of the BSC can be found under the "Sustainability" segment towards the end of this report.

Board and Board Committees Meetings (Provision 1.5)

Meetings of the Board and Committees are held regularly, with the Board meeting no less than six times a year. Eight Board meetings were held in 2019. At the regular quarterly Board meetings, the Board agenda includes updates by the Management on the Group's strategic initiatives and implementation status, updates on the Group's investments and developments in Singapore and overseas, and the review of the Group's financial performance. Of the six scheduled meetings, four are quarterly Board meetings, and two are scheduled primarily for the Board to focus on the review of the Company's strategic direction, including specific business strategies, business segmental and geographical allocation of assets, and risk appetite and tolerance limits, where applicable.

A meeting of the non-executive Directors ("NEDs") and a separate meeting of the Independent Directors ("IDs"), chaired by the Lead Independent Director ("Lead ID"), were held in 2019. Meetings of the NEDs and IDs are convened as often as may be warranted by circumstances. The IDs also meet regularly under the various Committees and the Lead ID is a member in some of these Committees.

The proposed meetings for the Board and all Committees for each new calendar year are set out in a schedule of meetings, which is notified to all Board members before the start of that calendar year. 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 Secretaries. The Company's Constitution allows for the meetings of its Board and the Committees to be held via teleconferencing and videoconferencing. The Board and the Committees may also make decisions by way of circulating written resolutions.

The attendance of the Directors at the Annual General Meeting of the Company ("AGM") and meetings of the Board and the Committees, as well as the frequency of such meetings in 2019, is disclosed in the table below. Directors who were unable to attend any meetings of the Board or the Committees, were provided with the meeting materials and encouraged to raise discussion points or queries with the Board Chairman or respective Committee chairman or the Management. Notwithstanding such disclosure, the Board is of the view that the contribution of each Director should not be focused solely on his/her 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. The Directors also, whether individually or collectively, engage with the Management, heads of the Group's business units and departments and the Group's external consultants in order to better understand the challenges faced by the Group and the input of the Directors, through such engagement, provide valuable perspective to the Management.

DIRECTORS' ATTENDANCE AT THE AGM, AND MEETINGS OF THE BOARD, THE COMMITTEES AND THE IDs AND NEDs IN 2019 (PROVISION 1.5)

	Board	ARC	NC	RC	BSC	NEDs	IDs	AGM
Number of meetings held in 2019	8	6	2	2	1	1	1	1
Name of Directors	**Number of meetings attended in 2019**							
Kwek Leng Beng [2]	8/8	N.A.	2/2	N.A.	N.A.	N.A.	N.A.	1/1
Kwek Leng Peck	7/8 [3]	N.A.	N.A.	N.A.	N.A.	1/1	N.A.	1/1
Sherman Kwek Eik Tse [1]	5/5 [1]	N.A.	N.A.	N.A.	1/1	N.A.	N.A.	N.A.
Lim Yin Nee Jenny [2]	8/8	6/6	2/2	2/2	N.A.	1/1	1/1	1/1
Philip Yeo Liat Kok [2]	8/8	N.A.	2/2	2/2	0/1 [4]	1/1	1/1	1/1
Tan Poay Seng	8/8	N.A.	N.A.	N.A.	0/1 [5]	1/1	0/1 [5]	1/1
Tan Yee Peng [2]	8/8	6/6	2/2	N.A.	1/1	1/1	1/1	1/1
Koh Thiam Hock	8/8	6/6	N.A.	2/2	N.A.	1/1	1/1	1/1

Notes:

(1) Mr Sherman Kwek Eik Tse, Group CEO of the Company and a member of the BSC, was appointed an Executive Director of the Company on 15 May 2019. His attendance record for Board meetings as set out here is with reference to his attendance in his capacity as a Director. He attended all eight Board meetings in 2019 in his capacity as Group CEO.

(2) All Directors, including Mr Kwek Leng Beng (the Chairman of the Board), Ms Lim Yin Nee Jenny (the chairman of the ARC and RC), Mr Philip Yeo Liat Kok (the chairman of the NC) and Ms Tan Yee Peng (the chairman of the BSC), were in attendance at the AGM in 2019, together with the Key Management Personnel and the Company's external auditors.

(3) Mr Kwek Leng Peck was unable to attend one Board meeting which had been convened on urgent notice.

(4) Mr Philip Yeo Liat Kok was unable to attend the BSC meeting for medical reasons.

(5) Mr Tan Poay Seng was unable to attend the BSC meeting and the IDs meeting as he had to attend to an urgent engagement and travel commitments that arose.

Directors' Multiple Board Representations and Time Commitments (Provision 1.5)

When considering the re-nomination of Directors for re-election, the NC also takes into account the competing time commitments faced by Directors with multiple board representations and/or other principal commitments. An analysis of the directorships (which includes directorships by groups and executive appointments) 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 or she has any issue with competing time commitments which may impact his or her ability to provide sufficient time and attention to his or her 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 are 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.

As a recommendation, the Board and the NC considered providing guidance on the maximum number of listed company board representations which each Director of the Company may hold in order to address competing time commitments faced by directors serving on multiple boards.

The NC noted that, excluding the directorship held in the Company, the number of listed company board representations currently held by each of the Directors ranged from one to five in number and those held by Mr Kwek Leng Beng and Mr Kwek Leng Peck are on the boards of the related companies of the Company. The NC has recommended that the maximum number of listed company board representations which each Director of the Company may hold be set at six (6), with a view to providing a guide to address potential competing time commitments that may be faced by Directors serving on multiple listed company boards. However, the NC may review this guideline from time to time and will also consider the circumstances of individual Directors or potential candidates with multiple listed company directorships above the recommended number to determine their capacity to participate and contribute effectively to the Board.

A policy has also been put in place for Directors to consult the Board Chairman or the chairman of the NC with regard to accepting any new listed company board appointment or principal commitment and notifying the Board of any changes in their external appointments. This would allow the Director to review his or her time commitments with the proposed new appointment and in the case of an independent Director, to also ensure that his or her independence would not be affected.

Complete, Adequate and Timely Information (Provision 1.6)

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. The Management is in attendance at such meetings, whilst the Company's auditors and professional advisers who can provide additional insight into the matters for discussion are invited from time to time to attend the relevant meetings. The Management also provides all Directors with monthly updates on the Company's financial performance including an analysis of the same, with material variances between the comparative periods disclosed and explained. Where the Board's or a Committee's approval is sought, relevant background and explanatory information on the specific matter is provided to enable Directors to understand the issues and to request for further information, as necessary.

Draft agendas for Board and Committee meetings are circulated to the Board Chairman and the chairmen of the Committees respectively, in advance, for them to review and suggest items for the agenda. The Board and the Committees are also furnished routine reports, where applicable, from the Management. Each of the chairmen of the ARC, NC, RC and BSC 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.

Access to Management, Company Secretaries and Independent Professional Advice (Provision 1.7)

All Directors have direct and independent access to the Management. To facilitate this access, all Directors are provided the contact details of the Key Management Personnel and other senior management team members. The contact details of the heads of internal audit and risk management are also provided to the ARC.

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 where circumstances warrant the same. The Company has in place internal guidelines allowing the Directors to seek such independent professional advice.

The Company Secretaries, whose appointment and removal are subject to the Board's approval, attend all meetings of the Board and the Committees to provide guidance for Board procedures to be followed. The Company Secretaries, together with the Management, also ensure that the Company complies with applicable statutory and regulatory rules. Together with the Management, the Company Secretaries also advise the Board Chairman, the Board and the Committees on corporate governance matters and assist to implement and strengthen corporate governance practices and processes, including ensuring good information flow within the Board and the Committees and between the Directors and Management, facilitating the induction for newly appointed Directors and newly appointed Committee members, and assisting in the continuing training and development programme for the Directors. On an on-going basis, the Directors have separate and independent access to the Company Secretaries.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Board Independence (Provisions 2.1, 2.2 and 2.3)

The Board currently comprises eight members. All members of the Board, except for the Board Chairman and the Group CEO, are NEDs. Of the six NEDs, based on the NC's recommendation, the Board has determined five of them, being more than half of the Board, to be independent ("5 IDs"), 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 dominate the Board's decision-making. No alternate Directors have been appointed in respect of any of the Directors.

When reviewing the independence of the 5 IDs, the NC has considered the applicable SGX Listing Rule 210(5)(d) and the guidelines for independence set out in Provision 2.1 of the 2018 Code. As part of the consideration, the NC also took into account the 5 IDs' other directorships, annual declarations regarding their independence, disclosures of interest in transactions in which they have a direct/indirect interest, their ability to avoid any apparent conflicts of interests especially by abstaining from deliberation and decision-making on such transactions and their ability to maintain objectivity in their conduct as Directors of the Company.

The 5 IDs are Ms Lim Yin Nee Jenny, Mr Philip Yeo Liat Kok, Mr Tan Poay Seng, Ms Tan Yee Peng and Mr Koh Thiam Hock. In accordance with SGX Listing Rule 210(5)(d), none of the 5 IDs are currently employed or have been employed at any time during the past three financial years by the Company or any of its related corporations. None of the 5 IDs have immediate family members who are currently employed or have been employed at any time during the past three financial years by the Company or any of its related corporations, and whose remuneration is determined by the RC. For purposes of determining independence, the 5 IDs have also provided confirmation that they are not related to the Directors and 5% shareholders of the Company. The NC is satisfied that there is no other relationship which could affect their independence. The Board concurred with the NC's determination of the independence of the 5 IDs.

Mr Philip Yeo Liat Kok has served more than nine years since his appointment to the Board on 11 May 2009. The NC and the Board concurred that Mr Yeo had maintained his independence throughout his service on the Board, having observed many instances of Mr Yeo's contribution and objectivity in the review and evaluation of actions taken by or proposals from the Management and his seeking of clarification, as and when necessary, in order to make informed decisions, whilst remaining open to other viewpoints. The Company has also benefited from his years of experience in his field of expertise. The NC and the Board are therefore of the view that Mr Yeo has maintained his independence as a Director of the Company.

The 5 IDs had also avoided apparent conflicts of interests especially by abstaining from deliberation on transactions in which they had a direct/indirect interest and were able to maintain objectivity in their conduct as Directors of the Company. They had objectively raised issues and sought clarification as and when necessary from the Board, Management and the Group's external advisers on matters pertaining to their area of responsibilities whether on the Board or on the Committees. During 2019, no conflicts of interests from IDs had arisen.

Board Composition, Size and Diversity (Provision 2.4)

BOARD DIVERSITY PLEDGE

The Board welcomes the push for greater diversity in the boardroom which can provide a more diverse approach to business decision-making and the Company had, on 28 August 2015, supported the Board Diversity Pledge initiated by SID and SGX-ST where the Company pledged its commitment to promote "diversity as a key attribute of a well-functioning and effective Board" and shared the view "that a diverse Board will enhance decision-making by harnessing the variety of skills, industry and business experiences, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service, and other distinguishing qualities of the members of the Board."

The NC reviews the size and composition mix of the Board and the Committees annually. At the recommendation of the NC, the Board had already adopted in 2017 a formal Board Diversity Policy, setting out its policy and framework for promoting diversity on the Board. The Board Diversity Policy is available on the Company's corporate website. The Board recognises that a diverse Board is an important element which will better support the Company's achievement of its strategic objectives for sustainable development by enhancing the decision-making process of the Board through the perspectives derived from the various skills, business experience, industry discipline, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the Directors.

When reviewing and assessing the composition of the Board and making recommendations to the Board for the appointment of Directors, the NC will consider all aspects of diversity in order to arrive at an optimum balanced composition of the Board.

The Board has adopted the NC's initial recommended target to achieve a level of at least 20% female representation on its Board by 2020. With Ms Tan Yee Peng and Ms Lim Yin Nee Jenny on the Board, it has achieved its target ahead of 2020 with a 25% female representation.

Noting the recommendation of the Council for Board Diversity for listed companies to have 25% female representation on their boards by 2025 and 30% by 2030, the NC will try to ensure that:

(a) if external search consultants are used to search for candidates for Board appointments, the brief will include a requirement to also present female candidates;

(b) when seeking to identify a new Director for appointment to the Board, the NC will request for female candidates to be fielded for consideration;

(c) female representation on the Board be continually improved over time based on the set objectives of the Board; and

(d) at least one female Director continues to be appointed to the NC. The NC currently has 2 female Directors.

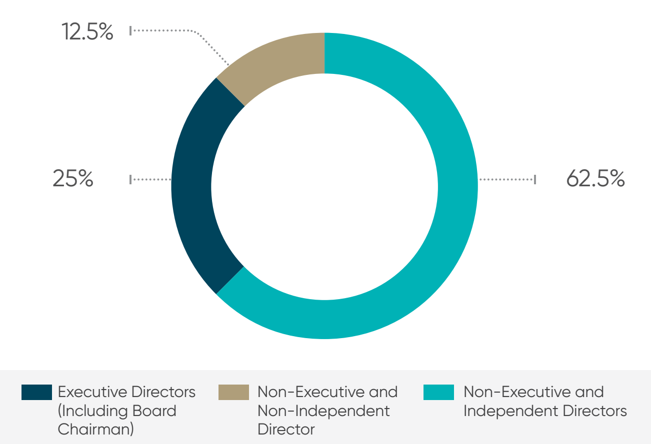
The final decision on the selection of Directors will be based on merit against an objective criterion that complements and expands the skills and experience of the Board as a whole, and after having given due regard to the overall balance and effectiveness of a diverse Board.

The Board currently comprises business leaders and professionals with real estate, hospitality, financial (including audit, accounting and tax), legal, risk management and business management qualifications and backgrounds. When reviewing candidates for Board appointment, the NC will be considering candidates from other disciplines e.g. legal and information technology, in order to provide more diverse viewpoints and introduce additional skills set to the Board.

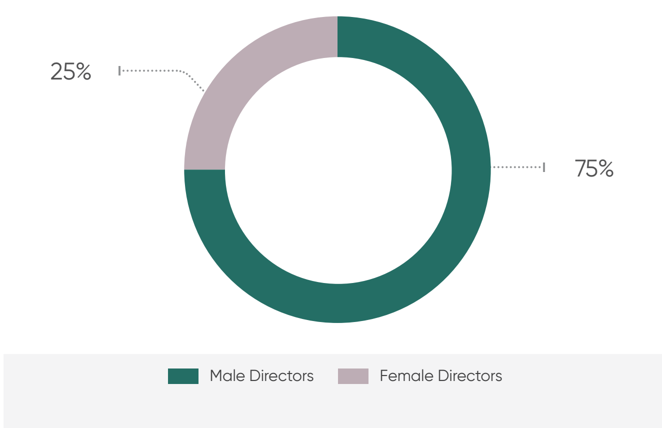
The Board has two female members, and Directors with ages ranging from mid-40s to more than 70 years old, who have served on the Board for different tenures. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction. Further information on the individual Directors' background, experience and skills can be found in the 'Board of Directors' section in the Annual Report 2019 ("AR").

BOARD COMPOSITION, DIVERSITY AND BALANCE

Independence

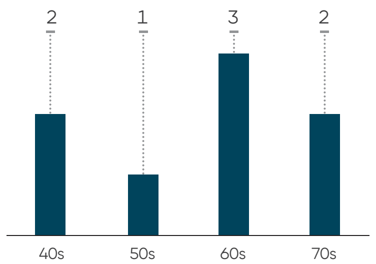


Gender Diversity



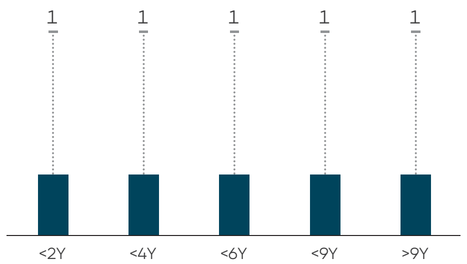
Directors' Age Group

AS OF 16 MARCH 2020



Independent Directors' Length of Service

AS OF 16 MARCH 2020



Board Skill Sets	
Industry Expertise	**Specific Expertise**
• Real estate development	• Business entrepreneurship and management
• Real estate investment	• Strategic planning
• Hospitality	• Audit and tax
• Fund management	• Accounting and financial management
	• Risk management
	• Legal

Having considered the scope and nature of the operations of the Group, the Board is satisfied that the current composition mix and size of the Board provide for diversity and allow for informed and constructive discussion and effective decision-making at meetings of the Board and Committees. The Board will however continue to review opportunities to refresh the Board with a view to expanding the skills, experience and diversity of the Board as a whole.

NEDs' Participation (Provision 2.5)

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 unbiased and independent views, constructive input and the independent review and monitoring of performance of the Company and Management. A meeting of the NEDs and a separate meeting of the IDs chaired by the Lead ID were held in 2019 without the presence of Management. The NEDs would also confer among themselves without the presence of Management as and when the need arose. The Lead ID collates the feedback from the NEDs and communicates the same to the Board and/or the Board Chairman as appropriate.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Roles of the Executive Chairman and the Group Chief Executive Officer (Provisions 3.1 and 3.2)

The roles of Chairman of the Board and the Group CEO are separate to ensure a clear division of responsibilities and increased accountability.

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, leading the Board in its review of the Group's strategies for sustainable growth. As the Board Chairman with written terms of reference approved by the Board, Mr Kwek Leng Beng also promotes and leads the Group in its commitment to achieve and maintain high standards of corporate governance. He bears primary responsibility for the workings of the Board, by ensuring effectiveness in all aspects of its role including setting the agenda for Board meetings with input from Management, ensuring sufficient allocation of time for thorough discussion of key agenda items at Board meetings, promoting an open environment within the Boardroom for constructive debate, encouraging the NEDs to speak freely and contribute effectively, and exercising control over the quality, quantity and timeliness of information flow between the Board and Management. At AGMs 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 overall executive responsibility for the Group's business. Mr Kwek Leng Beng is assisted by the Group CEO, Mr Sherman Kwek. The Group CEO leads the members of the Management team and is responsible for implementing and reviewing the business direction and strategies for the Group as endorsed by the Board, and for operational performance and organisational excellence. He is the elder son of the Executive Chairman.

The Board has considered Mr Kwek Leng Beng's role as an Executive Board Chairman, the written terms of reference for the Board Chairman as approved by the Board, and the strengths he brings to such a role by virtue of his stature and experience. Through the establishment of various Committees with power and authority to perform key functions without the undue influence from the Board Chairman, and the putting in place of internal controls for proper accountability and to allow for effective oversight by the Board of the Company's business, the Board ensures that there is appropriate balance of power which allows the Board to exercise objective decision-making in the best interests of the Company. The Board is of the view that Mr Kwek Leng Beng's role as an Executive Board Chairman would continue to facilitate the Group's decision-making and implementation process without diminishing the capacity of the Board for independent decision-making.

Lead Independent Director (Provision 3.3)

Taking cognisance that the Board Chairman is an Executive Director and thus not independent, the Board has designated a Lead Independent Director who serves as a sounding board for the Board Chairman and also as an intermediary between the NEDs and the Board Chairman. The current Lead ID is Ms Lim Yin Nee Jenny. 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. The Lead ID is available to shareholders should they have concerns which cannot be resolved or are inappropriate to raise through the normal communication channels of the Board Chairman or the Management. No query or request on any matter which requires the Lead ID's attention was received from shareholders in 2019. Under the chairmanship of the Lead ID, a meeting of the NEDs and a meeting of the IDs were convened in 2019 without the presence of Management or the Board Chairman, and the views expressed by the NEDs and IDs at these meetings were communicated by the Lead ID to the Board Chairman and the Management, as appropriate.

PRINCIPLE 4: BOARD MEMBERSHIP

NC Composition and Role (Provisions 4.1 and 4.2)

Three out of the four members of the NC, including the NC chairman, are independent Directors. The Lead ID is one of the independent members of the NC.

The NC's responsibilities as set out in its written terms of reference approved by the Board, are to examine Board size, review all Board and Committees composition and membership, board succession plans for the Directors (including the Board Chairman) and the Key Management Personnel, determine each Director's independence annually and as and when circumstances require, evaluate performance of the Board as a whole, its Committees and the individual Directors, review appointments and re-appointment of Directors (including alternate directors, if any) and the reasons for resignations of Directors, review appointments and the reasons for resignations and terminations of the Executive Chairman and the Key Management Personnel which includes the Group CEO, the Group General Manager ("Group GM"), the Group Chief Strategy Officer ("Group CSO"), the Group Chief Investment Officer ("Group CIO"), the Group Chief Financial Officer ("Group CFO"), review and confirm the induction programmes for newly appointed Directors and for existing Directors in respect of their appointments to any of the Committees and review the training and continuous professional development programme for the Directors. Two NC meetings were held in 2019. The Company Secretaries maintain records of all NC meetings including records of discussions on key deliberations and decisions taken.

For the financial year under review, the NC conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities, which was facilitated through the use of a self-assessment checklist ("NC Self-Assessment Checklist"). The NC Self-Assessment Checklist covered, *inter alia*, the responsibilities of the NC under its terms of reference and considered also the contributions of NC members to the deliberation and decision-making process at NC meetings.

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

Re-Nomination of Directors and Determination of Independence (Provisions 4.3 and 4.4)

The NC reviews annually the nomination of the relevant Directors for re-election as well as the independence of Directors. When considering the nomination of Directors for re-election, 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/or other principal commitments, and also reviews their independence having regard to the provisions in the applicable SGX Listing Rule 210(5)(d) and Provision 2.1 of the 2018 Code. The recommendation of the NC on the annual nomination of the Directors for re-election is submitted to the Board for decision and thereafter tabled at the AGM of the Company for consideration and approval by shareholders.

The Constitution of the Company provides that not less than one-third of the Directors for the time being, shall retire as Directors at each 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.

In accordance with the Constitution of the Company, Mr Kwek Leng Beng, Ms Tan Yee Peng and Mr Koh Thiam Hock are due to retire by rotation at the forthcoming AGM ("2020 AGM") and have offered themselves for re-election at the 2020 AGM. Mr Sherman Kwek, being a Director appointed by the Board in 2019, will also retire and has offered himself for re-election at the 2020 AGM. The NC has considered their contribution and performance and recommended to the Board to nominate their re-election at the 2020 AGM.

Criteria and Process for Nomination and Selection of New Directors (Provision 4.3)

The NC interviews shortlisted candidates before formally considering and recommending them for appointment to the Board and where applicable, to the Committees. Searches for potential candidates generally take into account recommendations from the Directors and various other sources, including candidates which may be suggested by SID, the Council for Board Diversity and other relevant organisations. Should it be necessary, the NC may consider the use of external search firms to find appropriate candidates. Shortlisted candidates would be required to furnish their curriculum vitae containing information on their academic/professional qualification, work experience, employment history and experience (if any) as directors of listed companies.

In reviewing and recommending to the Board any new Director appointments, the NC considers:

(a) the candidate's track record, experience and capabilities or such other factors including age and gender, as may be determined by the NC to be relevant and which would contribute to the Board's collective skills;

(b) any competing time commitments if the candidate has multiple listed company board representations and/or other principal commitments;

(c) the candidate's independence, in the case of the appointment of an independent NED; and

(d) the composition requirements for the Board and Committees after matching the candidate's skills set to the requirement of the relevant Committees (if the candidate is proposed to be appointed to any of the Committees).

Key Information on Directors (Provision 4.5)
Please refer to the 'Board of Directors' section in the AR for key information on the Directors, including their date of first appointment and latest re-appointment to the Board, their academic/professional qualification, major appointments/principal commitments, directorships held in listed companies both currently and in the preceding three years, and other relevant information; 'Additional Information on Directors seeking re-election at the 57th Annual General Meeting'; and the Notice of AGM for information on Directors proposed for re-election at the 2020 AGM.

Succession Planning for the Board, the Board Chairman and Key Management Personnel (Provision 4.1)
The Board believes in carrying out succession planning for itself, the Board Chairman and the Key Management Personnel to ensure continuity of leadership. Board renewal is a continuing process and in this regard, the NC reviews annually the composition of the Board and Committees, which includes size and mix, 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 strategy and 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.

As part of the ongoing Board renewal process, Ms Lim Yin Nee Jenny joined the Board as an independent NED in June 2018.

Mr Sherman Kwek Eik Tse, the Group CEO, was appointed as an Executive Director in May 2019. He assumed his current role as the Company's Group CEO in January 2018, having held previous positions as the Deputy CEO and the Chief Investment Officer of CDL and the CEO of CDL China Limited. Mr Sherman Kwek has been spearheading the Group's expansion in China, Japan and Australia for many years and also broadened the Group's presence in the United Kingdom by acquiring prime office assets there while substantially replenishing CDL's land bank in Singapore. Under his leadership, the Group embarked on a Growth, Enhancement and Transformation (GET) strategy to expand its presence, enhance its existing portfolio, strengthen recurring income streams, develop a fund management business and enable significant transformation through strategic investments and innovation, all of which with the ultimate goal of maximising shareholder value. The NC and the Board viewed Mr Sherman Kwek's appointment as Executive Director as adding further depth and diversity to the Board's collective experience, skills and perspectives, all of which are important contributors towards robust and effective decision-making. He shares the Board's commitment and responsibility for the long-term success of the Group and to uphold high standards of corporate governance and business integrity in the Group's business activities.

Board Development (Provision 4.5)
The NC reviews the training and development of the Directors to ensure that Directors receive appropriate development on a continuing basis, to perform their roles on the Board and where applicable, the Committees. The Directors are provided with updates and/or briefings to assist them to properly discharge their duties. The briefings are conducted either internally with invited speakers, or externally, at the Company's expense. A separate programme is established for new Directors, details of which together with details of the internal briefing and updates provided to the Directors in 2019 are set out in the paragraph under the subject heading "Board Orientation and Training".

The Board is kept apprised twice yearly on the list of training programmes attended by the Directors during the year.

PRINCIPLE 5: BOARD PERFORMANCE
Board Evaluation Process (Provision 5.1)
The Company has in place a formal process for assessment of the effectiveness of the Board as a whole, the various Committees and the contribution by each Director towards the effectiveness of the Board and the Committees. No external facilitator has been used. The NC assesses the Board's performance as a whole annually, using objective and appropriate 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 role on strategy and performance, the Board's process and governance (including oversight on risk management and internal controls), the Board's competencies and effectiveness and the effectiveness of the Board Chairman. 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 NC also undertook an evaluation of the performance of the Committees, specifically the ARC, the RC and the BSC with the assistance of self-assessment checklists completed by these Committees.

The annual evaluation process for the Board Chairman's and the individual Director's performance comprises two parts: (a) review of background information concerning the Director including his attendance records at Board and Committee meetings; and (b) NC's evaluation based on certain assessment parameters, which were recommended by the NC and approved by the Board.

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 Board Chairman (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-election of retiring Directors. The Board Chairman, as a member of the NC, is fully apprised of the results of the performance evaluation for the individual Directors and would take into consideration such evaluation and act as appropriate on the recommendations of the NC. 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 (Provision 5.2)
The qualitative criteria used by the NC to evaluate the Board covers six key areas relating to Board composition, Board independence, Board's review of the Company's strategy and performance, Board's oversight on the Company's governance, including risk management and internal controls, and the effectiveness of the Board Chairman and Board processes.

The quantitative criteria used to evaluate the overall Board performance comprises quarterly performance indicators which include a comparison of the Group's performance (including segmental performance) for the financial period under review against the Group'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 (Provision 5.2)
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 knowledge and contribution to Board processes and the business strategies and performance of the Group. The performance evaluation of each Director is taken into account in the NC's consideration with regard to their re-election as Director.

REMUNERATION MATTERS
PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES
RC Composition and Role (Provisions 6.1, 6.2, 6.3 and 6.4)
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"). Further, in consultation with the NC and the Management, the RC also considers the talent management framework so as to align with its review of the overall remuneration framework.

The Company has in place a remuneration framework (which covers all aspects of remuneration) for the Directors and the KMP. The Company has currently identified the Group CEO, the Group GM, the Group CSO, the Group CIO and the Group CFO, who are the most senior members of the Management team as its KMPs. With the privatisation of M&C, the Company has included the senior management at M&C, specifically its Executive Directors and the position of the M&C Chief Executive Officer as KMPs within the Group. On an annual basis, the RC reviews and recommends the specific remuneration packages for the Directors and the KMPs including the annual increments, year-end and variable bonuses to be granted to the Executive Chairman and the KMPs for approval by the Board. The RC also considers the contracts of employment of the KMPs to ensure that they do not contain any unfair or unreasonable termination clauses.

In 2019, the RC was provided benchmarking data from Willis Towers Watson, external remuneration consultants, on the remuneration for top executives in regional listed real estate companies of comparable size to the Company and in the top listed companies in Singapore across all industries. The RC used the surveyed data to help them in their consideration and proposal of the appropriate level of remuneration for the Company's KMPs to attract, retain and motivate for sustained performance and value creation. The Company has no relationship with the appointed remuneration consultants other than their engagement to provide such benchmarking data, which could affect the said consultants' independence.

The Company Secretaries maintain records of all RC meetings including records of discussions on key deliberations and decisions taken. Two meetings of the RC were held in 2019.

For the financial year under review, the RC conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities, which was facilitated through the use of a self-assessment checklist ("RC Self-Assessment Checklist"). The RC Self-Assessment Checklist covered, *inter alia*, the responsibilities of the RC under its terms of reference, and considered also the contribution of RC members to the deliberation and decision-making process at RC meetings.

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

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION
Remuneration of Directors and KMPs (Provisions 7.1, 7.2 and 7.3)
The Company's remuneration policy for Directors comprises the following distinct objectives:

- to ensure that the procedure for determining remuneration for Directors is formal and transparent;
- to ensure that the level of remuneration is sufficient (without being excessive) to attract and retain Directors to exercise oversight responsibility over the Company; and
- to ensure that no Director is involved in deciding on his own remuneration.

In reviewing the remuneration packages of the Executive Chairman and the KMPs, the RC, with the assistance of the human resource advisers or consultants within the Hong Leong Group, considers the level of remuneration based on the Company's remuneration policy which comprises the following distinct objectives:

- to reward employees for achieving corporate and individual performance targets in a fair and equitable way; and
- to ensure that the remuneration reflects employees' duties and responsibilities.

The Company advocates a performance-based remuneration system that is flexible and responsive to the market, and the performance of the Group's business units and individual employees. In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between the current and longer term objectives of the Company.

Based on the Remuneration Framework, the remuneration packages for the Executive Chairman and KMPs comprise a fixed component (in the form of a base salary, a 13th month Annual Wage Supplement and, where applicable, fixed allowances determined by the Company's Human Resource policies) and variable components (which would normally comprise short-term incentives in the form of year-end and variable bonuses) together with benefits-in-kind, if any.

When determining the fixed and variable components for a KMP, the KMP's individual performance is taken into consideration and remuneration recommendations are reviewed in the light of any annual guidance from the National Wages Council, competitive market practices and information gathered from market surveys conducted by the Company's Human Resource department.

This is further reviewed along with the Group's performance, taking into consideration specific key performance indicators (involving financial and non-financial indicators) tracked over time using the Company's balanced scorecard system that sets out the targets to be achieved by the Company based on its short and long term objectives, which are cascaded down to the various business units. The Company exercises its discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and promote the long-term success of the Company. The overall level of remuneration is not considered to be at a level which is likely to promote behaviour contrary to the Group's risk profile.

The Company currently does not discourage Directors from holding shares in the Company but note that there is no requirement under the Company's Constitution for Directors to hold shares in order to be qualified to act as a Director.

When reviewing the structure and level of Directors' fees, which comprise base director's fee and additional fees for services rendered on Committees, the RC takes into consideration the Directors' respective roles and responsibilities in the Board and Committees and the changes in the business, corporate governance practices and regulatory rules. The RC also compared the Company's fee structure against industry practices. 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. The RC is mindful that the remuneration for IDs should not be excessive so as to compromise or reasonably be perceived to compromise their independence. No Director is involved in deciding his or her own remuneration.

Each of the Directors receives a base Director's fee. The Lead ID also receives an additional fee to reflect her expanded responsibility. Directors who serve on the various Committees (other than the BC) also receive additional fees in respect of each Committee that they serve on, with the chairmen of the Committees (other than the BC) receiving a higher fee in respect of their service as chairman of the respective Committees.

The structure of the fees payable to Directors of the Company for FY 2019 is as follows:

Appointment	Per annum
Board of Directors	
- Base fee	$70,000
Audit & Risk Committee	
- ARC Chairman's fee	$90,000
- ARC Member's fee	$70,000
Nominating Committee	
- NC Chairman's fee	$22,000
- NC Member's fee	$15,000
Remuneration Committee	
- RC Chairman's fee	$22,000
- RC Member's fee	$15,000
Board Sustainability Committee	
- BSC Chairman's fee	$8,000
- BSC Member's fee	$5,000
Lead Independent Director's fee	$12,000
	Per meeting
Attendance fee payable for attendance in person or via teleconference or video conference at each meeting of the Board or Committee	$5,000

PRINCIPLE 8: DISCLOSURE OF REMUNERATION

Disclosure of Remuneration (Provisions 8.1(A) and 8.3)

The compensation packages for employees including the Executive Chairman and the KMPs comprised a fixed component (in the form of a base salary and fixed allowances), a variable component (which would normally include 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.

During the year, there was no termination, retirement or post-employment benefits granted to any Director or KMP.

Directors' and Group CEO's remuneration for FY 2019, rounded off to the nearest thousand dollars including a breakdown in percentage terms of the components of the remuneration, is set out below:

	Base Salary* %	Variable Bonuses/ Allowances* %	Board/ Committee Fees** %	Other Benefits %	Total $'000
Executive Directors					
Kwek Leng Beng^	16	76	6	2	8,881
Sherman Kwek Eik Tse [(1)]^	30	66	3	1	2,835
Non-executive Directors					
Kwek Leng Peck^	-	-	100	-	190
Lim Yin Nee Jenny	-	-	100	-	299
Philip Yeo Liat Kok	-	-	100	-	172
Tan Poay Seng	-	-	100	-	115
Tan Yee Peng	-	-	100	-	248
Koh Thiam Hock	-	-	100	-	235

Notes:

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

** These fees comprise Board and Committee fees as well as meeting attendance fees for FY 2019, which are subject to approval by shareholders as a lump sum at the 2020 AGM.

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

(1) Mr Sherman Kwek Eik Tse, Group CEO, was appointed an Executive Director with effect from 15 May 2019.

Remuneration of Key Management Personnel (KMP) (Provisions 8.1(B) and 8.3)

Remuneration for KMP comprise a fixed component (in the form of a base salary, a 13th month Annual Wage Supplement and, where applicable, fixed allowances determined by the Company's Human Resource policies) and variable components (which would normally comprise short-term incentives in the form of year-end and variable bonuses) together with benefits-in-kind, if any.

When determining the fixed and variable components for a KMP, the KMP's individual performance is taken into consideration and remuneration recommendations are reviewed by the RC in the light of any annual guidance from the National Wages Council, competitive market practices and information gathered from market surveys conducted by the Company's Human Resource department. This is further reviewed along with the Group's performance, taking into consideration specific key performance indicators (involving financial and non-financial indicators) tracked over time using the Company's balanced scorecard system that sets out the targets to be achieved by the Company based on its short and long term objectives, which are cascaded down to the various business units. The Company exercises its discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and promote the long-term success of the Company. The overall level of remuneration is not considered to be at a level which is likely to promote behaviour contrary to the Group's risk profile.

The KMPs (who are not Directors) in 2019 have been identified as follows:

1. Mr Chia Ngiang Hong, Group General Manager
2. Mr Kwek Eik Sheng, Group Chief Strategy Officer and also Executive Director of M&C
3. Mr Frank Khoo, Group Chief Investment Officer
4. Ms Yiong Yim Ming, Group Chief Financial Officer

The aggregate remuneration paid to all of the above top KMPs of the Company in FY 2019, including the Group CEO, is $9,519,404 which amount included directors' fees paid or payable by subsidiaries of the Group.

As set out above, the Company has taken the further step to identify its KMPs and provided disclosure of the aggregate remuneration paid to these KMPs for FY 2019. The Company however maintains its view that it is not in its interest to disclose the remuneration of each of its KMP, whether in bands of $250,000 or to the nearest thousand dollars. Having considered the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues. There would be negative impact to the Company if members of the experienced and qualified senior management team are poached, which may affect the ability to both nurture a sustainable talent pool and ensure the smooth continuity in leadership critical for the achievement of the strategic objectives of the Company. The Company believes that shareholders' interest will not be prejudiced as a result of such non-disclosure of the remuneration for each of the Company's KMP, and with the Company's disclosure on the aggregate remuneration of the identified KMPs, shareholders are provided an insight into the level of remuneration paid to the identified KMPs.

Remuneration of Directors' Immediate Family Members for FY 2019 (Provision 8.2)

There are no other employees of the Company who are substantial shareholders of the Company or immediate family members of a Director or the Group CEO, and whose remuneration exceeds $100,000 during the year.

Share Option Schemes (Provision 8.3)

Whilst the Company currently does not have a share option or long-term incentive scheme in place, it will consider the establishment of other forms of longer term incentive as and when appropriate. When such long-term incentive scheme is established in due course with the assistance of external advisers, the Company will consider the inclusion of claw-back provisions within the scheme which would give the right to the Company to reclaim incentive components from participants in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Company.

ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Directors recognise that they have overall responsibility to ensure proper financial reporting for the Group and the adequacy 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 and their board committees, comprising a majority of independent directors, of the Group's separately listed subsidiaries are responsible for the oversight of their respective groups' corporate governance, and to ensure the adequacy and effectiveness of their respective groups' internal controls and risk management systems. The Directors of the Company rely on the boards and board committees of these listed subsidiaries to ensure that steps are taken for adoption and implementation of appropriate corporate governance practices, internal controls and risk management systems within their respective groups. Further information on the corporate governance practices, internal controls and risk management systems of the Group's listed subsidiaries can be found in the corporate governance statements of these public listed subsidiaries as published in their respective annual reports.

Oversight of Risk Management (Provision 9.1)

The ARC assists the Board in providing oversight of risk management in the Company. It is responsible for reviewing the adequacy and effectiveness of the Group's risk management systems and internal controls, including financial, operational, compliance and IT controls and reporting to the Board annually its observations on any matters under its purview including any risk management, internal controls or financial and management matters as it considers necessary and makes recommendations to the Board as it thinks fit. In this regard, the ARC takes into account the primary responsibility of the boards and audit and risk committees of the Group's listed subsidiaries for their own internal controls and risk management systems.

The Company has in place an Enterprise Risk Management Framework, which is subject to review periodically. The implementation and maintenance of the Company's risk management framework is undertaken by the Risk Management Committee, comprising the Management team, which in turn reports to the ARC on a quarterly basis on strategic and other key business risks as well as provides updates on the risk management activities of the Company's business operations Significant strategic and other key risks identified are assessed, managed and monitored adequately within the Company's risk management framework. These strategic and other key risks are also being reviewed and refreshed to ensure relevant emerging risks are being considered and included for proper assessment, monitoring and reporting as appropriate. The risk management framework includes a periodic review of the risk appetite statements and risk tolerance limits for these key risks, which statements and limits are considered and endorsed by the ARC and the Board.

Having regard to the risks which the business is exposed to, the likelihood of such risks occurring and the risk tolerance accepted by the Company, 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 55 to 60 of this AR.

As part of the internal and external audit programmes, the internal and 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 internal and external auditors.

The ARC reviewed the adequacy and effectiveness 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 team.

Assurances from the Key Management Personnel (Provision 9.2)

(i) Written assurance was received from the Group CEO and the Group CFO that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(ii) written assurance was received from the Group CEO and the KMPs that the Group's risk management and internal controls systems in place were adequate and effective to address the principal risks (including financial, operational, compliance and IT risks) within the current scope of the Group's business operations.

The above written assurances on the Group's risk management and internal controls systems are provided every quarter and are supported by similar written assurances provided by the heads of the Group's key operating divisions/functions and key operating subsidiaries.

The Group's separately listed subsidiaries have respective boards who are responsible for the oversight of their respective groups' internal controls and risk management systems. Written assurance is received from the senior management team of these listed subsidiaries, on the adequacy and effectiveness of the risk management and internal controls systems of their respective groups.

With the completion of the delisting and privatisation of M&C in the last quarter of 2019, CDL is in the midst of the integration process with M&C to ensure that key aspects of M&C's governance regime, internal controls and risk management systems are substantially aligned with those of the Company. In the absence of any adverse disclosure by M&C directors prior to the delisting of M&C, and the work performed by Internal Auditors during the financial year, as well as the statutory audit performed by the external auditors, and the written assurances from Management, the Board with the concurrence of the ARC, is of the opinion that the internal controls and risk management in place as at 31 December 2019 to address the financial, operational, compliance and IT risks are adequate and effective in the context of 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 10: AUDIT & RISK COMMITTEE

Composition of the ARC (Provisions 10.2 and 10.3)

The ARC comprises three NEDs, all of whom including the chairman of the ARC are independent. The chairman of the ARC, Ms Lim Yin Nee Jenny, and one other member of the ARC, Ms Tan Yee Peng, being the majority of the ARC, possess the relevant audit, accounting or related financial management and risk management expertise and experience, whilst the remaining member of the ARC, Mr Koh Thiam Hock, has financial and risk management background.

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.

Based on the terms of reference of the ARC, a former partner or director of the Company's existing auditing firm or auditing corporation should not act as a member of the ARC: (a) within a period of two years commencing on the date of his or her ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for as long as he or she has any financial interest in the auditing firm or auditing corporation. Although two of the ARC members, namely Ms Lim Yin Nee Jenny and Ms Tan Yee Peng, were previously partners of the Company's existing auditors, KPMG LLP, they have ceased to be partners at least 10 years ago, and confirmed that they do not have any financial interest in KPMG LLP. The remaining ARC member does not have any relationship with the Company's existing auditors.

Powers and Duties of the ARC (Provision 10.1)

The ARC is authorised by the Board to review or investigate any matters it deems appropriate within its terms of reference and has direct and unrestricted access to the external and 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 adequacy and 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, 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 significant financial reporting issues and judgements so as to ensure the integrity of the quarterly and full year financial statements of the Group to be issued by the Company before their submission to the Board and any other announcements relating to the Group's financial performance;
- to review annually the scope and results of the external audit and the independence and objectivity of the external auditors, and in this regard to also review the nature and extent of any non-audit services provided by the external auditors to the Group;
- 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 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, and to consider the results of their review and evaluation of the Group's internal controls, including financial, operational, compliance and IT controls, and risk management policies and systems;
- 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 oversee the establishment and operation of the Company's whistle-blowing policy and arrangements put in place for raising concerns about possible improprieties on matters of financial reporting or any other matters.

In the review of the financial statements for the year ended 31 December 2019, the ARC has discussed with both the Management and the external auditors the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with Management and the external auditors:

Significant Matters	How the ARC reviewed these matters and what decisions were made
Valuation of development properties	The ARC considered the approach and methodology applied in assessing the net realisable values of development properties especially development properties with low margins. Where appropriate, the ARC had inquired of Management on its basis and its strategy to sell the unsold units. The ARC reviewed either Management's or the valuers' underlying assumptions on estimated future selling prices by comparing to recent transacted price or prices of comparable properties located in the vicinity of the Group's development projects. The ARC also noted the historical accuracy of Management's estimate of future selling prices in assessing the reasonableness of the estimated future selling prices. The ARC also considered the findings of the external auditors on Management's assessment of the net realisable value of these development projects. The ARC was satisfied with the approach and assessment adopted by Management in arriving at the net realisable value of the development properties as at 31 December 2019. The valuation of the development properties was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in their audit report for the financial year ended 31 December 2019. Refer to page 110 of the AR.
Valuation of hotel assets	The ARC considered the approach and methodology applied in assessing the valuation of the hotel assets. More than 90% of the hotel assets is held under M&C, a subsidiary in which the Group privatised in October 2019. The ARC reviewed the approach adopted by Management of this subsidiary and its external auditors and examined Management's recommendations in respect of the valuations of the hotel properties conducted by external valuers, including the review of the methodologies and key assumptions applied in the valuation of hotel properties such as forecasted cashflows, future market growth, occupancy rates, average room rate growth, discount rates and terminal rates in the valuation model. The ARC was satisfied with the valuation process and the valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies used are in line with generally accepted market practices and the key assumptions used are within the range of market data. The valuation of the hotel assets was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in their audit report for the financial year ended 31 December 2019. Refer to page 111 of the AR.

Provision 10.5

The ARC held six meetings during the year and carried out its duties as set out within its terms of reference. The Company Secretaries maintain 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.

The ARC members keep themselves abreast of changes to accounting standards and tax and other issues which may have a material impact on financial statements. These included the following trainings attended in 2019:

- 2019 ACRA-SGX-SID Audit Committee Seminar
- KPMG Singapore Budget 2019 Breakfast Briefing
- SFRS (I) 15 Revenue from Contracts with Customers and its Application to the Construction Industry
- AC Pits Stops: Elevating The AC Role With Analytics And AC Commentary
- SFRS (I) 16 Leases
- SID Audit Committee Chairmen's Conversation
- Tax seminar on Budget 2020
- Anti-money laundering and countering financing of terrorism

For the financial year under review, the ARC conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities, which was facilitated through the use of a self-assessment checklist ("ARC Self-Assessment Checklist").

The ARC Self-Assessment Checklist covered, *inter alia*, the responsibilities of the ARC under its terms of reference, and also considered the 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 cognisance 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 2019. In determining the independence of KPMG, the ARC reviewed all aspects of the Group's relationships with them including the policies, processes and safeguards adopted by the Group and KPMG to protect and preserve audit independence. The ARC also considered the nature and volume of the provision of the non-audit services in 2019 and the corresponding fees to ensure that such non-audit fees did not impair or threaten the audit independence. It was noted that the fees for non-audit services had not exceeded 50% of the aggregate amount of all fees paid/payable to KPMG in 2019. 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.

Details of the fees paid and/or payable by the Group in respect of audit and non-audit services for FY 2019 are set out below:

Auditors	Audit fees	Non-audit fees
Auditors of the Company	$3.2 million	$1.7 million
Other auditors	$3.8 million	$1.5 million

In reviewing the nomination of KPMG for re-appointment for the financial year ending 31 December 2020, the ARC had considered the adequacy of the resources, experience and competence of KPMG, and had reviewed the Accounting and Corporate Regulatory Authority's ("ACRA") Audit Quality Indicators Framework relating to KPMG at the firm level and on the audit engagement level. In addition, the ARC also considered the relevant experience of the engagement partner and key team members especially in the handling of audit of multi-listed entities in different jurisdictions and in the real estate and hospitality segments. The ARC had also looked at the audit team's ability to work in a co-operative manner with Management whilst maintaining integrity and objectivity and its ability to deliver their services professionally and within agreed time-lines.

KPMG has confirmed that they are registered with ACRA. 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 2020 AGM.

INTERESTED PERSON TRANSACTIONS

The Company had obtained shareholders' approval at its Annual General Meeting held on 26 April 2019 ("56th AGM") for the Company, its subsidiaries and its associated companies not listed on 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 Letter to Shareholders dated 26 March 2020, 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 is subject to annual renewal by the shareholders. 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 2020 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 or procedures for determining the transaction prices of the IPTs conducted under the IPT Mandate have remained appropriate since shareholders approved the renewal of the IPT Mandate at the 56th AGM, and the methods or procedures continue to be sufficient to ensure that these IPTs 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:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions in FY 2019 (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 2019 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than $100,000) $'000	
Subsidiaries of Hong Leong Investment Holdings Pte. Ltd.	Hong Leong Investment Holdings Pte. Ltd. is a controlling shareholder of the Company. Its subsidiaries are interested persons being associates of a controlling shareholder.	Joint Venture Shareholders' Loans	20,179*	Property-related (a) Provision to interested persons of housekeeping services for a hospitality development; and (b) Lease of premises to interested persons	8,325
		Corporate Secretarial Services Provision of corporate secretarial services to interested persons	1,402	Management and Support Services Provision of management and consultancy services by interested persons	449
				Total:	8,774
Directors and their immediate family members and relatives			14,132**		Nil

Notes:
* The figure comprises the aggregate value of shareholders' loans extended to joint venture companies involving interested persons, and where applicable, interest accrued on shareholders' loans, in FY 2019, which were announced on 25 February 2020 pursuant to Rule 916(3) of the Listing Manual. 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.

** The figure comprises the aggregate value of the sale of property units in the Group's development project to immediate family members and relatives of a Director which were announced on 22 April 2019 pursuant to Rule 910 of the Listing Manual.

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 (Provision 10.1(F))

CDL has in place a whistle-blowing policy and procedure where employees of the Company can raise in confidence, whether anonymously or otherwise, concerns on possible improprieties relating to accounting, financial reporting, internal controls and auditing matters or other matters without fear of reprisals in any form. The ARC has the responsibility of overseeing this policy which is properly 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 submission of reports and the identity of the whistle-blower concerned will not be disclosed if 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 whistle-blowing policy, together with the dedicated whistle-blowing communication channels (email and postal address as well as toll-free telephone contact numbers in various countries) are available on the Company's website and intranet and is easily accessible by all employees.

The whistle-blowing policy and procedures are reviewed by the ARC from time to time to ensure that they remain current.

For more information on the said policy and procedures, please refer to the Company's website at www.cdl.com.sg.

Internal Audit (Provision 10.4)

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. 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 and reviews his compensation within the compensation policies of the Company. 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 as well as the Group's documents, records, properties and personnel relevant for the performance of audits. In 2019, the ARC considered and approved the appointment of the new Head of IA, Mr Benson Seah.

IA operates within the framework stated in its IA Charter which is approved and reviewed by the ARC 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, Mr Benson Seah, and the Audit Managers are Certified Internal Auditors accredited by The Institute of Internal Auditors. Processes are in place to ensure that the professional competence of the IA staff is maintained and upgraded through continuing professional education programmes which comprises technical and non-technical training for the development of the IA staff.

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 the Company's compliance with the relevant laws, regulations and policies of the Company.

The ARC approved the annual IA plan and received regular reports during 2019 on the progress of the audit work under the IA plan. All IA reports are given to a designated member of the ARC, the Group CFO, the relevant KMPs and the Heads of the relevant business divisions with a summary report provided to the ARC at the quarterly ARC meetings. IA observations on internal 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 adapted from the framework recommended in the Guidebook for Audit Committees in Singapore issued in October 2008. 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 independent standing within the Group to perform its functions effectively.

SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Being committed to good corporate practices, the Company treats all shareholders fairly and equitably. To facilitate the exercise of shareholders' rights, the Company ensures that all material information relating to the Company and its financial performance is disclosed in an accurate and timely manner via SGXNET and uploaded at the Company's corporate website.

General Meetings (Provisions 11.1, 11.2, 11.3)

All shareholders are entitled to attend and vote at general meetings in person or by proxy. The rules for the appointment of proxies, including information that voting will be conducted by way of poll, are set out in the notice of general meetings. In accordance with the Constitution of the Company, shareholders who are not relevant intermediaries may appoint not more than two proxies to attend, speak and vote at general meetings in their absence, and shareholders who are relevant intermediaries may appoint more than two proxies to attend, speak and vote at general meetings. The proxy forms must be deposited at such place or places specified in the notice or document accompanying the notice convening the general meetings at least seventy-two hours before the time set for the general meetings.

The Company provides for separate resolutions at general meetings on each substantial issue, including treating the re-election 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.

At general meetings of the Company, shareholders are given the opportunity to communicate their views and are encouraged to ask the Directors and the Management questions regarding matters affecting the Company. The Board Chairman and the chairmen of the ARC, NC, RC and BSC and the external auditors were present at the last 2019 AGM. All Directors attended the 2019 AGM. The Board Chairman and the chairmen of the ARC, NC, RC and BSC and the external auditors will endeavour to be present at the 2020 AGM to assist the Management in addressing queries raised by the shareholders.

Voting at General Meetings (Provision 11.4)

Shareholders are given the opportunity to vote at general meetings either in person or in absentia by way of appointed proxy (proxies). However, 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 electronic means.

Pursuant to Rule 730A(2) of the Listing Manual, all resolutions to be proposed at the 2020 AGM and at any adjournment thereof shall be put to the vote by way of poll.

In support of greater transparency and to allow for a more efficient voting system, the Company has been conducting electronic poll voting instead of voting by show of hands since the 2012 AGM and will continue to do so in respect of all resolutions proposed at the 2020 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 on-screen at the meeting. The detailed results setting out the number of votes cast for and against each resolution and the respective percentages will be announced via SGXNET after the 2020 AGM. The detailed procedures for the electronic poll voting would be explained at the AGM. An external firm is appointed as scrutineers for the AGM voting process, which is independent of the firm appointed to undertake the electronic poll voting process.

Minutes of General Meetings (Provision 11.5)
The Company also maintains minutes of its general meetings, which include the key comments and queries raised by shareholders and the responses from the Board, Management and/or the external auditors. The minutes of the general meetings are available on the Company's corporate website, and the Company will also furnish the general meeting minutes to any shareholder upon request.

Dividend Policy (Provision 11.6)
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 12: ENGAGEMENT WITH SHAREHOLDERS
The Company notifies its investors in advance of the date of release of its financial results via SGXNET. For FY 2019, results for the first, second and third quarter were released via SGXNET within 45 days of the end of each quarter whilst the full year results were released within 60 days from the financial year end. In presenting the Group's financial results, the Board aims to provide investors 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 Group CEO and the Group CFO provided assurance to the ARC and the Board 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 Company ensures that investors are notified of all material information in an accurate and timely manner. Should there be an inadvertent disclosure made to a select group, the Company will release the same information as promptly as possible via SGXNET. 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.

Shareholder Communication (Provision 12.1)
Shareholders and investors can contact the Company or access information on the Company at its website at www.cdl.com.sg which has a dedicated "Investors & Media" link that provides, *inter alia*, information on the Board of Directors, Key Management Personnel and Senior Management team, the Company's Corporate Governance Reports, Sustainability Reports, Annual Reports, Corporate Policies, Announcements, Press Releases and Financial Results as released by the Company on SGXNET, and other information which may be relevant to investors. In addition, the Company leverages on other communication platforms such as its e-publication, City News (www.cdl.com.sg/citynews) and social media channels (LinkedIn, Twitter and Instagram) to provide latest updates on the Group's business and performance milestones. Investors can subscribe to email alerts on the CDL website or follow its social media channels to receive updates on its latest news.

From time to time, the Board Chairman and the Company's Management hold briefings with analysts and the media to coincide with the release of the Group's half-year and full-year financial results. Media presentation slides are also released on SGXNET and on the Company's website. A live video webcast was arranged for investors at the analysts/media briefing for the full year 2019 results in February 2020. In addition, the Management takes an active role in investor relations, meeting local and foreign fund managers regularly as well as participating in investor roadshows and conferences both locally and overseas. The Head, Investor Relations & Corporate Communications is responsible for managing the Group's investor relations programmes, including the communications with the financial community, research analysts and relevant stakeholders.

Investor Relations Policy (Provisions 12.2 and 12.3)
The Company is committed to building investor confidence and trust through effective open, two-way communication with shareholders and the investment community. The Company's Investor Relations (IR) Policy, available on the CDL corporate website (www.cdl.com.sg), sets out the process and mechanism to engage its stakeholders, including the channel of communication through which shareholders and investors may pose queries and through which the Company may respond. The IR Policy outlines the principles and framework in which the Company communicates and engages with investors, analysts and other IR stakeholders to provide balanced, clear and pertinent information. To provide investors with a better understanding of the Group's business and growth drivers, regular updates on the Group's strategies, operations and financial performance are available across multiple platforms.

Further information on the Company's investor relations policy and activities can be found on pages 61 and 62 of the AR.

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS
The Company undertakes a formal stakeholder engagement exercise every two years, which is facilitated by a third party, in order to determine the environmental, social and governance issues that are important to the Company's stakeholders. These issues form the materiality matrix upon which targets, metrics, initiatives and progress are reviewed by the Management team, reported to the BSC and the Board for approval, before they are published annually in the Company's sustainability report.

In late 2014, CDL embarked on materiality assessments with a comprehensive study conducted amongst key stakeholders to identify what matters most to its business and investors. In early 2016, a condensed materiality review was conducted to validate the key issues. Both studies covered online survey and one-on-one stakeholder interviews. In November 2017, CDL conducted a second comprehensive materiality study to get updated insights of key stakeholders' thoughts and expectations which provided strategic business insights for CDL's reporting initiatives, and helped to enhance its stakeholders' trust in CDL.

With the fast changing business landscape and externalities, the latest materiality assessment was conducted in 2019 with its key stakeholders, with the aim to sharpen its ESG strategy and focus resources on areas that are deemed most material to its business. The findings are important to support the scope of the Company's Integrated Sustainability Report 2020.

On a quarterly basis, CDL publishes an online Sustainability Report on its microsite at www.cdlsustainability.com. This voluntary initiative that started in July 2017 sets benchmarks for the transparency and timeliness of ESG disclosures to investors and stakeholders.

The BSC assists the Board in the review and consideration of the Company's sustainability issues and approach to sustainability reporting. The BSC comprises four Directors, namely three independent Directors, and the Group CEO. The BSC's terms of reference sets out, *inter alia*, the objectives, roles and responsibilities of the BSC and includes its purview over matters relating to the Company's environmental, social and governance (ESG) framework, ESG targets, the sustainability reporting framework and also the Company's policies, practices and performance on its material ESG factors which are significant and contribute to the Company's performance, business activities, and/or reputation as a global corporate citizen.

The Company also publishes an annual Integrated Sustainability Report ("ISR") that provides more details on CDL's ESG activities and performance. The dedicated report on CDL's sustainability efforts addresses the social and environmental impacts that are pertinent to the Company's business, as well as identifies the Company's key stakeholders and shares the Company's engagement with these stakeholders. CDL's ISRs are prepared in accordance with the Global Reporting Initiative (GRI) Standards, since 2017. Previous ISRs were aligned with GRI's G4 Guidelines at the Comprehensive level. CDL adopted the International Integrated Reporting Council's (IIRC) Integrated Reporting approach in ISR 2015 and SDG Reporting in ISR 2019. The Company will be issuing its ISR 2020 in the first quarter of 2020, concurrently with AR 2019. These ISRs are available on CDL's corporate website.

Further information on the Company's approach to stakeholder engagement and its materiality assessment can be found on pages 63 to 75 of the AR.

CORPORATE VALUES AND CONDUCT OF BUSINESS
The Board and 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 in place an internal code of business and ethical conduct crystallising the Company's business principles and practices with respect to matters which may have ethical implications. The code, which provides a communicable and understandable framework for employees to observe the Company's principles such as honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of the Company's business in their relationships with customers, suppliers and amongst employees, 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 the Company's policies and procedures, including those on internal controls and accounting;
- safeguarding and proper use of the 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.

CORPORATE GOVERNANCE

In line with the Board's commitment to maintain high ethical standards which are integral to its corporate identity and business, the Company has the following three key corporate policies in place:

(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 its 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 corporate website, intranet and have also been disseminated to officers and employees of the Group's key subsidiaries. These policies have been translated into Mandarin and Thai for dissemination to employees of the Group in the People's Republic of China and in Thailand.

The Company's policy on how it manages and protects personal data in accordance with the applicable regulatory requirements are set out in the CDL Personal Data Policy.

The Company has also set out the following sustainability policies which are available on the Company's corporate website:

- **Environmental, Health & Safety (EHS) Policy** – Established in 2003, the EHS Policy sets the strategic direction for all departments and employees towards creating a "Green & Safe" corporate culture, conserving resources and preventing pollution.
- **Human Rights Policy** – Sets out the Company's commitment in upholding fundamental principles of human and workplace rights in places where the Company operates. Beyond compliance to the local government's policy and national legislation in protecting human rights, CDL is committed to respecting human rights in all aspects of its stakeholder engagement such as equitable employment practices, non-discrimination, fair welfare and compensation, as well as workplace health and safety within its developments.
- **Climate Change Policy** – In line with CDL's corporate social responsibility strategy and commitment to "Conserve as We Construct" since 1995, the Company is dedicated to achieving low carbon operations with reduction targets set at 22% in 2020 and 25% in 2030. Recognising that a sizeable proportion of the Company's carbon footprint lies outside its business operations and direct control, the Company actively engages its supply chain and stakeholders to mitigate climate impact and to add value to the communities in which the Company operates.

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 employees. 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 will be one month before the date of announcement of the Company's first half year financial results and 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.

RISK MANAGEMENT

MANAGING RISKS TO REDUCE UNCERTAINTIES AND MAXIMISE OPPORTUNITIES

Managing risk is an integral part of the Group's business and we continually strive towards best risk management practices. The Group's Enterprise Risk Management (ERM) framework provides the principles and guidance for the Group's risk management activities.

CDL'S ERM FRAMEWORK

Four key pillars – foundation of ERM execution and implementation

Risk Strategy	Risk Culture
Risk Appetite	Risk Governance

Top-down and bottom-up approach for risk management and reporting

Risk Identification	Risk Assessment
Risk Response	Risk Monitoring

In 2019, the Group's ERM function implemented several initiatives targeted at strengthening the aspects of people and processes which are key elements to our risk management framework. Some notable initiatives include:

- **Compliance training:** Conducted tailored employee compliance training sessions on anti-money laundering/counter-terrorism financing, cyber threat and data privacy, to raise the level of awareness and understanding, as well as improve the capabilities of our first line of defence against such risks.
- **Fraud risk assessment:** Embarked on a Group-wide fraud risk assessment and review exercise, which involves reviewing the robustness of our internal controls to identify gaps and weaknesses that potentially expose the Group to fraud risk.
- **Control self-assessment:** Revamped the control self-assessment programme, with the assessment targeting risk drivers of identified key risks, to facilitate early identification of control gaps and areas for improvement.

With the successful privatisation of the Group's hotel arm in 2019, Millennium & Copthorne Hotels Limited (M&C) is now a wholly-owned subsidiary. As part of the integration process, the Group has embarked on aligning M&C's risk management framework and practices with the Group, ensuring that material risks are identified and duly considered. Moving forth, the Group will extend training initiatives to M&C to raise employees' risk management awareness and capabilities, as well as advocate sharing of key lessons learned across businesses.

The Group recognises that the COVID-19 outbreak is one of the biggest disruptors that has significantly affected businesses, communities and supply chains globally. On 11 March 2020, the World Health Organisation (WHO) declared the coronavirus outbreak as a pandemic given the rapid global spread.

Our Group's hotel operations and retail leasing segments are the most vulnerable to COVID-19's impact. For the hospitality sector, the Group's hotels in Singapore and Asia have continued to see occupancy rates decline with curtailed travel and booking cancellations, and the situation has not abated. With the outbreak of the virus in Europe and with the US implementing travel restrictions, the Group expects the hospitality industry to remain under pressure. Given the volatility and uncertainty of the current situation, it is difficult to predict the full impact from COVID-19. We have taken steps to help mitigate the risks associated with the outbreak, which are in line with the advisories issued by health authorities, such as the WHO and local government. As the COVID-19 situation evolves, we continue to enhance our business continuity plans and implement measures to ensure the well-being of our stakeholders and mitigate disruption to our operations. The Group will continue to proactively monitor developments related to the impact of the virus and adjust our measures accordingly.

RISK STRATEGY

The Group's risk strategy is developed on the premise that risk management is the responsibility of all employees and that it must be integrated into strategy formulation, capital allocation, decision making, and day-to-day operations. The fostering of strong and sustainable 'self-driven' risk culture is guided by defined principles that underpin the ERM operating model.

ERM Guiding Principles

- Line managers are to own risks and be accountable.
- Risk management activities hinge not only on processes and systems, but equally on a right mindset and attitude.
- Risk management is to be benchmarked against global best practices.

RISK CULTURE

On the premise that effective risk management requires a strong 'risk aware' culture to reinforce 'doing the right thing', our Management is fully committed to fostering a strong risk-centric culture through setting the appropriate tone at the top, and demonstrating strong support for risk management. Risk awareness and accountability are embedded in our culture through our governance structure that ensures appropriate oversight and accountability for effective management of risks throughout the Group, further supported by risk management principles that are embedded in all our decision-making and business processes.

RISK MANAGEMENT

RISK APPETITE

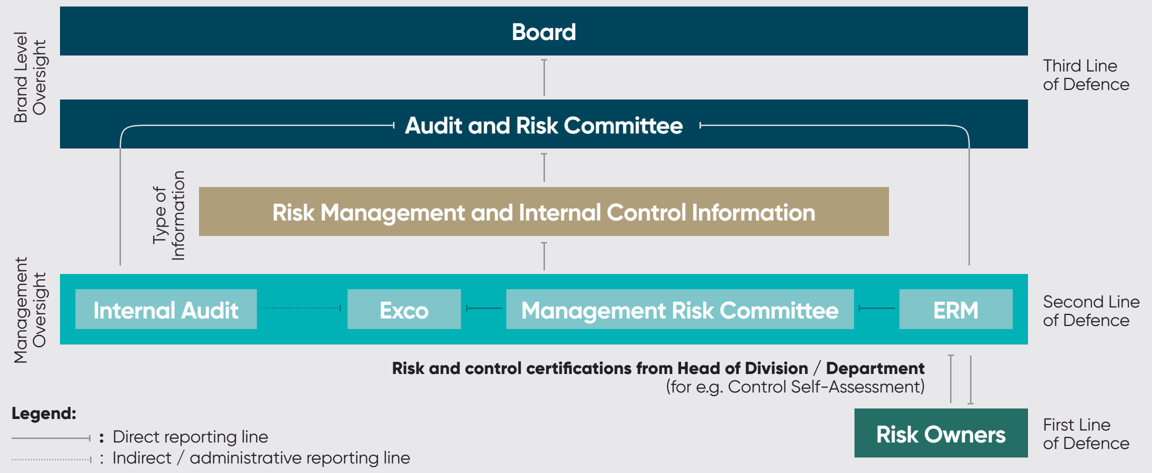
The risk appetite defines the extent of risks the Group is able and willing to take to achieve our strategic and business objectives. The establishment of a risk appetite framework does not limit risk-taking, but ensures that the Group's risk profile remains within tolerable boundaries as opportunities are maximised. The risk appetite statements, along with the accompanying risk tolerance limits in both quantitative and/or qualitative terms, are reviewed annually.

The Board has approved the following risk appetite statements:

- The Group will continue to focus on business activities in identified core markets. Apart from the core markets, the Group will otherwise not be overly exposed to any other single country.
- The Group is prepared to undertake new investment and innovation initiatives commensurate to expected returns, and/or are in line with the Group's core strength and strategic objectives. From acquisition to divestment, all investments undertaken should not have potential loss exposure that could significantly threaten the Group's going concern assumption.
- The Group will avoid any situations and/or actions that may result in negative impact on our reputation and branding. Should such situations arise, they will be managed aggressively to preserve our reputation and brand image.
- The Group will maintain adequate liquid assets to cover planned cash outflows and shall not take speculative positions on interest rates and foreign exchange.
- The Group will strive to maintain a 'zero-tolerance' position in relation to environmental, health and safety breaches or lapses, non-compliance with laws and regulations, as well as criminally dishonest acts such as fraud, corruption, bribery and extortion.
- The Group will minimise operational and Information Technology (IT) risk, subject to cost-benefit trade-off.

The Management Risk Committee monitors the Group risk profiles and regulatory compliance status at all times, and a report is provided by the ERM function to both the Management Risk Committee and Audit Risk Committee on a quarterly basis.

RISK GOVERNANCE STRUCTURE



RISK GOVERNANCE

The Group's risk governance structure, a 'Three Lines of Defence' model, illustrates how specific duties related to risk and control are assigned and coordinated within the Group, to facilitate timely risk identification, escalation, and provision of Board assurance.

First Line of Defence – Risk Owners –	Second Line of Defence – ERM and Internal Audit –	Third Line of Defence – Board Oversight –
The line managers of respective business and support functions are accountable and responsible for implementing and executing effective controls to manage the risks arising from their business activities. This includes establishing adequate managerial and supervisory controls to ensure compliance with policies, risk appetite, threshold limits and effective risk controls, and to highlight gaps, inadequacy of processes and unexpected risk events.	The ERM function is responsible for designing, implementing and improving the risk management framework as part of the Enterprise Risk Management and control assurance program. The Internal Audit department provides independent assurance on the adequacy and effectiveness of the internal controls and risk management framework. Both functions are also responsible for the independent review and monitoring of the Group's risk profile and highlighting any significant gaps and risk issues to the Management Risk Committee.	The Board is responsible for the governance of risk across the Group, while ensuring that Management maintains a sound system of risk management and internal controls. The Audit & Risk Committee (ARC) assists the Board in carrying out the Board's responsibility of overseeing the Group's risk management framework and policies. Our senior management surfaces significant risk issues for discussion with the ARC and the Board, to keep them fully informed in a timely manner. All ARC members, including the Chairman of the ARC, are non-executive independent directors.

RISK MANAGEMENT PROCESS

The Group adopts an integrated top-down and bottom-up risk review process that enables systematic identification and prioritisation of all material risks. An integral part of the process towards effective risk management is continuous communication and consultation with internal and external stakeholders. This enables the Group to understand the importance of risk management, to appreciate the decisions that are taken within the Group, and to implement the best policies and practices necessary for the benefit of the Group.

MATERIAL RISKS TO THE GROUP

The Group categorises its risk profiles into four key areas: Strategic, Treasury & Financial, Operational & Compliance, and Information Technology. These risks vary widely, with many beyond the Group's control. The Group is committed to mitigating risk exposure through appropriate risk management strategies and adequate internal controls. Close monitoring of control processes, including the use of appropriate key risk and key performance indicators, are implemented to ensure the risk profiles are managed within risk appetite and tolerance limits.

STRATEGIC RISK

A large part of the Group's strategic risks comprises market-driven forces, evolving business landscapes, changing customer demands and disruptive innovations. The Group remains vulnerable to uncertainties in the major economies, implications from geopolitical developments, keen competition and pressure in the real estate and hospitality industry.

Market & Competition

Given the geographical diversity of our business, the Group is exposed to various levels of event risks in major economies, as well as in key financial and property markets. The Group's principal business operations, comprising of property development, rental properties and hotel operations, face significant competition across the diverse markets in which they operate, and the failure to compete effectively in terms of price, market positioning, product quality, and service levels could adversely affect the Groups' financial condition and results of operations.

We manage by:

a) Monitoring macroeconomic trends, market conditions and developments, and formulating responses and pre-emptive strategies accordingly.

b) Strengthening our brand and competitiveness through product differentiation, market positioning, operational efficiency, transformation through innovation and creating new revenue generating platforms, as well as leveraging on a portfolio of distribution channel partners.

c) Diversifying of portfolio across geographies, focusing on core markets and cities where the Group has operational scale, and where underlying economic fundamentals are more robust.

Brand & Reputation

The Group's reputation is one of its most valuable assets, playing a major part in the continued success of the business. The assessment of reputational risk, due to the nature of this type of risk, is constantly evolving and dependent on numerous factors at any given point in time. Therefore, it is not possible to define all matters and circumstances which may pose reputational risk, or to set out all the considerations which should be applied as part of the decision-making process.

We manage by:

a) Undertaking active monitoring of both traditional and social media platforms, aggressively responding to and managing any undesirable situation(s) that may arise.

b) Raising the profile of our brands through marketing campaigns and strategic partnerships to build brand equity.

c) Building a customer-centric culture.

d) Establishing brand standards that are designed to maintain a level of product consistency based on the brand collection to which a property belongs whilst allowing flexibility in order to maintain the personality of the property.

e) Striving to avoid any situations and/or actions that can result in a negative impact on our brand and reputation.

Climate Change

The Group recognises climate change as one of the long-term key global risks that has the potential to impact our assets, revenue, operations and supply chain. Aside from the physical risks arising from climate change, there are also regulatory transition risks associated with climate change, which can result in stricter emission standards, higher carbon taxes, water prices and potentially stricter building design requirements.

We manage by:

a) Implementing and maintaining a climate change strategy to accelerate efforts towards a low-carbon model and adopting best practices such as setting science-based carbon emissions reduction and renewable energy targets.

b) Pushing the envelope in innovative building designs, and sustainable construction technologies and materials, to enhance our developments' resilience against physical and transitional risks posed by climate change. The Group continues to explore new frontiers in innovation and sustainable investing.

c) Identifying potential impact of climate change on our business and assets in the longer-term e.g. climate change scenario analysis conducted in 2018 – 2020 and continual review.

Regulatory Changes

The Group operates in many jurisdictions and is exposed to various levels of political and policy risks such as political uncertainties, introduction of new or changes to existing public policies, statutory and regulatory requirements.

We manage by:

a) Actively engaging regulatory bodies and professional firms on updates to laws and regulations.

b) Continuous monitoring, staying responsive and conducting impact assessment on regulatory changes, observing market reactions, giving feedback via public consultations, and formulating our strategies accordingly.

RISK MANAGEMENT

TREASURY & FINANCIAL RISK

Given the Group's diversified global businesses, we are exposed to liquidity risk, interest rate risk and foreign currency risk. We have established policies, guidelines and control procedures to manage and report exposure of such risks.

Liquidity

The Group's ability to meet short-term financial obligations.

We manage by:

a) Monitoring and maintaining a level of cash and cash equivalents and credit facilities.
b) Having in place Medium-Term Note (MTN) programmes to provide a further avenue to support planned growth and investment opportunities.
c) Maintaining a robust gearing ratio.

Interest Rate

The interest rate risk carried by the Group relates primarily to interest-bearing financial assets and debt obligations.

We manage by:

a) Maintaining a good mix of fixed and floating rates of interest.
b) Leveraging on interest rate derivatives at the opportune time to hedge against interest rate exposure for specific underlying debt obligations after considering prevailing market conditions.

Foreign Exchange

The Group is exposed to foreign currency fluctuations arising from sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of the Group's entities.

We manage by:

a) Pursuing 'natural hedges' by matching receipts and payments and making asset purchases and borrowings in each individual currency, where possible.
b) Leveraging on forward foreign exchange contracts or cross-currency swaps to manage foreign exchange exposure.
c) Monitoring foreign exchange risk on a continual basis.

For more information on the Group's Financial Risk Management, please refer to the Financial Risk Management section on page 219 of this annual report

OPERATIONAL & COMPLIANCE RISK

The Group's operations are exposed to a variety of operational risks relating to project management, environment, health and safety (EHS), human capital, data privacy, legal and compliance management.

Project Management

Though minimal risk has been encountered, the Group remains vigilant against project risks such as schedule delay, cost overrun, quality, contractor's capability and performance, as well as contract disputes, that will affect our reputation and sales.

We manage by:

a) Allocating appropriate attention to technically challenging and high-value projects.
b) Adopting a systematic assessment and monitoring process to identify and manage the key risks for each project. The Group adopts a rigorous project management process to ensure that project cost, quality and time objectives are met and have put in place stringent pre-qualification and tendering procedures to appoint well-qualified vendors. Regular site visits are also conducted to closely monitor the progress of projects and manage potential risks of delays, poor workmanship and cost overruns.
c) Benchmarking our quality assurance processes against all industry standards. We voluntarily subscribe to the BCA Construction Quality Assessment System (CONQUAS) and Quality Mark (QM) Assessment System.

Environment, Health and Safety

The Group is committed to be a socially and environmentally responsible organisation that advocates a 'Safe and Green' corporate culture. In this regard, it is of paramount importance that we maintain high environment, health and safety standards across the Group, particularly at the ground level.

We manage by:

a) Putting the safety of our customers and guests as our top priority.
b) Maintaining an integrated ISO 14001 and OHSAS 18001 EHS Management System (EHSMS) across all key operations in Singapore, to manage the environmental impact of our operations and the safety, health and well-being of employees and workers. The hotel operations, where practicable, also align its policies and procedures with the requirements of best practice accredited systems.
c) Monitoring contractors' onsite EHS performance, where reasonably feasible, through use of an independent audit tool – CDL 5-Star EHS Assessment System.
d) Practising responsible supply chain sourcing as part of our commitment to reduce the Group's environmental footprint.
e) Cultivating an EHS-centric culture amongst internal and external stakeholders through periodic workshops and trainings as well as regular communications to ensure that they are kept updated on safety best practices.

Human Capital

As we drive sustainability of the business in a volatile, uncertain, complex and ambiguous (VUCA) environment, a key differentiator alongside access to innovation will be effective talent management strategy. The loss of some or all of our key executives or the inability to attract or retain the right people, can materially and adversely affect our business in the medium to long-term.

We manage by:

a) Benchmarking and reviewing the competitiveness of our remuneration package on a periodic basis.
b) Empowering employees to be innovative through in-house programmes to yield a capable and more agile workforce in support of business goals.
c) Establishing holistic talent management initiatives and plans targeting at different stages of employee career journey and competency, to maximise their potential.
d) Rolling out leadership development programmes to groom talent and establish succession planning for key positions.
e) Establishing a 'Brexit Steering Group' at the hotel level to ensure all potential material risks associated with Brexit are closely monitored, with appropriate mitigation strategies developed. The Group remains nimble and ready to respond to different issues and scenarios.

Data Privacy

The Group recognises that data privacy breaches may undermine customer confidence and result in litigation from customers and/or regulatory fines and penalties.

We manage by:

a) Adopting a pragmatic 'Data-light, Data-tight' approach in our business conduct.
b) Adopting a risk-based approach to data protection.
c) Conducting awareness training to ensure that employees who directly and/or indirectly handle personal data in the course of their work are cognizant of data protection principles and are equipped with the right knowledge to carry out good data protection practices in their day-to-day activities.
d) Ensuring compliance of data protection requirements by our data processors. For more information on how we manage personal data, please refer to our data privacy policy on our websites.

   Group Data Privacy Policy

   www.cdl.com.sg/index.php/privacy-policy

   Millennium and Copthorne Hotels Limited

   www.millenniumhotels.com/en/utilities/privacy-and-cookie-policy/privacy-and-cookie-policy/

Compliance

The Group operates in many jurisdictions and is subject to applicable laws and regulations of the markets in which we operate, such as anti-bribery, corruption, money laundering, terrorism financing, competition, data privacy, along with all other laws and regulations applicable to licensing and conducting of sales, leasing, construction, property development, asset management and hotel operations.

In addition, various aspects of hotel operations are required to achieve compliance with the Payment Card Industry Data Security Standards ("PCI-DSS"), and failure to do so can result in penalties and/or withdrawal of credit card payment facilities.

We manage by:

a) Maintaining a zero-tolerance policy and 'tone from the top' towards compliance on matters pertaining to fraud, bribery and corruption. The Group currently benchmarks our practices against SS ISO 37001 to ensure that gaps are minimised, and our practices are in accordance with industry standards.
b) Conducting training sessions and adopting e-learning modules to raise awareness and train employees on ways to avoid or prevent non-compliant behaviour. An annual e-declaration exercise was completed by all employees, as a form of acknowledgement they have read and understood, and agree to abide by, the Group's policies.
c) Maintaining effective whistleblowing reporting and communication channels for employees, contractors, customers and stakeholders of the Group to report any unethical, fraudulent or corrupt practices, in good faith, without fear of retaliation, for investigation and action subject to applicable laws.
d) Establishing platforms and channels to proactively monitor and identify applicable laws and regulatory obligations and embed compliance into policies and operating procedures.
e) Aligning our policies and procedures as reasonable and practical with the requirements of best practice accredited framework, systems and industry standards.

Legal

The Group is exposed to legal and reputational damage resulting from breach of law or civil suits.

We manage by:

a) Monitoring and reporting significant litigation and disputes to the Management and Board.
b) Working with external legal counsel for advice.
c) Reviewing and maintaining the necessary liability insurance coverage.

RISK MANAGEMENT

INFORMATION TECHNOLOGY RISK

With the increased reliance on information systems and technology as a business enabler can across our businesses, a service disruption of critical IT systems or malicious and deliberate attempts of hackers to breach our IT systems could adversely affect the Group's business continuity and reputation.

Cyber Threat	
The Group recognises that cyber threat remains a key concern as attackers have become increasingly creative with attack methods and possess increasingly destructive payloads that better target system vulnerabilities.	We manage by: a) Maintaining an IT security framework to address evolving IT security threats such as hacking, malware, mobile threats and loss of data. Measures and considerations have also been taken to safeguard against loss of information, data security, and prolonged service disruption of critical IT systems. b) Dedicating IT expertise to keep abreast of the latest developments, innovation and threats in technology and assessing their impact and risks. c) Conducting Vulnerability and Penetration Testing (VAPT) and guided self-assessments to identify IT security gaps. d) Leveraging on threat intelligence and advanced security analytics to detect potential breaches. e) Conducting of training, including assessment exercises, to educate and heighten our users' awareness to cyber threats. f) Maintaining a cyber threat incident response protocol and disaster recovery plan. The Group carries out disaster recovery plan testing at least once annually.

INVESTOR RELATIONS

At CDL, we are committed to building investor confidence and trust through open dialogue and two-way communication with our shareholders and the investment community.

Our Investor Relations (IR) Policy, available on the CDL corporate website (www.cdl.com.sg), outlines the principles and framework in which we communicate and engage with investors, analysts and other IR stakeholders to provide balanced, clear and pertinent information.

To provide investors with a better understanding of the Group's business and growth drivers, regular updates on our strategies, operations and financial performance are available across multiple platforms.

COMMUNICATE: CONNECTING THROUGH MULTIPLE CHANNELS

The Group's quarterly financial results, investor presentations, annual and sustainability reports, media statements and other material announcements, are disseminated on SGXNET (www.sgx.com) and published on the 'Investors & Media' section of our corporate website. In addition, we leverage other communication platforms such as our e-publication, City News (www.cdl.com.sg/citynews) and corporate social media channels (LinkedIn, Twitter and Instagram) for latest updates on the Group's business and performance milestones. Investors can subscribe to email alerts on the CDL website or follow our social media channels to receive updates on our latest news.

We proactively engage stakeholders on major transactions and strategy updates. In May 2019, we held a briefing on our China strategy for Singapore analysts and media, where we provided details on our proposed investment in an established China real estate developer, Sincere Property Group.

ENGAGE: FOSTERING TRUST THROUGH ACTIVE ENGAGEMENTS

The CDL senior management and IR team engage with the investment community through various platforms such as Annual General Meeting (AGM), post-results luncheons, conferences, meetings and site visits. Biannual results briefings are held for covering analysts and media. Investors can view 'live' webcasts and archived videos of the briefings, which are available on our corporate website for up to three years.

In 2019, CDL successfully completed the privatisation of our London-based hotel subsidiary, Millennium & Copthorne Hotels Limited (M&C). During the five-month period from initiation (June) to completion (November), the Group adhered to compliance requirements in accordance with the UK Takeover Code. All investor meetings during this period included a meeting chaperon, who was required to provide confirmation to the UK Panel that no new material information on the transaction was shared during the meeting.

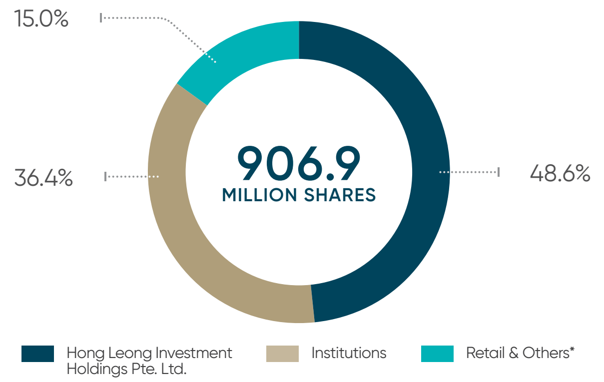
The CDL senior management and IR team continued to participate in IR conferences and meet with investors who did not have a 'no third-party broker' policy in place and were agreeable to the presence of an external chaperon. In 2019, we met around 100 investors, through conferences and non-deal roadshows held in Singapore, as well as group or one-on-one meetings. In addition, we facilitated and hosted site visits to our Singapore and overseas developments for fund managers and analysts.

Apart from facilitating corporate access for investors, the IR team also maintains regular communication with over 20 sell-side equity research analysts that cover our stock. Each year, we host CDL Analyst Socials at our new developments, where sell-side analysts have the opportunity to interact with CDL's senior management under a less formal setting. In July 2019, we hosted an Analyst Social at the Haus on Handy Sales Gallery.

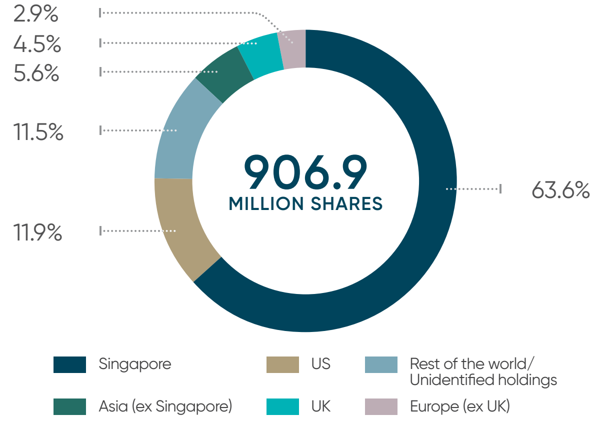
SHARE OWNERSHIP

AS AT 31 DECEMBER 2019

Investor Type



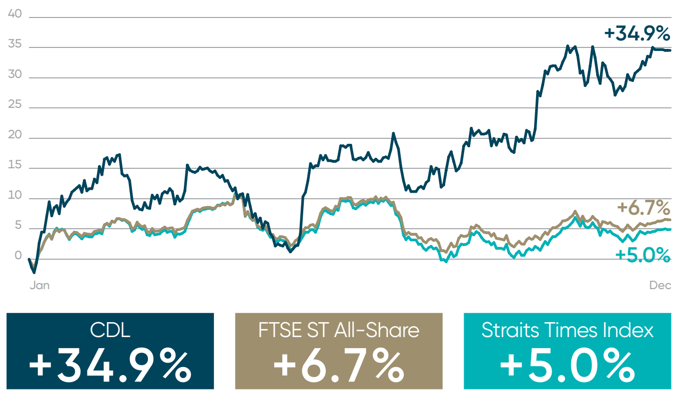
Geographic Distribution



Note: Excludes treasury shares

* Includes shares held by brokers and undisclosed holdings

2019 SHARE PRICE PERFORMANCE



The Group's share price recorded a strong performance in 2019, closing at $10.95 – a 34.9% increase. Taking into account the total dividend of 20.0 cents per share declared for FY 2019, CDL's Total Shareholder Return (TSR) for the year was 37.3%.

INVESTOR RELATIONS

2019 INVESTOR RELATIONS CALENDAR

		Location
1st Quarter (Jan-Mar)	DBS Vickers Pulse of Asia Conference	Singapore
	CDL FY 2018 Financial Results Briefing to Media & Analyst – Live Webcast	Singapore
	Post FY 2018 Results Luncheon hosted by Citibank	Singapore
2nd Quarter (Apr-Jun)	SGX-CIMB Real Estate Day	Singapore
	CDL 56th Annual General Meeting	Singapore
	CDL China Strategy Briefing to Media & Analyst	Singapore
	Post Q1 2019 Results Luncheon hosted by Morgan Stanley	Singapore
3rd Quarter (Jul-Sep)	CDL Analyst Social at Haus on Handy	Singapore
	CDL 1H 2019 Financial Results Briefing to Media & Analyst – Live Webcast	Singapore
4th Quarter (Oct-Dec)	Post Q3 2019 Results Luncheon hosted by Citibank	Singapore
	Morgan Stanley 18th Annual Asia Pacific Summit	Singapore
	Bank of America-Merrill Lynch Asia Property Chairman Week	Singapore

CALENDAR OF FINANCIAL EVENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2019

Date	Event
	Announcement of Results:
15 May 2019	Announcement of First Quarter Results
8 August 2019	Announcement of Second Quarter and Half Year Results
12 November 2019	Announcement of Third Quarter and Nine-Month Results
26 February 2020	Announcement of Fourth Quarter and Full Year Results
	Record and Dividend Payment Dates:
6 June 2019	Record date for Preference Dividend^
1 July 2019	Payment of Preference Dividend^
26 August 2019	Record date for Special Interim Ordinary Dividend
12 September 2019	Payment of Special Interim Ordinary Dividend
11 December 2019	Record date for Preference Dividend^
31 December 2019	Payment of Preference Dividend^
5 May 2020	Record date for proposed 2019 Final and Special Final Ordinary Dividends*
21 May 2020	Proposed payment of 2019 Final and Special Final Ordinary Dividends*
	Shareholders' Meeting:
To be confirmed	57th Annual General Meeting

Notes:
^ The Preference Dividend is paid semi-annually in arrears.
* The declaration and payment of the 2019 Final and Special Final Ordinary Dividends are subject to approval of Ordinary shareholders at the 57th Annual General Meeting.

FINANCIAL YEAR ENDING 31 DECEMBER 2020

Following amendments to Rule 705(2) of the Listing Manual of Singapore Exchange Securities Trading Limited, which took effect from 7 February 2020, the Company announced on 27 February 2020 that it will cease to provide announcements of the unaudited financial statements for each quarter of its financial year but instead, will release announcements pertaining to the unaudited financial statements of the Group on a semi-annual basis, as set out below. The Company will continue to keep shareholders updated on material developments relating to the Company and the Group in compliance with its continuing disclosure obligations, as and when appropriate.

Date	Event
	Announcement of Results:
August 2020	Proposed Announcement of First Half Year Results
February 2021	Proposed Announcement of Second Half Year and Full Year Results
	Shareholders' Meeting:
April 2021	58th Annual General Meeting

SUSTAINABILITY BOARD STATEMENT

2019 concluded a decade of exceptional global heat and high-impact weather[1]. Effects that scientists had predicted in the past would result from global warming have happened: rapid loss of glaciers, sea ice melting, accelerated sea level rise, and intense heat waves. Furthermore, the world is seeing more frequent and severe wildfires, longer periods of drought in some regions, and an increase in the number, duration and intensity of tropical storms. Inarguably, the world is in a state of climate crisis. Businesses certainly have a larger role to play to accelerate climate action that can sustain future generations.

With buildings contributing to some 40% of energy-related carbon emissions[2], the building sector must step up to drive emissions reduction. Since the integration of sustainability into its business in 1995, CDL has continued to push the envelope with green building innovation and climate-focused strategies in the year under review.

2019 IN REVIEW – A YEAR OF INTENSE CLIMATE ACTION

On Track to Achieve SBTi-validated Carbon Reduction Targets

As part of its carbon management strategies, CDL has adopted a science-based approach to decarbonise its operations. CDL became the first Singapore property company to have its carbon reduction targets validated by the Science Based Targets initiative (SBTi) in July 2018, raising its carbon emissions intensity reduction target from 38% to 59%, across its Singapore operations by 2030 from base year 2007[3]. In 2019, CDL achieved a 38% reduction in carbon emissions intensity from base year 2007, meeting its interim 2019 target and on track to achieving its 2030 target.

In 2019, Millennium and Copthorne Hotels Limited (M&C), the largest contributor of carbon emissions amongst CDL's key subsidiaries, set a SBTi-validated target and committed to reduce absolute Scope 1, 2 and 3 greenhouse gas (GHG) emissions by 27% by 2030 vs 2017 base year.

Forward Planning through Climate Change Scenario Planning

To augment business resilience and capital investment, CDL has embarked on two climate change scenario studies since 2018 that are aligned with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). In 2018, CDL completed the first climate change scenario study under 2°C and 4°C warmer scenarios by 2030 for its three main businesses – development properties, investment properties, and hotel operations – in Singapore, China, and the United Kingdom.

In 2019, CDL commenced the second study where a 1.5°C warmer scenario was analysed to align with the United Nations Intergovernmental Panel on Climate Change's 1.5°C Special Report released in end-2018. The studies aim to give greater insight to the management to better prepare for the potential financial impact of both physical and transition risks of climate change.

Among First in Singapore to use Blockchain-Enabled Marketplace for Renewable Energy Certificates

CDL was one of the two pioneer buyers of Renewable Energy Certificates (RECs) using SP Group's blockchain-enabled platform in Singapore. By procuring locally-sourced RECs, CDL attributed 100% of the electricity consumed by its headquarters' operations and part of its commercial buildings' operations in 2019 to renewable sources[4].

Commitment to Super Low Energy Buildings

In climate-stressed Singapore, the future is "Super Low Energy" (SLE) buildings, an initiative launched by the Building and Construction Authority (BCA) in 2018[5]. CDL was among the first batch of developers and building owners to pledge its commitment in 2018 to achieve at least one SLE project in the next five years. To achieve SLE status, buildings must attain at least 60% energy savings based on the 2005 building code, by adopting energy-efficient measures and on-site renewable energy.

Continued Recognition by Prominent Sustainability Rankings and Awards

CDL's excellence in Environmental, Social and Governance (ESG) integration and sustainability has earned favourable ratings on 12 prominent international rankings and indexes. Some of the global recognitions achieved in 2019 include FTSE4Good Index Series (since 2002), MSCI ESG Leaders Indexes (since 2009 and AAA rating since 2010), and Dow Jones Sustainability Indices (since 2011).

Based on CDL's ESG performance in 2019, it was ranked the world's top real estate company in the 2020 Global 100 Most Sustainable Corporations in the World, announced at the World Economic Forum 2020 at Davos. This marked CDL's 11th consecutive year of being listed on Global 100 – the only Singapore company with this accomplishment. Recognising CDL's rigorous climate and water strategy and disclosure, CDL was the only company in Southeast Asia and Hong Kong to score double 'A's in the 2019 CDP Global A List for corporate climate action and water security. CDL also remained the Sector Leader for Office, Asia in the Global Real Estate Sustainability Benchmark (GRESB) for the third year announced in 2019, and the Bloomberg Gender-Equality Index (GEI) announced in 2020.

Notes:
(1) Press release by World Meteorological Organisation, 3 December 2019.
(2) 2019 Global Status Report for Buildings and Construction, Global Alliance for Buildings and Construction, International Energy Agency and the United Nations Environment Programme, December 2019.
(3) CDL will reduce Scope 1 and 2 GHG emissions per square metre of its Singapore operations. Scope 1 includes direct emissions that occur from sources owned or controlled by the company (e.g. emissions from combustion in owned or controlled boilers, furnaces, vehicles) and emissions from chemical production in owned or controlled process equipment. Scope 2 includes indirect emissions from purchased electricity consumed by operational activities at both CDL's corporate office and managed buildings.
(4) This offsets 805 tonnes of carbon emissions, equivalent to powering over 450 typical four-room HDB flats for one year.
(5) Press release by Building and Construction Authority, 5 September 2018.

SUSTAINABILITY BOARD STATEMENT

Singapore Sustainability Academy – A Hub for Sustainable Development Advocacy

Conceptualised and developed by CDL, the Singapore Sustainability Academy (SSA) is the first ground-up initiative and zero-energy facility in Singapore dedicated to advocacy and capacity building for climate action and collectively achieving the United Nations Sustainable Development Goals (SDGs). Since its opening in June 2017, the SSA has served over 14,500 attendees through more than 370 outreach events and training sessions as at 31 December 2019. An extensive partnership involving six government agencies and 15 industry and non-governmental organisation (NGO) partners, the SSA has become a hallmark of CDL's community engagement, and is recognised as Singapore's leading knowledge and networking hub for sustainable development.

STRONG LEADERSHIP COMMITMENT TO SUSTAINABILITY

CDL has established the longest history amongst Singapore companies to have a dedicated Sustainability department. The Chief Sustainability Officer (CSO) reports directly to the Board Sustainability Committee (BSC), which comprises three independent directors and CDL's Executive Director and Group CEO. The BSC has direct advisory supervision on CDL's sustainability strategy, workplans and performance targets, and meets typically biannually to review CDL's sustainability plans in addition to receiving quarterly reports from the management.

The CSO chairs the Sustainability Committee, which comprises members across all departments and operational units in CDL. Heads of departments and their line managers are held accountable for their ESG performances, which are linked to their remuneration and appraisal.

In addition to the annual sustainability reporting, CDL publishes an online quarterly sustainability report at www.cdlsustainability.com. This voluntary disclosure, since July 2017, has set benchmarks for the transparency and timeliness of ESG disclosures to investors and stakeholders.

STRATEGIC MANAGEMENT OF TOP 15 MATERIAL ESG ISSUES

To adapt to rapidly changing business landscapes and stakeholder expectations, CDL conducts biennial materiality assessments since 2014. Similar to the findings of 2017's assessment, the 2019 study concluded with "Innovation" as CDL's top material ESG issue. Sustainable finance and waste management emerged as new material ESG issues as identified by internal and external stakeholders based on the latest study.

SUSTAINABILITY GOVERNANCE STRUCTURE

The table below outlines CDL's actions in addressing risks and capturing opportunities related to CDL's top 15 material ESG issues. It is mapped to 14 relevant SDGs and the four pillars of the TCFD framework. Details can be found in the CDL Integrated Sustainability Report 2020.

CDL's Material ESG Issues	Risks/Opportunities	CDL's Responses and Achievements
Innovation Supporting SDGs: 3, 7, 9, 11, 13, 15, 17 TCFD Pillars:	To ensure that services and products remain relevant in a fast-changing environment, CDL proactively adopts sustainable construction methods and integrates innovative technologies to help drive its business to the next level and raise its level of sustainable practices and ESG performance.	Identified as the top material ESG issue since 2017, innovation remains a top priority in CDL's growth and investment strategy. In 2019, CDL embarked on a pilot project with the Solar Energy Research Institute of Singapore to integrate high efficiency building-integrated photovoltaics modules with prefabricated prefinished volumetric construction, using The Tapestry as a testbed. In partnership with the National University of Singapore (NUS), the NUS-CDL Tropical Technologies Lab and the NUS-CDL Smart Green Home Lab were opened in 2018 and 2019 respectively. Both labs conduct studies on smart features, green building technologies, and design for sustainable living. In support of aspiring social innovators, CDL launched Incubator For SDGs in September 2019 to provide rent-free co-working space at Republic Plaza to selected start-ups or social enterprises. The initiative offers an extensive network and mentorship programme to help aspiring social innovators to scale up and reach out to potential investors. Through a cross-department Enterprise Innovation Committee (EIC) formed in 2018, multi-disciplinary ideas to drive innovation and best business practices have been explored and tested in CDL.
Energy Efficiency and Adoption of Renewables Supporting SDGs: 7, 9, 12, 13 TCFD Pillars:	As energy consumption contributes to a significant portion of a building's operating expenses, increasing the use of solar energy and neutralising carbon footprint has been a priority for CDL in developing and managing its properties. It will help mitigate operational risks as more stringent regulations and rising carbon tax are expected.	Higher energy efficiency often contributes to lower operating costs. CDL achieved the 2019 CDP A List for corporate climate action, recognising CDL's robust climate strategy and carbon management. Since 2004, CDL has retrofitted all its existing managed buildings. From 2012 to 2019, CDL achieved savings of more than $28 million in energy expenses amongst its eight commercial properties. 100% of CDL's commercial tenants have subscribed to its Green Lease Partnership Programme. CDL was among the first developers and building owners to pledge its commitment in 2018 to achieve at least one SLE project in the next five years. CDL partnered with BlueSG and Greenlots in electric vehicle sharing programmes by providing more carpark lots with charging stations at Republic Plaza, Tagore 23, Central Mall, and City Square Mall. In 2019, CDL was also one of the leading landlords to partner with SP Group to provide direct current fast chargers at Republic Plaza. CDL was Singapore's first real estate company to buy RECs using SP Group's blockchain-enabled platform in Singapore in 2018.

TCFD Pillars: Governance · Strategy · Risk Management · Metrics & Targets

SUSTAINABILITY BOARD STATEMENT

CDL's Material ESG Issues	Risks/Opportunities	CDL's Responses and Achievements
Climate Resilience **Supporting SDGs:** 7, 9, 13 **TCFD Pillars:** ● ● ● ●	The built sector contributes to some 40% of energy-related carbon emissions, and is heavily reliant on natural resources for its operations. Regulatory transition risks such as carbon pricing, water prices and potentially stricter building design requirements will pose challenges to maintain profitability and sustained growth. Climate change not only physically affects properties but also threatens to leave assets stranded. In the face of climate change, climate-proofing the company's buildings for a low-carbon future is key to CDL's growth strategy.	To optimise resources and cost-savings, sustainability considerations are factored into the entire development lifecycle. Since 2009, CDL has voluntarily reduced its annual carbon emissions to net-zero for its corporate office operations including its data centre and 11 Tampines Concourse – the first CarbonNeutral® development in Singapore and Asia Pacific. For close to a decade now, CDL has committed to achieving a voluntary target of Green Mark GoldPLUS certification for all new developments, two tiers above the mandatory requirement. To date, 85% of CDL's portfolio of owned and managed buildings, based on Gross Floor Area (GFA), are rated Green Mark GoldPLUS and Platinum – the highest tier certification. In addition to building two zero-energy developments in Singapore, i.e. CDL Green Gallery @ Singapore Botanic Gardens and the SSA at City Square Mall, CDL has also adopted extensive solar energy in its commercial and residential developments, e.g. South Beach and D'Nest. As part of its SBTi-validated carbon reduction targets, CDL is committed to raising the use of sustainable building materials. It has set a target to reduce embodied carbon[6] by 24% by 2030. In September 2019, CDL joined the pioneer batch of 87 global companies worldwide to pledge support to the United Nations Global Compact (UNGC)'s "Business Ambition for 1.5°C" campaign[7]. CDL commenced its second climate change scenario planning where a more stringent 1.5°C warmer scenario was studied, covering the financial impact of physical and transition risks of properties in major markets.
Product Quality and Responsibility **Supporting SDGs:** 7, 9, 12, 13 **TCFD Pillars:** ● ●	Delivering safe and high-quality products and services in residential developments and managed buildings is fundamental to CDL's branding and product differentiation.	CDL's developments have consistently excelled under the BCA's Construction Quality Assessment System (CONQUAS) scheme, entrenching the company's reputation as one of the highest scoring CONQUAS developers. To ensure compliance and prevent latent defects, CDL has a robust policy to identify design risks and assess the severity of Environment, Health and Safety (EHS) impacts throughout the construction stages of its developments. Beyond product safety and quality, CDL encourages its employees and tenants to go green and stay healthy through participation in the BCA-Health Promotion Board Green Mark for Healthier Workplaces scheme.
Occupational Health, Safety and Well-being[8] **Supporting SDGs:** 8, 16 **TCFD Pillars:** ● ● ●	As most activities at construction sites and managed buildings are carried out by its appointed contractors, CDL is exposed to safety and health risks if the management of contractors is not sufficiently stringent.	The safety, health and wellness of employees and contractors' workers have always been CDL's priority. Established since the early 2000s, the EHS policy and 5-Star EHS Assessment System have been enhanced in standard and scope over the years. Since 2017, CDL integrated its ISO 14001 and OHSAS 18001 EHS Management System across all its key operations in Singapore, to effectively manage the safety, health and well-being of its employees and workers, directly or indirectly hired. In 2020, CDL will be migrating from OHSAS 18001 Occupational Health and Safety Assessment Series to ISO 45001 Occupational Health and Safety.

TCFD Pillars: ● Governance ● Strategy ● Risk Management ● Metrics & Targets

Notes:

[6] Embodied carbon of construction materials includes GHG emissions arising from the manufacturing, transportation, assembly, replacement and deconstruction of building materials.

[7] Press release by the United Nations Global Compact, 22 September 2019.

[8] This refers to anticipating and controlling hazards arising in or from the workplace that could impair the physical, mental and social health and well-being of workers.

CDL's Material ESG Issues	Risks/Opportunities	CDL's Responses and Achievements
Ethical and Transparent Business **Supporting SDGs:** 16 **TCFD Pillars:** ● ●	Bribery and corruption are amongst the highest risks for businesses that can lead to financial and reputational loss. Legal non-compliances will disrupt operations and affect business reputation. CDL's zero-tolerance policy towards fraud, bribery and corruption provides strong assurance to all stakeholders, including investors and customers.	Currently, CDL benchmarks its practices against the voluntary SS ISO37001 Anti-bribery Management Systems to ensure that gaps are minimised and it operates in accordance to globally-recognised best practices. Refresher trainings on anti-money laundering practices are conducted annually for CDL's employees. CDL has been implementing clear and transparent policies and risk management systems to continuously monitor and validate business processes, and benchmarks them against industry best practices. Within the company's robust EHS management system, applicable legal requirements are regularly monitored and evaluated for compliance. Incentives and penalties are also implemented to improve and tighten contractors' site management. CDL adopts fair marketing practices that reinforce customers' trust in CDL-branded properties.
Economic Contribution to Society **Supporting SDGs:** 8, 16 **TCFD Pillars:** ● ●	CDL's financial performance impacts the vested interests of its employees, shareholders, investors and vendors.	Through upholding high standards of ethical business practices, maintaining strong branding and delivering quality products, CDL has maintained profitability and optimum returns for investors in its fiduciary duty as stewards of capital, creating value for its stakeholders.
Responsible Supply Chain **Supporting SDGs:** 8, 12, 13, 14, 15, 16, 17 **TCFD Pillars:** ● ● ● ●	The procurement of unsustainable building materials and methods can negatively impact CDL's ESG performance. Usage of toxic building materials can also harm the health of building users and contractors' workers.	CDL has built a supply chain that shares its firm commitment to high EHS standards through the CDL 5-Star EHS Assessment System established since 2001. The CDL Green Procurement Guidelines, within the EHS Management System, also gives clear guidance to suppliers. For long-term business sustainability, strong suppliers' support has helped CDL adapt effectively to challenges posed by climate change or shortage of resources. To promote and enhance sustainable and responsible practices amongst its suppliers, CDL conducted a supply chain study in 2019, identifying and assessing the environmental (e.g. embodied carbon intensity) and social risks (e.g. forced or child labour) of its top suppliers and building materials.
Cyber-readiness and Data Privacy **Supporting SDGs:** 16 **TCFD Pillars:** ● ●	Strengthening CDL's capabilities to protect and recover from cyber-attacks is vital to prevent theft of data, financial loss, and disruption of operations. With operations in over 106 locations worldwide, CDL needs to be mindful of compliance requirements for international and local data privacy protection laws.	Besides establishing holistic IT governance structures and developing robust detection and mitigation measures to protect CDL's critical business systems and data, the company's IT response plans are tested by independent external and internal auditors and benchmarked against industry best practices. CDL's risk assessment framework has identified data privacy as a key risk, given recent developments in data privacy regulation and the increasing impact of potential data privacy breaches. In response, CDL has been carrying out various mitigating measures including staff awareness training and monitoring of local and international data privacy developments relevant to the company.

TCFD Pillars: ● Governance ● Strategy ● Risk Management ● Metrics & Targets

SUSTAINABILITY BOARD STATEMENT

CDL's Material ESG Issues	Risks/Opportunities	CDL's Responses and Achievements
Sustainable Finance (NEW) **Supporting SDGs:** TCFD Pillars: ● ●	Real estate and green technologies can be capital intensive. The rise of ESG investing and responsible banking has unlocked alternative financing streams that can help lower the long-term cost of corporate borrowing and expand CDL's pool of ESG-centric investors and lenders.	In 2019, CDL implemented a Sustainable Finance Framework to prepare for opportunities in which sustainable financing can be used to fund projects that support CDL's business strategy and vision. To accelerate the green building movement and low-carbon developments, CDL secured its first green loans amounting to $500 million for new developments and pioneered a first-of-its-kind $250 million SDG Innovation Loan last year. This was an expansion from its pioneering issuance of a $100 million green bond by a Singapore company in 2017.
Future-ready Workforce **Supporting SDGs:** TCFD Pillars: ● ●	A workforce that is ill-prepared to keep up with industry developments and technological trends will impact CDL's human capital, operational efficiency, and sustained growth.	Building a workforce with skill sets that future-proof CDL's business in a fast-changing and uncertain global economy is a priority. CDL actively fosters a culture of continuous learning in its workforce, regardless of managerial level and gender, enabling employees to acquire holistic skills and competency to stay relevant and adapt effectively to changing job demands.
Labour Conditions (NEW) **Supporting SDGs:** TCFD Pillars: ● ●	Creating a workplace that provides a decent work environment, fair remuneration, security in the workplace, freedom of expression, work-life balance, and career growth is key in building a sustainable work force. This allows CDL to strengthen employee loyalty, increase work productivity, strengthen teamwork, and increase the level of creativity.	CDL implemented the Workplace Anti-harassment and Anti-bullying Policy in 2019 to strengthen its commitment to maintaining a safe and harassment-free work environment for its employees. An adopter of the Sustainable Employment Pledge in 2019, a new initiative by Singapore Business Federation, CDL pledged to make at least one improvement to its sustainable employment practices every 12 months. Biennially, CDL conducts an employee engagement survey. From the results of the survey, each department's nominated Engagement Champion facilitates meaningful focus group sessions on selected topics and monitors the progress of the action plans set out.
Community Impact and Partnerships **Supporting SDGs:** TCFD Pillars: ● ●	Building goodwill in the community provides CDL with a strong social license to operate, strengthening its identity as a responsible company. Through working with like-minded partners, CDL has pioneered partnerships that create multiplier outreach and positive impact.	CDL's strong community impact investment strategy covers key themes including promoting environmental awareness and zero waste, advocating best practices in sustainability, empowering youths and women, supporting Singapore's arts scene, and caring for the less fortunate. CDL's extensive and varied 3P partnership programmes allow the company to raise awareness about climate change and the SDGs to a larger community, locally and abroad. This includes the SSA that provides rent-free space to selected parties from the public and private sectors and NGOs who conduct activities that promote the SDGs and climate action.

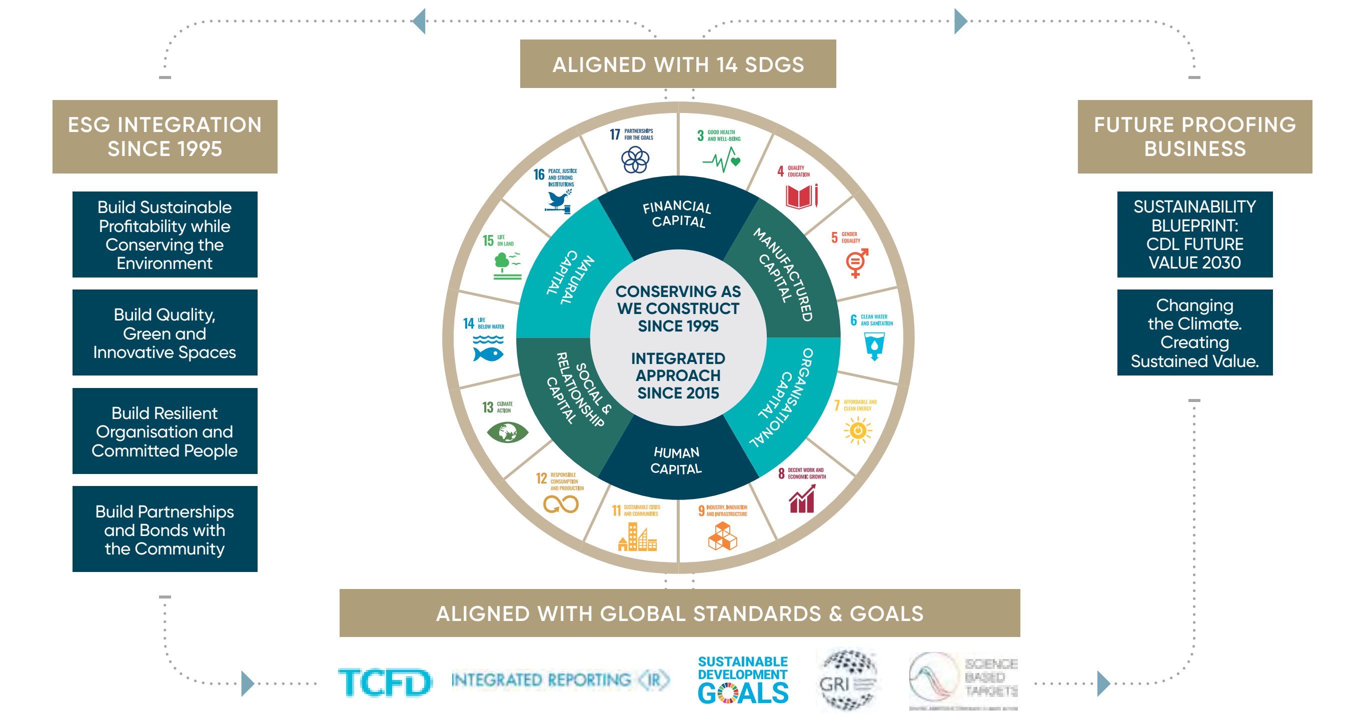
TCFD Pillars: ● Governance ● Strategy ● Risk Management ● Metrics & Targets

CDL's Material ESG Issues	Risks/Opportunities	CDL's Responses and Achievements
Human Rights[9] **Supporting SDGs:** TCFD Pillars: ● ● ●	CDL strongly believes in upholding fundamental principles of human rights along the value chain and in places where it operates.	CDL influences its value chain by engaging its builders and suppliers to abide by CDL's fundamental principles and policies such as the Supplier Code of Conduct, Human Rights Policy, and Universal Design Policy. Where CDL does not have a controlling interest, it encourages its stakeholders, including business partners, contractors, suppliers and joint venture partners to observe the CDL Human Rights Policy.
Water and Waste* Management **Supporting SDGs:** TCFD Pillars: ● ● ● ● * Waste management is a new material issue	Singapore was ranked 'most at risk of facing high water stress' by the World Resources Institute in 2015. Water price in Singapore also went up by 30% between 2017 and 2018. Waste management is a growing concern in Singapore as the country is expected to run out of landfill space by 2030. As such, more stringent regulations to manage waste can be anticipated.	CDL's developments are designed with a strong focus on water sustainability and sound waste management throughout the lifecycle of any asset. CDL adopts technologies to raise water efficiency and minimise waste, such as rainwater harvesting and food waste digestors, which are implemented at many of its residential and commercial developments. The CDL Future Value 2030 sustainability blueprint also sets out ambitious water and waste management targets. The company also collects high quality data internally to help drive water and waste management improvements. CDL achieved the 2019 CDP A List in water security, an affirmation of CDL's robust water management strategy.

TCFD Pillars: ● Governance ● Strategy ● Risk Management ● Metrics & Targets

Note:
[9] This refers to considering potential human rights implications throughout a property's lifecycle such as: design (e.g. accessibility of buildings), construction (e.g. workers' rights, social and environmental impacts of selected construction materials), and property management (e.g. tenants and occupants' digital privacy and data protection rights).

CDL'S VALUE CREATION MODEL



SUSTAINABILITY BOARD STATEMENT

PROGRESS TRACKING
- Meeting interim targets, maintain performance towards meeting 2030 targets
- Falling short of interim target for one year, review current practices
- Falling short of interim target for more than two years, review and revise target (if necessary)

CDL FUTURE VALUE 2030 GOALS, TARGETS AND PROGRESS

Future Value 2030 Goals	2030 Targets	Interim 2019 Annual Targets	FY2019 Performance
Goal 1: Building Sustainable Cities and Communities	Achieve Green Mark certification for **90%** of CDL owned and/or managed buildings[10]	**≥ 85%**	**85%** achieved
	Maintain **100%** tenant participation in CDL Green Lease Partnership Programme	Achieve **100%**	**100%** maintained
	Double its commitment to adopt innovations and technology of green buildings	Average of **two** innovations or new technology adoptions per year	1. Implementation of CityNexus app for Republic Plaza tenants 2. Launch of Incubator For SDGs
	Double resources devoted to advocacy of sustainability practices, stakeholder engagement and capacity building	**≥100** training programmes and events held in the SSA per year	**154** comprising 46 trainings and 108 events
Goal 2: Reducing Environmental Impact	Achieve science-based target of reducing carbon emissions intensity by **59%** from 2007 levels[11]	**36%** reduction	**38%** reduction
	Asset Management - Office and Industrial[11]:	**Newly Set Interim Targets for 2020**	**Review of 2030 and Interim Targets Required**
	Reduce energy use intensity by **45%** from 2007 levels Reduce water use intensity by **50%** from 2007 levels[12] Reduce waste intensity by **16%** from 2016 levels[12]	Energy use intensity: **37%** reduction Water use intensity: **46%** reduction Waste intensity: **14%** reduction	Past targets were set before the recent changes of the company's asset management portfolio and tenant mix in a few properties e.g. Republic Plaza. Performance in 2020 will be tracked and reported vs set targets subsequently.
	Asset Management - Retail[11]: Reduce energy use intensity by **18%** from baseline year[13] Reduce water use intensity by **9%** from baseline year[13] Reduce waste intensity by **12%** from 2016 levels[14]	Energy use intensity: **13%** reduction Water use intensity: **8%** reduction Waste intensity: **11%** reduction	Performance of Retail, Office and Industrial properties were tracked and reported collectively, and the old targets were set before the opening of two key retail properties (City Square Mall and Quayside Isle). Retail malls consume more resources due to longer opening hours and higher footfall that generate more waste. It is prudent to split the targets and performance data of Retail from Office and Industrial properties with shorter operational hours.
	Corporate Office: Reduce energy use intensity by **31%** from 2007 levels	Energy use intensity: **28%** reduction	Corporate office data was reported as part of CDL's overall office building portfolio. For more prudent reporting, energy targets and performance data of corporate office will be tracked separately.

Notes:
(10) Calculated based on % of total GFA (aligned with BCA's calculation of green buildings) instead of the previously used % of total number of buildings.
(11) Intensity figures have been calculated based on per unit net lettable floor area instead of the previously used per unit leased floor area.
(12) Water use and waste intensities include water use and waste disposed by CDL Corporate Office.
(13) Determined by the year of completion or acquisition of the asset.
(14) Intensity figures have been normalised to traffic footfall.

Future Value 2030 Goals	2030 Targets	Interim 2019 Annual Targets	FY2019 Performance
Goal 2 *(Continued)*	**Property Development:** Achieve an energy use intensity of **95 kWh/m²**	Energy use intensity[16]: **≤105 kWh/m²**	Energy use intensity: **109 kWh/m²** In 2019, most projects were in the early stages of development which involved energy-intensive equipment e.g. cranes and excavators.
	Achieve a water use intensity of **0.60 m³/m²**	Water use intensity[16]: **≤1.75 m³/m²**	Water use intensity: **0.76 m³/m²**
	Achieve a waste intensity[15] of **30 kg/m²**	Waste intensity[16]: **≤50 kg/m²**	Waste intensity: **33 kg/m²**
	Ensure **100%** of appointed suppliers are certified by recognised EHS standards	**≥75%** of suppliers appointed by Asset Management; **100%** of main contractors and **≥75%** of consultants appointed by Property Development	**85%** of suppliers appointed by Asset Management; **100%** of main contractors and **100%** of consultants appointed by Property Development
	Reduce embodied carbon of building materials by **24%** compared to their conventional equivalents	**7%** reduction for new projects awarded from 2018 onwards	Performance is on track to meet target. Data will be reported at end of 2021[17] when projects obtain TOP.
Goal 3: Ensuring Fair, Safe and Inclusive Workplace	Maintain **zero** corruption and fraud incident across CDL's core operations	**Zero**	**Zero** corruption and fraud incident
	Maintain **zero** fatality across CDL's operations and direct suppliers in Singapore	**Zero**	**One** fatality[18]
	Maintain **zero** occupational disease across CDL's operations and direct suppliers in Singapore	**Zero**	**Zero** occupational disease
	Maintain a **zero Accident Frequency Rate (AFR)[19]** for its employees within CDL premises	**≤ 1.6[20]**	**1.3** AFR **One** reportable incident[21]
	Maintain an **AFR of 1 or less** for direct suppliers at CDL construction sites	**≤ 1**	**0.3** AFR **Two** reportable incidents[21]
	Maintain an **AFR of 1 or less** for direct suppliers at CDL managed properties	**≤ 1.9[20]**	**2.9** AFR **Three** reportable incidents[21]

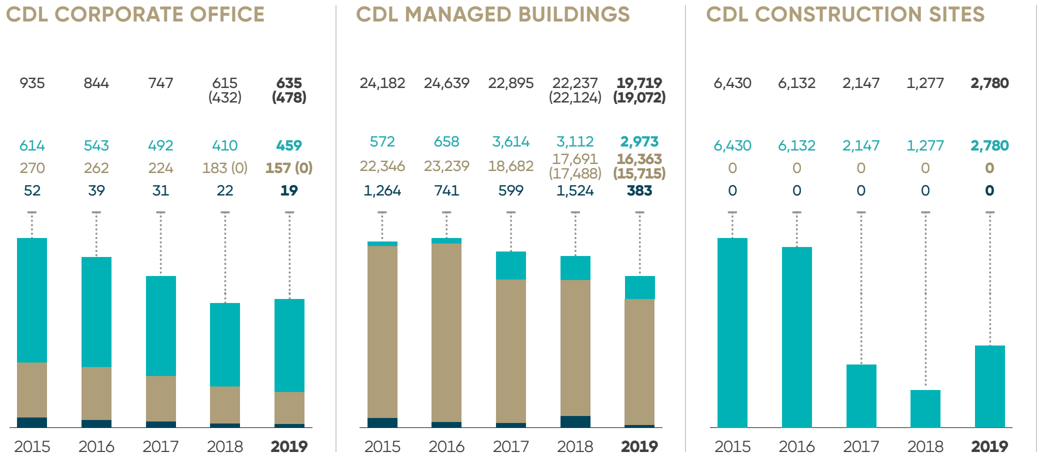
Notes:
(15) Waste intensity figures are for incinerated waste from our project sites.
(16) Interim targets are set every five years to take the different phases of projects' lifecycle into consideration.
(17) Based on the lifecycle of CDL's project developments, embodied carbon data for building materials is only available two or three years after a project has been awarded.
(18) While the incident is still undergoing investigation at the time of publication by the regulatory authority, Ministry of Manpower (MOM), we have since further tightened our EHS Management System controls.
(19) Accident Frequency Rate (AFR) refers to the number of workplace accidents per million manhours worked.
(20) Based on Industry Average for past three years found in the Workplace Safety and Health (WSH) National Statistics 2018. Report provided by WSH Institute and MOM. For more information, please visit www.mom.gov.sg.
(21) These reportable incidents happened mainly due to human negligence, not due to lapse of safety policy and procedures. Reportable incident refers to work-related accident, workplace accident, dangerous occurrence and occupational disease that require statutory reporting to MOM, as mandated by the Singapore WSH Act.

SUSTAINABILITY BOARD STATEMENT

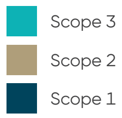
ENVIRONMENTAL IMPACT AND PERFORMANCE

CDL effectively manages its natural capital by implementing robust policies and practices to mitigate its environmental impact. Under the company-wide Sustainability Committee, the Environment Sub-Committee identifies significant environmental aspects and manages impacts that result from CDL's corporate operations, property development and facilities management activities. The company continually tracks its material environmental aspects, which include carbon emissions, energy use, water use, waste, and resource management. CDL also monitors and reports to its stakeholders other aspects of environmental impact, such as biodiversity and noise. The following charts detail CDL's environmental performance.

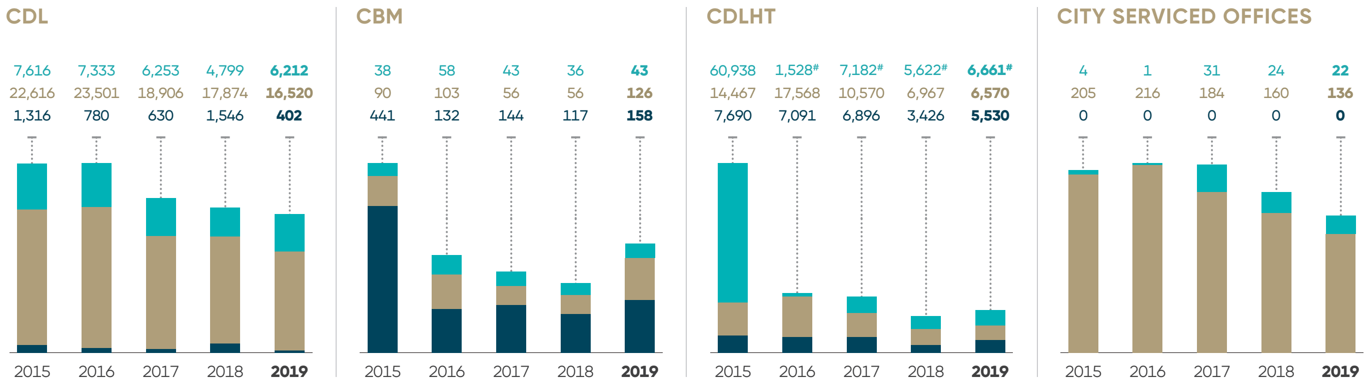
TOTAL CARBON EMISSIONS FROM CDL'S CORE OPERATIONS IN SINGAPORE: CORPORATE OFFICE, MANAGED PROPERTIES, DEVELOPMENT PROJECTS (TONNES CO_2e)

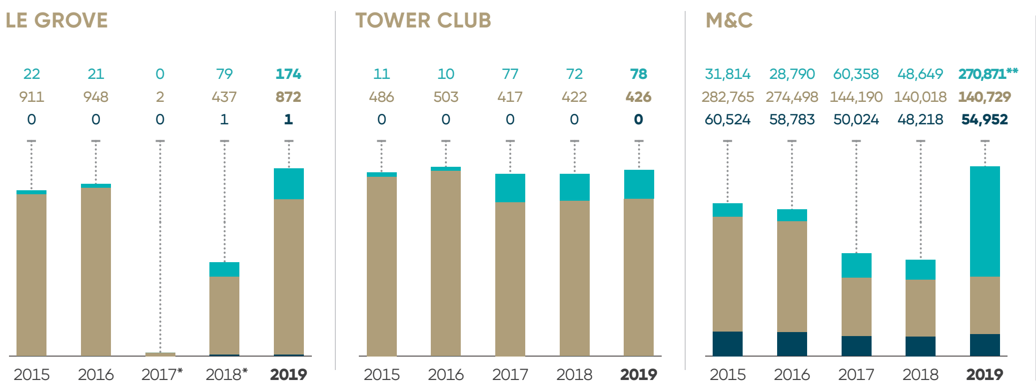


Notes:
- Figures stated in charts may not add up due to rounding of decimals.
- In accordance with GHG Protocol, Scope 2 emissions are calculated using both location-based and market-based methods. The figures shown in brackets represent calculations using a market-based method and includes the reduction in emissions from the purchase of RECs.

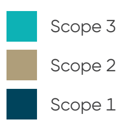


TOTAL CARBON EMISSIONS FROM CDL'S CORE OPERATIONS IN SINGAPORE AND SIX KEY SUBSIDIARIES (TONNES CO_2e)

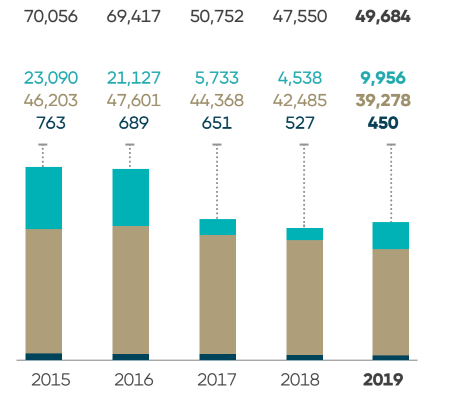




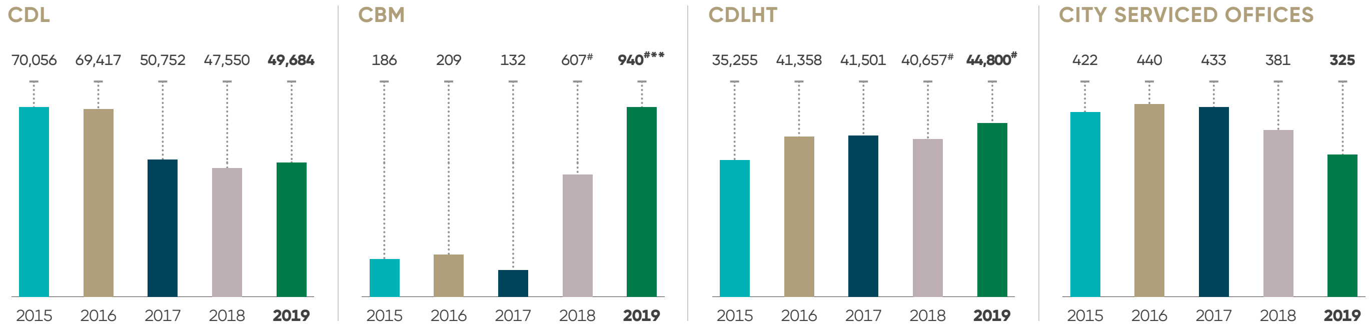
Notes:
- # CDLHT Scope 3 excludes emissions from waste disposed.
- * Data represents Le Grove Office only. Le Grove Serviced Residences was closed for renovation from December 2016 to July 2018.
- ** Data also includes carbon emissions from franchised hotels.

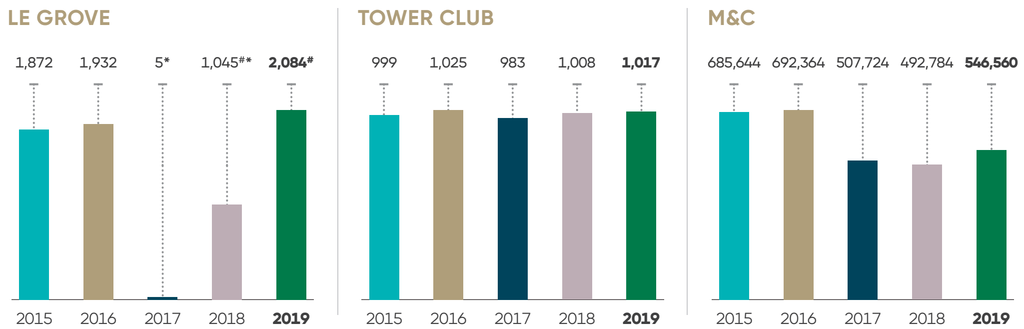


TOTAL ENERGY USED BY CDL'S CORE OPERATIONS IN SINGAPORE: CORPORATE OFFICE, MANAGED PROPERTIES, DEVELOPMENT PROJECTS (MWh)



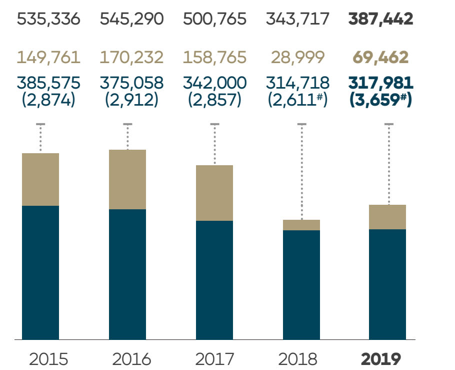
TOTAL ENERGY USED BY CDL'S CORE OPERATIONS IN SINGAPORE AND SIX KEY SUBSIDIARIES (MWh)



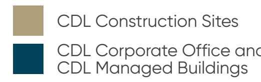


Notes:
- # From 2018, energy from fuel consumption has been included in data reported.
- * Data represents Le Grove Office only. Le Grove Serviced Residences was closed for renovation from December 2016 to July 2018.
- ** Operations of Ingensys is added upon acquisition by CBM in 2019.

TOTAL WATER USED BY CDL'S CORE OPERATIONS IN SINGAPORE: CORPORATE OFFICE, MANAGED PROPERTIES, DEVELOPMENT PROJECTS (m^3)

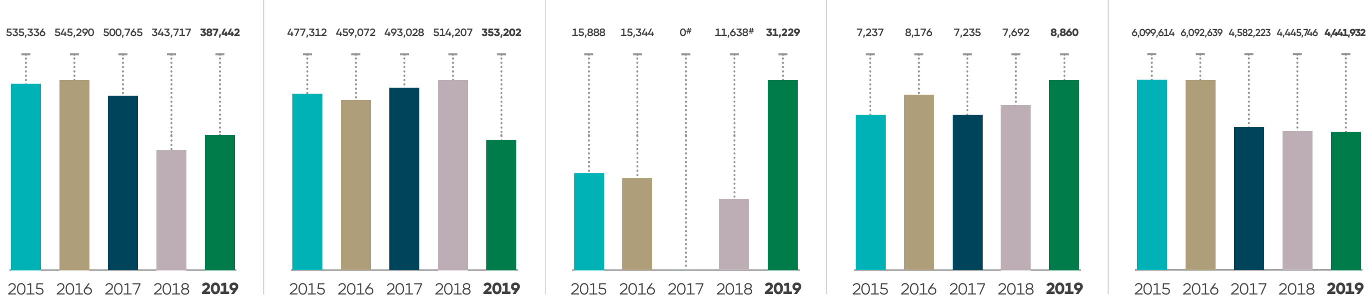


Notes:
- Water used refers to potable water only. Industrial grade NEWater is not included in the amount of water used.
- Corporate office water usage is provided in the brackets.
- # Estimated numbers were used for Corporate Office water usage in 2018 and January - March 2019 due to the ongoing efforts of installing water meters in CDL Corporate Office, having recently relocated from City House to Republic Plaza. Water consumption data from April 2019 was taken from installed water meters.



SUSTAINABILITY BOARD STATEMENT

TOTAL WATER USED BY CDL'S CORE OPERATIONS IN SINGAPORE AND SIX KEY SUBSIDIARIES (m^3)



Notes:
- CBM and City Serviced Offices are tenants within a building and hence do not have separate meters to track respective water usage within their facilities.
- # Le Grove Serviced Residences was closed for renovation from December 2016 to July 2018.

SUSTAINABLE COMMUNITIES AND SOCIAL IMPACT

Human Capital

CDL is strongly committed to be an employer of choice where its people can build fulfilling careers and grow in a conducive and inclusive environment. As affirmation of CDL's proactive human resource policies and practices, CDL was named one of the "Best Companies to Work for in Asia" in 2019 by Business Media International's human resources publication, HR Asia.

As one of Singapore's earliest corporate signatories to pledge support to the UNGC, CDL has been upholding the principles on human rights and labour in its human resource practices. In addition, CDL has been a signatory of the Employers' Pledge of Fair Employment Practices with the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP) since 2008.

Health and Safety

In 2019, there was one reportable injury, zero fatality, and zero occupational disease involving CDL employees within CDL premises. The well-being of workers at construction sites and managed properties is vital for CDL's long-term business viability. As a result of various safety initiatives and engagement programmes with its builders and their workers, the AFR for CDL's direct suppliers remains below the industry average and stands at 0.3 at its construction sites.

Job Creation and Employment

In 2019, the CDL Group provided employment for more than 15,000 employees worldwide. As at 31 December 2019, CDL hired a total of 403 employees for its core operations headquartered in Singapore, where most of its business in property development and asset management is based.

Employee Retention

CDL's successful employee engagement is evident from its employees' length of service. The average tenure of CDL Corporate Office's employees is about 8.5 years and more than 50% of its employees have been with CDL for over five years. CDL Corporate Office's employee resignation rate of 16.1% continued to remain significantly lower than the national average of 21.6% in 2019. CDL experienced an involuntary turnover rate of about 3.8%, of which 1.0% is due to retirement.

Training and Development

In 2019, CDL invested over $170,000 in training and development for its Corporate Office and over 16,000 training hours were clocked. 100% of CDL Corporate Office's workforce was provided the opportunity to attend training. An average of four training days was achieved across the workforce.

Diversity and Inclusion

CDL is committed to providing equal opportunities throughout employment. Its recruitment process adheres to strict guidelines on non-discrimination and fair treatment, regardless of gender, ethnicity, religion, or age. About 70% of CDL's workforce and more than 50% of department heads are women. The internal Diversity and Inclusion Task Force was formed in 2017 to promote diversity and inclusion within the workplace and the wider community.

Since 2018, CDL has been the only real estate company in Singapore to be included in the sector-neutral Bloomberg GEI, and is one of five Singapore companies listed on the 2020 index.

Community Investment

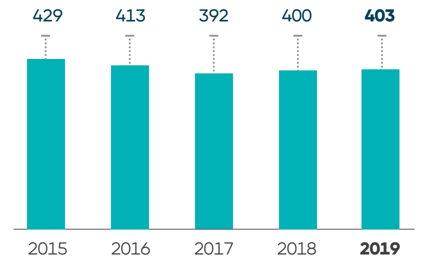
CDL's community outreach initiatives are aligned with SDG 11 (Sustainable Cities and Communities) and SDG 17 (Partnerships for the Goals). The company has been actively initiating and providing sustained support to programmes that deliver lasting and positive impact, focusing on these key themes:

- Promoting Environmental Awareness and Zero Waste
- Advocating Best Practices in Sustainability
- Empowering Youths and Women
- Supporting Singapore's Arts Scene
- Caring for the Less Fortunate

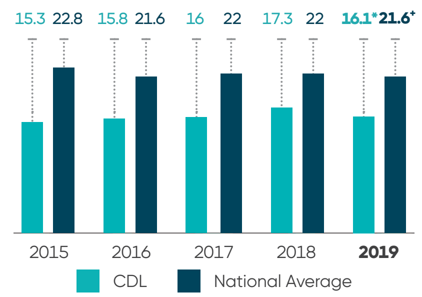
Employee Volunteerism

Apart from monetary donations, active employee volunteerism complements CDL's community investments. Since 1999, CDL's dedicated employee-led volunteering body, City Sunshine Club (CSC), has actively reached out to the less fortunate and underprivileged. CSC organises festive outings for its adopted beneficiaries, as well as monthly food distribution drives where employees distribute household necessities to low income elderly living in rental flats. In 2019, CDL's employees contributed time and effort to support various community projects, achieving a participation rate of 88.1% and close to 2,280 volunteer manhours.

Total Number of Employees at CDL's Corporate Office

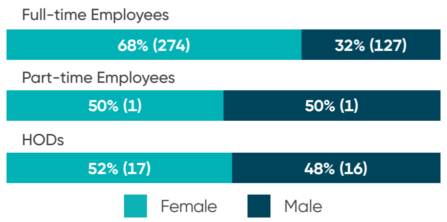


Employee Turnover Rate (%) at CDL's Corporate Office



- * Computation of annual employee turnover is based on cumulative monthly attrition rate derived from the number of resignations for the month / headcount for the month.
- \+ Annualised from Q1 to Q3 2019 figures from MOM website as the annual average was not ready at the time of publication.

Gender Diversity at CDL's Corporate Office



LOOKING AHEAD

In the face of unprecedented climate threats, companies with strong ESG performance have proven to be more resilient and are in a stronger position to achieve sustained growth and attract investment. In BlackRock CEO Larry Fink's latest annual letter[22] to corporate executives, he called out climate change as "a defining factor in companies' long-term prospects". Fink also issued a warning to the investment community, expressing his belief that climate change is going to reshape how everyone thinks of and approaches finance.

Clearly, the business case for ESG integration is strengthening as seen in the rise of ESG investing. In 2019, ESG funds raked in US$20.6 billion new money – four times as much as the US$5.5 billion in 2018, which was the previous high bar.[23] MSCI ESG Ratings has been adopted by banks as reference for their investment clients to make more informed decisions over the ESG performance of their investment portfolios.

CDL's strong ESG track record will not only help it stay future-ready, but also enable CDL to attract new growth opportunities in a new climate economy. As CDL works towards meeting the goals and targets set in the CDL Future Value 2030 sustainability blueprint, it will help the company achieve better operational performance and adapt to new challenges through innovation.

Contributing to Singapore's Green Building Targets

In support of the national objective of greening 80% of all buildings by 2030, CDL will continue its longstanding commitment to achieve Green Mark Gold^{PLUS} and above, two levels above the mandatory requirement, for CDL's new and existing properties, and tap into new technologies in the years ahead. To facilitate greater ESG integration into the company's expansion plan, CDL aims to step up its acquisition risk assessment as recommended by its climate change scenario planning study.

As a builder of living and workspaces, CDL is mindful that people spend more than 90% of their time indoors on average[24]. It is CDL's goal to leverage innovative solutions that will enhance the health and wellness of building users through the way it designs, builds and maintains these spaces. CDL is all set to further its search and application of innovation and technology to turn the company's goals into reality.

Lowering CDL's Carbon Footprint

Energy efficiency and reducing the company's carbon footprint will remain CDL's top priorities. In line with CDL's ambitious carbon reduction targets, the company has set its sights on joining the RE100 initiative by 2021. In the next couple of years, CDL will aim to review its GHG reduction targets validated by the SBTi, aligning its commitment towards "Business Ambition for 1.5°C".

CDL will continue to reinforce its position as an industry leader in sustainability reporting. The company played a key role in spearheading the establishment of the Global Reporting Initiative (GRI) Regional Hub in Singapore last year. Being the first corporation to publish a dedicated sustainability report in Singapore using the GRI framework since 2008, CDL will continue to support the GRI's mission to raise the standards of sustainability reporting and disclosure in Singapore and the region.

Unlocking Value with Greater ESG Integration on the Group Level

The rapid growth of responsible investing and sustainable finance will further enhance CDL's organisational and financial capital. Going forward, CDL will continue to explore potential growth and investment avenues through green financing and business opportunities that are aligned with sustainable development.

With the completion of M&C's privatisation in October 2019, the management is looking into enhancing the alignment between M&C's ESG practices and CDL's longstanding sustainability strategy. It aims to achieve greater synergy within the CDL Group, raising operational efficiency and capability to be future-ready for emerging challenges.

Propelling Change through Collaboration and Thought Leadership

CDL is committed to driving the industry and community-at-large to adopt environmentally responsible practices as 3P collaboration is key to expanding the ripple effect for climate action. Creating positive social and economic impact aligned with the SDGs will remain a strategic focus in CDL's business.

As the world steps up to take urgent climate action, CDL will continue to strengthen its ESG strategy, sharpen its competitive edge through innovation, and cultivate a stronger eco-conscious mindset in the communities it operates. No individual entity can conserve the planet alone. CDL is committed to engaging stakeholders within the larger ecosystem, to steer the built environment towards a more sustainable future.

Notes:
[22] Larry Fink's Letter to CEO, BlackRock, January 2020.
[23] Sustainable Fund Flows in 2019 Smash Previous Records, Morningstar, 10 January 2020.
[24] Indoor air quality report by the United States Environmental Protection Agency.

More information on CDL's sustainability efforts can be found in the CDL Integrated Sustainability Report 2020 and **www.cdlsustainability.com**

FINANCIAL REVIEW

For FY 2019, the Group delivered a resilient performance despite the challenging macroeconomic environment. Net attributable profit after tax and non-controlling interests (PATMI) for FY 2019 increased 1.3% to $564.6 million (FY 2018: $557.3 million), supported by a portfolio with diversified income streams and boosted by the substantial gains from the successful unwinding of CDL's second Profit Participation Securities (PPS 2) structure with the divestment of Manulife Centre and 7 & 9 Tampines Grande. Strong EBITDA of $1.1 billion was achieved despite a sizeable decline in revenue.

Revenue for FY 2019 amounted to $3.4 billion (FY 2018: $4.2 billion) due to the timing of revenue recognition for the property development segment as the revenue for certain overseas projects, and Singapore Executive Condominium (EC) projects cannot be recognised progressively but only upon completion in entirety.

In terms of profit before tax (PBT), the property development segment was the main contributor, followed by investment properties segment.

PROPERTY DEVELOPMENT

Revenue and pre-tax profit for FY 2019 decreased by $908.6 million to $1,136.7 million (FY 2018: $2,045.3 million) and by $245.3 million to $378.1 million (FY 2018: $623.4 million) respectively.

The decrease in revenue was largely due to the timing of revenue recognition. Contribution from EC is recognised in entirety upon completion for sold units whilst overseas projects are recognised upon unit handover. For Singapore private residential units, there is progressive recognition of profit based on the stages of construction and sales status. Revenue declined for FY 2019, as FY 2018 revenue was powered by strong contribution from New Futura (launched in Q1 2018), and The Criterion EC, coupled with contribution from Phase 2 of HLCC and Park Court Aoyama The Tower following their completion in 2018 in which sold units were handed over to buyers in that same year.

For FY 2019, the lower profit was in line with the lower revenue achieved. The decrease in pre-tax profit for FY 2019 was partially mitigated by share of profit contributed by two well-sold joint venture projects, South Beach Residences and Boulevard 88, along with returns recognised from the sale of units in the Ivy and Eve project in Australia, as well as higher share of contribution from First Sponsor Group Limited following the commencement of hand over of units in its Star of East River project in Dongguan and gains recognised from the divestment of its Oliphant office building to its 33% equity-accounted investee.

HOTEL OPERATIONS

For FY 2019, revenue increased by $25.6 million to $1,705.0 million (FY 2018: $1,679.4 million). However, a pre-tax loss of $6.6 million (FY 2018: pre-tax profit of $40.0 million) was recorded.

The increase in revenue for FY 2019 was mainly contributed by the addition of W Singapore - Sentosa Cove to the Group's hotel portfolio in April 2019.

The pre-tax loss of $6.6 million recorded in FY 2019 was attributable to a myriad of factors including one-off costs incurred for the successful privatisation of Millennium & Copthorne Hotels Limited (M&C) in October 2019 and impairment loss of $58 million made on several hotels, albeit a lower impairment loss as compared to FY 2018 of $94 million. Further, the closure of Millennium Hotel London Mayfair since July 2018 and Dhevanafushi Maldives Luxury Resort since June 2018 for enhancement and rebranding works had also negatively impacted the Group's performance. Both hotels re-opened in September 2019.

INVESTMENT PROPERTIES

Revenue and pre-tax profit for FY 2019 increased by $79.9 million to $438.1 million (FY 2018: $358.2 million) and by $143.9 million to $332.9 million (FY 2018: $189.0 million) respectively.

The increase in revenue for FY 2019 was largely contributed by the full year contribution from Aldgate House (London), 125 Old Broad Street (London) and Central Mall Office Tower, which were acquired in late 2018. In addition, the increase in revenue for FY 2019 was also contributed by Le Grove Serviced Residences, which re-opened in July 2018 following a major revamp, and HLCC retail mall, which opened in June 2018.

Pre-tax profit for FY 2019 soared due to divestment gains recognised. In 1H 2019, the Group successfully unwound its PPS 2 platform and realised deferred gains on the sale of investment properties of $153.9 million, in addition to a distribution totalling $52.6 million from Golden Crest Holdings Pte. Ltd. The Group also recognised a $10.5 million gain from the divestment of a vacant land parcel at Jervois Road in July 2019.

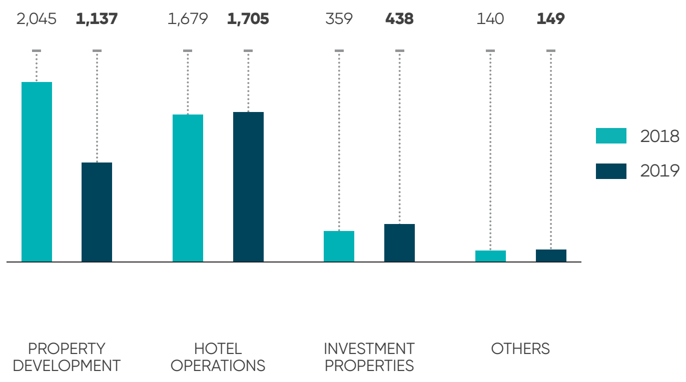
Included in FY 2018 pre-tax profit was a gain on divestment of Mercure Brisbane and Ibis Brisbane by CDL Hospitality Trusts of $29 million and another gain on disposal of a vacant shophouse plot at Jalan Besar of $12.4 million. The Group also wrote back $19.3 million of the provision for bond interest support under the PPS 2 platform, following the redemption of the said bonds.

OTHERS

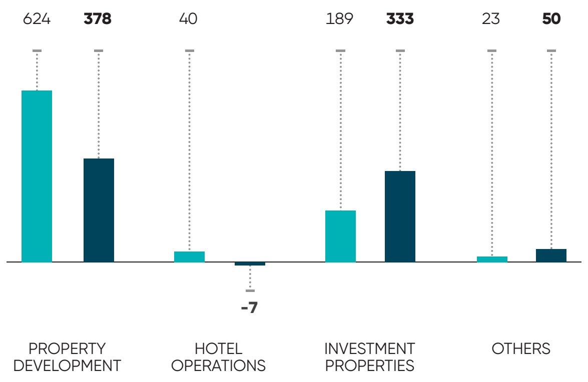
Revenue, comprising mainly income from building maintenance contracts, project management, club operations, laundry services and dividend income, increased by $9.2 million to $148.8 million (FY 2018: $139.6 million) for FY 2019. The increase for FY 2019 was due to higher project management fees earned.

Pre-tax profit increased by $26.5 million to $49.7 million (FY 2018: $23.2 million) for FY 2019. The substantial increase in pre-tax profit was largely due to interest income earned on a loan granted to and bonds issued by Sincere Property Group. This was partially reduced by the mark-to-market loss recognised on certain quoted securities held by the Group.

REVENUE BY BUSINESS SEGMENT ($ MILLION)

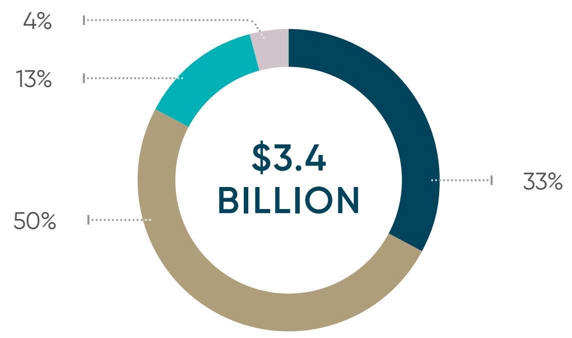


PROFIT BEFORE TAX BY BUSINESS SEGMENT* ($ MILLION)

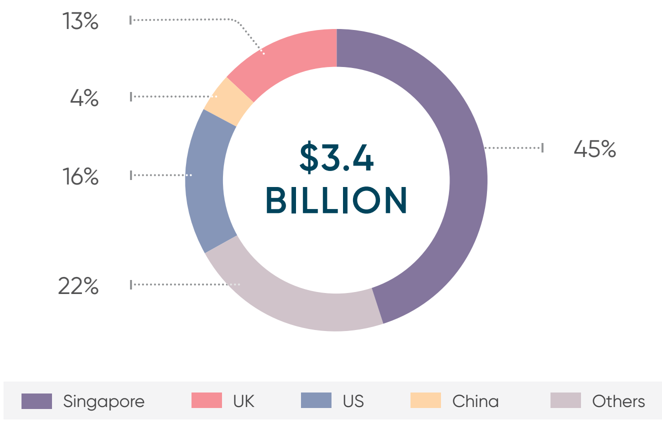


* Includes share of after-tax profit of associates and joint ventures.

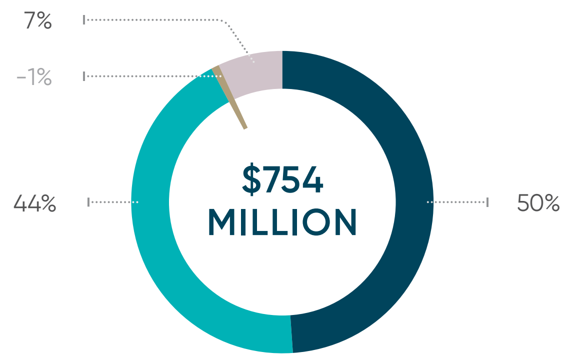
REVENUE BY BUSINESS SEGMENT



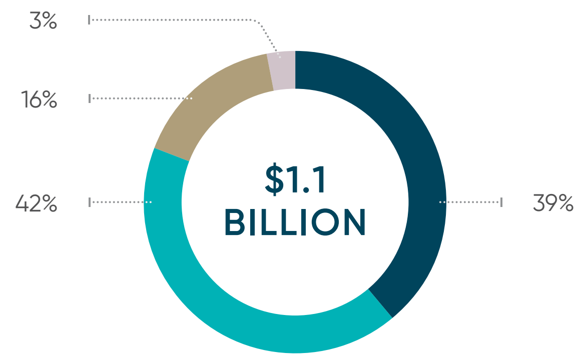
REVENUE BY GEOGRAPHICAL LOCATION

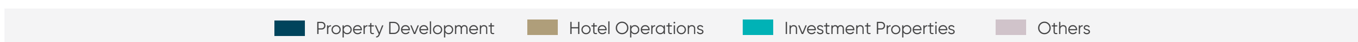


PROFIT BEFORE TAX BY BUSINESS SEGMENT



EBITDA BY BUSINESS SEGMENT





OPERATIONS & MARKET REVIEW

Boulevard 88
Singapore
Artist's Impression

Building on our core capabilities in real estate development and management, we continued to progress on our growth and diversification strategy in 2019.

PRIVATISATION OF M&C

Apart from expanding into new residential market segments overseas, one of the key milestones that marked 2019 was our successful privatisation of our hotel subsidiary, Millennium & Copthorne Hotels Limited (M&C) – formerly known as Millennium & Copthorne Hotels plc – which had been listed on the London Stock Exchange since 1996.

On 7 June 2019, CDL announced our takeover offer for approximately 34.8% of the shares in M&C which we did not own. Under the conditional cash offer, M&C shareholders were entitled to receive 685 pence for each M&C share in cash, representing a premium of approximately 37% to M&C's closing price of 500 pence per M&C share on 6 June 2019. This was an increase of 65 pence per M&C share from the last offer made to M&C shareholders under our first takeover attempt in December 2017, which lapsed in January 2018 as the Group did not receive acceptances for more than 50% of M&C shares that it did not own and thus the offer could not be declared unconditional.

In the second takeover offer, our final offer valued the entire issued and to be issued ordinary share capital of M&C at approximately £2.23 billion (approximately $3.86 billion), with the maximum cash consideration payable by CDL amounting to approximately £776 million (approximately $1.34 billion). The offer was recommended by M&C's independent non-executive directors. CDL also received irrevocable undertakings from key minority shareholders, representing 43.58% of M&C shares not already held by the CDL Group. The offer document was published on 15 August. On 12 September, valid acceptances for approximately 58.28% of M&C shares not held by the CDL Group (as at 7 June) were received, and the offer was declared unconditional.

M&C was delisted from the London Stock Exchange on 11 October, and on 4 November, was re-registered as a private company under the name of Millennium & Copthorne Hotels Limited. On 19 November, the compulsory acquisition of all M&C's issued shares was completed and it became a wholly-owned subsidiary of the CDL Group.

With M&C's privatisation, we have embarked on a holistic review of our portfolio and operations with a view towards unlocking value for shareholders, and are developing initiatives to leverage synergies, enhance operational efficiency and drive profitability.

PROPERTY DEVELOPMENT

Singapore

Singapore's economy grew at a decade-low of 0.7% in 2019, down from 3.4% in 2018. The Ministry of Trade and Industry has forecasted economic growth for 2020 to be within a range of between -0.5% and 1.5% amid concerns of the ongoing COVID-19 outbreak, signalling the possibility of a technical recession.

Based on data from the Urban Redevelopment Authority (URA), prices of private residential properties increased by 2.7% in 2019, compared with a 7.9% increase in 2018. The decline in price growth can be attributed to a slowing economy and property cooling measures implemented in July 2018.

For the whole of 2019, private home sales rose 13% as developers sold 10,104 units (excluding Executive Condominiums or ECs), compared with 9,912 units in 2018, reflecting Singapore's resilient housing market and healthy home demand from first-time buyers and upgraders.

In 2019, the Group together with our joint venture (JV) associates sold 1,554 units including ECs with a total sales value of $3.3 billion (FY 2018: 1,113 residential units with a total sales value of $2.2 billion). We launched a record number of six projects in 2019, emerging as one of the top-selling private sector developers in Singapore.

On 31 May, the Group and our 50% JV partner CapitaLand Limited completed the acquisition of the 447,406 sq ft Liang Court retail mall for $400 million. The mall is located on River Valley Road, at the fringe of the CBD and in the heart of buzzing Clarke Quay, with the Fort Canning MRT station at its doorstep.

Later, in November, the CDL-CapitaLand JV announced our plan to redevelop the Liang Court site into an integrated development following the proposed sale by CDL Hospitality Trusts (CDLHT) of its total interest in Novotel Singapore Clarke Quay, which was approved by CDLHT's unitholders at its EGM in January 2020. Concurrently, Ascott Residence Trust (Ascott Reit) will sell part of its interest in Somerset Liang Court Singapore to the Group.

Subject to approval from the relevant authorities, the proposed development with a total GFA of 100,263 sqm will comprise two residential towers offering around 700 apartment units, a commercial component, a hotel and a serviced residence with a hotel licence.

The 50:50 CDL-CapitaLand JV entities will own the residential and commercial components while Ascott Reit will own the 192-unit serviced residence with a hotel licence. CDLHT will own the hotel which will have about 460 to 475 rooms under a forward purchase agreement with the Group. The hotel will operate under the Moxy brand by Marriott International while the serviced residence will retain its Somerset brand. The proposed integrated development is targeted to open in phases from 2024.

While a sizeable supply is expected to come onstream in 2020 as a result of the heightened collective sales fever in 2017/8, residential prices are likely to remain competitive with developers curating relevant unit mixes and pricing to suit homebuyers' expectations.

In response to the slowing economic growth, substantial supply of residential units and a moderation of demand following the July 2018 property market cooling measures, the Singapore Government has moderated its 2019 and 1H 2020 Government Land Sales (GLS) programme.

With a record number of projects launched in 2019, we sought opportunities to replenish our land bank.

In April, along with our 60% JV partner Hong Leong Holdings Limited, we successfully tendered for a 174,648 sq ft residential site at Sims Drive for $383.5 million or $732 psf ppr. The site is well located near Aljunied MRT station, located only one station from Paya Lebar which is transforming into a well-connected and established regional hub. Subject to market conditions, our JV partner is preparing to launch the 566-unit residential project in 1H 2020.

In January 2020, we also successfully tendered for Irwell Bank Road – the year's first GLS site. This prime 137,634 sq ft site, won at $583.9 million or $1,515 psf ppr – a thin winning margin of only 4.2% above the next highest bidder. Located along River Valley Road in District 9, this site is within walking distance to Great World City mall and the upcoming Great World MRT station. The Group plans to develop a condominium comprising two 36-storey towers with about 580 units and a basement carpark.

Apart from an active land banking strategy, we are also actively studying the feasibility of redeveloping our eligible assets such as Fuji Xerox Towers under the CBD Incentive Scheme, which offers an avenue to rejuvenate our sites and replenish our development land bank.

International

Australia

The Australian residential housing market had a soft start to 2019 with reduced demand and declines in median property prices. However, market sentiment lifted after the Australian federal election in May and successive interest rates cut from the Reserve Bank of Australia.

RECORD NUMBER OF 6 PROJECTS LAUNCHED IN 2019

Project	Boulevard 88#	Amber Park#	Haus on Handy	Piermont Grand#	Nouvel 18~	Sengkang Grand Residences#
Location	Orchard Boulevard	Amber Road	Handy Road	Sumang Walk	Anderson Road	Sengkang Central
Tenure	Freehold	Freehold	99 years	99 years	Freehold	99 years
Equity Stake	40%	80%	100%	60%	–	50%
Launched	Mar	May	Jul	Jul	Jul	Nov
Total Units	154	592	188	820	156	680
Units Sold*	91	202	32	484	27	237
ASP Achieved	>$3,790 psf	>$2,480 psf	>$2,870 psf	>$1,090 psf	>$3,460 psf	>$1,730 psf

* As at 23 February 2020
\# JV project
~ Divested project marketed by CDL

Liang Court
Singapore

The 476-unit Ivy and Eve, our JV residential project with ASX-listed Abacus Property Group (Abacus) in Brisbane, is now fully sold and all settlements achieved.

In 1H 2019, we acquired Abacus' residential development division for A$25.9 million ($25 million) which included a portfolio of three prime freehold mixed development sites – two in Melbourne and one in Brisbane. The Marker, a JV project comprising 195 residential units, several retail units and a supermarket located on Spencer Street, West Melbourne, has to date sold over 60% of the apartments. The two other development sites are in the planning and design stages.

Taking a positive view of the Australian residential sector, in December, we completed the purchase of another JV mixed-use site located at Macaulay Road, North Melbourne for A$18.5 million ($17.4 million), near the future North Melbourne railway station.

Meanwhile, our collaboration with Waterbrook Lifestyle for the 135-unit retirement village project in Bowral commenced pre-sales towards the end of 2019. Over 50% of the initial 52 units launched received reservations.

The Group remains positive on the Australia real estate market and continues to seek opportunities.

Japan

Japan's real estate market performed well as low interest rates, and a competitive yield gap provided an attractive environment for investments. Property prices in major cities continued to be supported by steady economy growth boosted by record tourist arrivals.

The Group's prime 180,995 sq ft freehold site in the prestigious Shirokane residential enclave within central Tokyo remains in our land bank, while 154 (96%) out of 160 units at Park Court Aoyama The Tower in Tokyo, a JV residential project, have been handed over to buyers as at 31 December 2019.

The Marker
Melbourne
Artist's Impression

UK

Residential buyers and investors remain cautious amid Brexit-related uncertainties and global growth concerns. Despite the UK's subdued property market, we managed to move some residential inventory in 2019.

100 Sydney Street in Chelsea (eight apartments and a retail unit) has sold three units to date. Chesham Street (six units) in Belgravia has sold one unit, with three units leased. Teddington Riverside, the 239-unit development in Teddington, South West London, is expected to be completed in Q2 2020. Phase 1 comprises two blocks with 76 units. To date, over 30 units have been sold or leased. We believe that sales will progress with increased political stability in the UK.

For our existing car park building at Pavilion Road, Knightsbridge, planning consent to redevelop the site into a luxury boutique hotel has been granted by the Royal Borough of Kensington and Chelsea in January 2020. Designed by PRP + Hamiltons Architects, the strikingly designed hotel will provide 120 rooms with a business centre, lounge, restaurant and bar. The prime site is located in the heart of Knightsbridge, just minutes away from the Harrods department store and Knightsbridge tube station. Previously, the Group had been granted planning approvals for a 28-unit residential scheme and a mixed-use scheme with 24 residential units and a health club.

At end January 2020, we received planning consent from the Planning Committee of the London Borough of Richmond for a major mixed-use scheme on its 22-acre site at the former Stag Brewery in Mortlake, South West London – the largest development in the Borough. The scheme proposes 663 residential units and a care village. It has flexible use floorspace for various commercial, community and leisure purposes which includes a hotel, cinema, gym, bars and restaurants. There will also be a new secondary school with a full-sized football pitch, multi-use games area and play space. The finalised scheme is expected to be determined by Q2 2020.

We maintain a positive view of the UK property market, in particular London, which remains a key financial hub in Europe, and will continue to seek suitable acquisition opportunities in the UK.

China

In FY 2019, our wholly-owned subsidiary CDL China Limited and its JV associates sold 526 residential units and four villas in China, achieving sales value of RMB 1.81 billion (approximately $350 million) (FY 2018: Sold 259 residential units and 18 villas with total sales value of RMB 1.32 billion or approximately $269 million).

The mixed-use development – Hong Leong City Center (HLCC) in Suzhou has to date sold 1,651 (92%) of its 1,804 residential units. Operational since June 2019, HLCC's Grade A office tower is now about 70% occupied. Occupancy of the HLCC mall is currently at 82% and the 295-room five-star M Social Hotel is slated to open in 2021.

In Chongqing, CDL China's JV project Emerald, an 820-unit luxury development has sold 473 (58%) units and the completed 126-unit Eling Palace has sold 80 units (64%) to date.

Hongqiao Royal Lake in Shanghai has sold 56 (66%) out of the 85 villas to date. As landed developments are no longer permitted in China, the project has strong potential for capital appreciation given the scarcity. Notably, we have already achieved breakeven based on the completed sales.

INVESTMENT PROPERTIES

Singapore

The Group's office portfolio – comprising 13 properties with Net Lettable Area (NLA) of 2.2 million sq ft – remains resilient with a committed occupancy of 89.8% as at 31 December 2019, on par with the island-wide occupancy rate of 89.5%.

On the asset management front, we continue to place emphasis on asset renewal and portfolio enhancement. In 2019, we completed a $70 million asset enhancement initiative (AEI) for our flagship commercial property, Republic Plaza (RP), which included a major revamp of the main lobby, lift lobbies, retail podium and the public area layouts. Post AEI, RP achieved a strong committed occupancy rate of about 90%, with positive rental reversions and a fully-leased retail space.

International

Japan

Japan's real estate market remains attractive due to its stability, strong market fundamentals, high occupancy rates in major cities, as well as depth of existing stock. Beyond the Tokyo 2020 Olympic Games, there are multiple catalysts for long-term growth, such as the 2025 World Expo in Osaka-Kansai, launch of integrated resorts and completion of mega infrastructure projects like the Japan maglev train line.

In 2019, we acquired four rental apartment projects in Osaka, including three forward funded projects. One of the forward funded projects, Pregio Joto Chuo which was completed in September 2019, has achieved better-than-expected occupancy of 95% within three months of completion. The remaining forward funded projects are expected to be completed by Q1 2020.

The four freehold projects will benefit from the strong leasing market in Osaka. The Group's total rentable assets in Japan is JPY 5.46 billion (approximately $69.3 million).

We continue to seek attractive investment opportunities to grow our presence in Japan.

UK

Our two freehold commercial buildings in Central London acquired in 2018 – Aldgate House and 125 Old Broad Street, have already shown significant positive rental reversions post-acquisition. In 2019, the Group embarked on several asset enhancement initiatives and feasibility studies on these office assets, enhancing the potential for higher rental upside.

On 31 January 2020, 23:00 GMT, the UK formally left the European Union (EU) and entered an 11-month transition period until 31 December 2020. After nearly three years of uncertainty, the transition period provides long-awaited clarity on Brexit and paves the way for what is expected to be a more stable future. We remain a long-term investor in the UK and have confidence in the fundamentals of the UK economy.

The Group does not expect the Brexit impact to be prolonged as there is still pent-up investment demand from the international community.

The outlook for Central London's office market is positive with rental growth expected through 2021, bolstered by low unemployment, currency advantage and tight Grade A office supply, likely resulting in upward pressure on prime rents.

In March 2019, we acquired a £15.4 million (approximately $27.5 million) freehold Private Rented Sector (PRS) site in Leeds that will yield 664 residential units with retail space located within the site's attractive heritage arches beneath a viaduct. The PRS sector is driven fundamentally by domestic demand and is expected to be insulated from the impact of Brexit. The development is slated for completion in 2023.

125 Old Broad Street
London


Shanghai Hongqiao Sincere Centre (Phase 2)
Shanghai

China

Weakening demand, coupled with lack of new demand sources in 2019, has softened rents and drove higher vacancy across Shanghai. These twin factors and significant new supply continued to put pressure on market rents. Nevertheless, in the long run, domestic demand and foreign companies from emerging industries and financial sectors are expected to foster growth.

Hong Leong Plaza Hongqiao, Shanghai has leased three out of five towers (equivalent to 71% of its NLA) to a serviced apartment operator and a postnatal confinement centre.

We completed the acquisition of a 100% stake in Shanghai Hongqiao Sincere Centre (Phase 2) for a total purchase price of RMB 1.75 billion (approximately $344 million) in November. To date, occupancy for office and serviced apartment is around 50% and 70% respectively.

In May, the Group entered into a strategic partnership with Sincere Property Group (Sincere), a real estate developer in China. The proposed total investment of RMB 5.5 billion (approximately $1.1 billion) represents a 24% effective equity stake in Sincere and an interest-bearing loan extended to Sincere. The transaction is being renegotiated, and the exact terms will be shared once finalised.

Despite the COVID-19 crisis, we continue to hold a long-term view of our China investments and remain confident of China's strong fundamentals and its ability to rebound. The Chinese government has provided several support policies and liquidity to stabilise its economy. During this short-term challenge posed by the virus outbreak, it offers a window opportunity to assess real estate investments with an attractive valuation.

HOSPITALITY

In November, our London-based hotel arm became the Group's wholly-owned subsidiary following a successful privatisation exercise. As at 31 December 2019, the Group's hospitality portfolio comprises 156 hotels, of which 71 hotels (46%) are owned by the Group, 19 hotels (12%) are operated under JV arrangements or under CDLHT, and the balance (42%) are managed or franchised hotels. Notably, the CDLHT hotels are under a master lease arrangement and classified as investment properties.

In constant currency, global revenue per available room (RevPAR) for FY 2019 increased by 0.8% to $145.0 (FY 2018: $143.9). For Asia, RevPAR for FY 2019 increased by 4.2% to $130.1 (FY 2018: $124.8).

Singapore RevPAR increased by 10.0% to $161.2 (FY 2018: $146.6) due to the inclusion of W Singapore – Sentosa Cove to the Group's portfolio in Q2 2019, coupled with healthy visitor arrivals and strong convention business.

New Zealand (NZ) RevPAR increased marginally at 0.2% to $127.4 (FY 2018: $127.2). Notably, NZ contributions have increased steadily over the years with more NZ hotels and a rise in tourist arrivals. However, the market softened in 2019 with competition from new hotel inventory in the Auckland and Queenstown regions.

London RevPAR grew by 7.0% to $190.1 (FY 2018: $177.6). All London hotels recorded positive RevPAR growth, partly due to rate-driven initiatives in the middle of the year offsetting a drop in Q1 2019. The weaker pound continues to support London as an attractive destination for inbound tourists.

However, the bottom line was impacted by The Biltmore Mayfair's £12 million ($21 million) loss for FY 2019 due to pre-opening costs and higher depreciation. The Biltmore Mayfair reopened on 9 September 2019 following a £60 million ($106 million) makeover and rebranding. The property is being managed by Hilton under its luxury LXR Hotels and Resorts brand – the first in Europe.

RevPAR for Rest of Europe was down by 6.3%. Decreases were recorded in Millennium Hotel Paris Opera where phased refurbishment is still on-going as well as transport strikes in Paris since December 2019, causing significant business travel disruption.

US RevPAR for FY 2019 decreased by 0.8% to $170.9 (FY 2018: $172.2). Q1 2019 demand was impacted due to the shut-down of the federal government and extreme cold weather arising from the polar vortex.

New York RevPAR decreased by 1.1% to $298.2 (FY 2018: $301.5). Revenue recovery strategy for Millennium Times Square New York includes joining Hilton as an affiliate with access to its reservation channels and loyalty programme to enhance contribution. This hotel, and Millennium Hilton New York One UN Plaza, continue to be loss-making primarily due to high labour costs as a result of labour union, whilst the US regional hotels remained profitable collectively.

In 2019, M&C continued to make good progress on its asset enhancement programme and development projects.

In Singapore, the Group completed major refurbishment for Orchard Hotel. Phased renovations for the Millennium Hotel Paris Opera, Millennium Gloucester Hotel London Kensington and Copthorne King's Hotel in Singapore have commenced and are expected to complete over the course of 2020/2021.

For 2020, M&C's Capex programme is expected at around $140 million. Millennium Hilton New York Downtown plans to undergo a phased refurbishment over 2020/2021 for an estimated US$37 million ($50 million). In Singapore, there are planned refurbishments for Grand Copthorne Waterfront and Studio M. These renovations will be phased to minimise impact to profits.

On the development front, the construction cost of the Sunnyvale California project, comprising of a 263-room hotel (planned for an M Social) and a 250-unit residential apartment block is estimated at US$180 million ($244 million). Project is expected to complete in the next two years.

For the development site in Yang Dong, Seoul, adjacent to its Millennium Hilton Seoul property, the Group continues to study alternative options and does not expect to commence construction in 2020.

With M&C's privatisation, we are focused on achieving synergies, cost efficiencies and driving profitability by tapping onto the Group's wider capabilities. This will be achieved by driving revenues via rate optimisation, customer segmentation, enhancing M&C's digital marketing strategies and most importantly, improving customer experience.

We are also taking a holistic review of our enlarged hotel portfolio to drive synergies. This includes taking a more proactive stance as a sponsor to CDLHT, with a 37.8% effective interest. CDLHT unitholders approved its acquisition of the W Singapore – Sentosa Cove hotel from the Group for $324 million or $1.35 million per key at its EGM held in January 2020. The injection of this hotel into CDLHT's portfolio is an extension of the Group's commitment to seed suitable hotel assets to support the REIT's expansion plans.


Grand Ballroom, Orchard Hotel Singapore
Singapore

In 2019, M&C announced the divestment of the Millennium Cincinnati property. The transaction was completed on 14 February 2020 and a profit of $24 million will be recognised in Q1 2020.

Looking ahead, we will continue to evaluate divestment opportunities in M&C's portfolio where appropriate. However, our priority is to improve M&C's hotel performance and to explore alternative uses that complement the Group's real estate capabilities, so as to build a stronger recurring income base.

FUND MANAGEMENT

The Group has been actively building its pipeline and is in active collaborations with capital partners to acquire new assets under management. We are on track to hit our target of US$5 billion by 2023.

In April, the Group acquired a 50% stake in IREIT Global Group Pte. Ltd., the manager of Singapore-listed IREIT Global, and currently owns approximately 12.5% of the total issued units in IREIT Global.

Besides being earnings accretive with immediate contribution to recurring income through management fees and attractive yields, the investment also strengthens the Group's fund management expertise and establishes our track record.

BUILDING OUR FUTURE

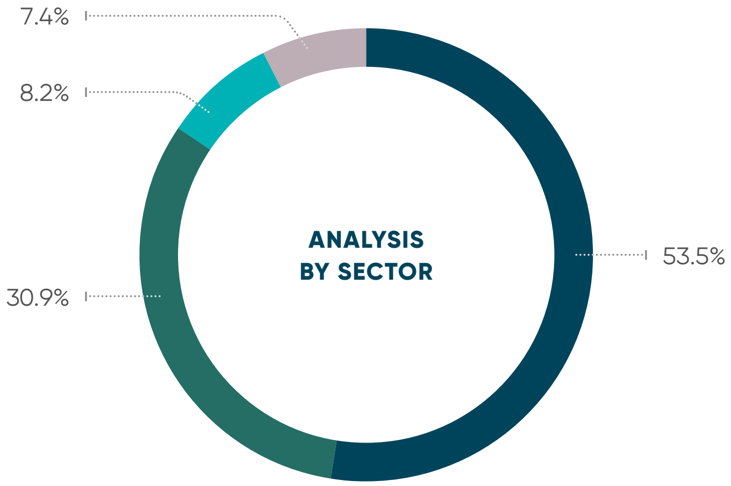
In line with our growth strategy and core focus to enhance recurring income, we continue to focus on strategic portfolio management initiatives through a multi-pronged approach. We are committed to strengthening our foothold in Singapore, while looking abroad to diversify for growth and to manage our risk.

Supported by a solid balance sheet, we will continue with strategic acquisitions and investments in Singapore and our key overseas markets. We remain focused on executing our GET strategy of Growth, Enhancement and Transformation, and bringing our targets to fruition.

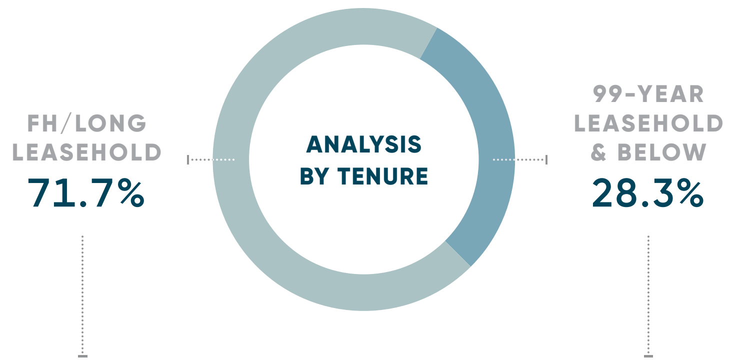
PROPERTY PORTFOLIO ANALYSIS

CDL GROUP'S ATTRIBUTABLE SHARE
AS AT 31 DECEMBER 2019

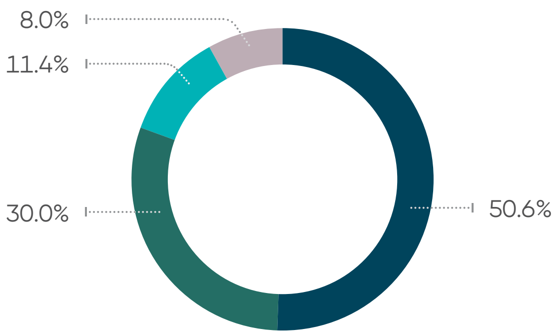
INVESTMENT PROPERTIES - COMMERCIAL & RESIDENTIAL



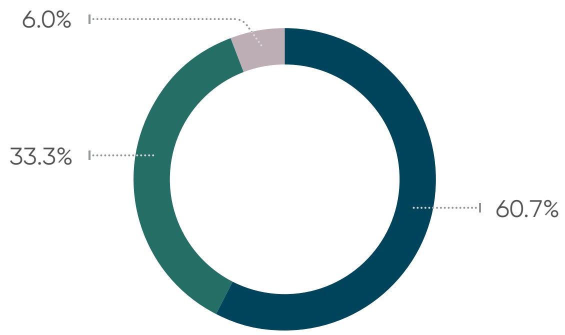
TOTAL LETTABLE/STRATA AREA:
6.9 MILLION SQ FT



TOTAL LETTABLE/STRATA AREA:
6.9 MILLION SQ FT



FH/LONG LEASEHOLD BREAKDOWN BY SECTOR
TOTAL LETTABLE/STRATA AREA:
4.9 MILLION SQ FT



99-YEAR LEASEHOLD & BELOW BREAKDOWN BY SECTOR
TOTAL LETTABLE/STRATA AREA:
2.0 MILLION SQ FT

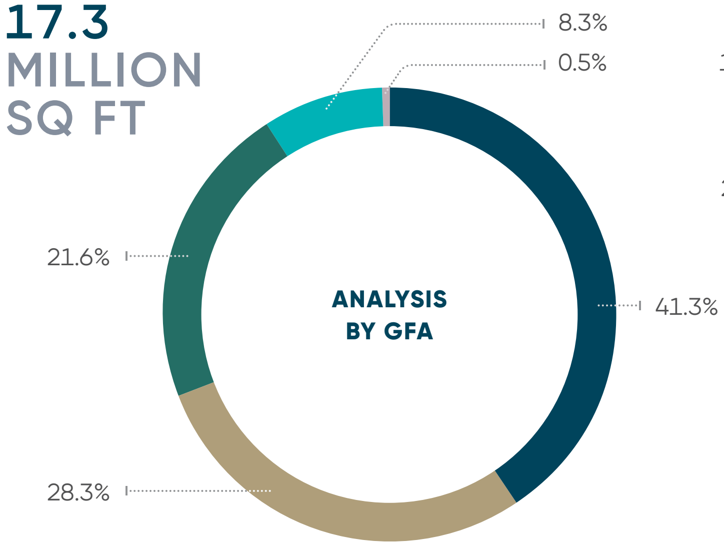
Office | Retail | Industrial | Residential

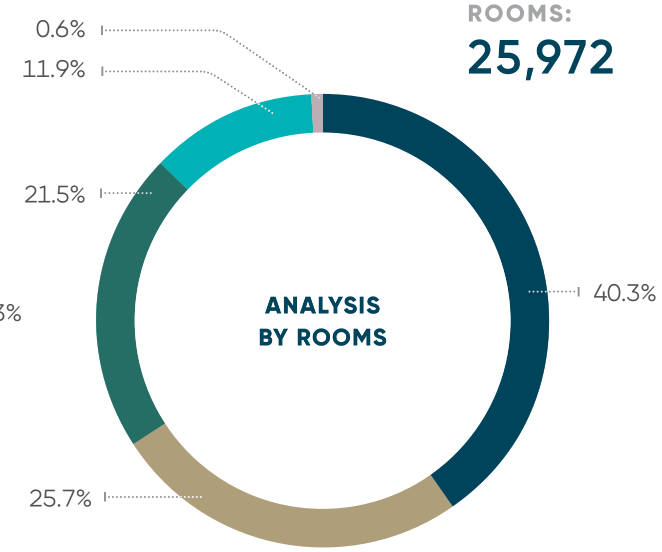
PROPERTY PORTFOLIO ANALYSIS

CDL GROUP'S ATTRIBUTABLE SHARE
AS AT 31 DECEMBER 2019

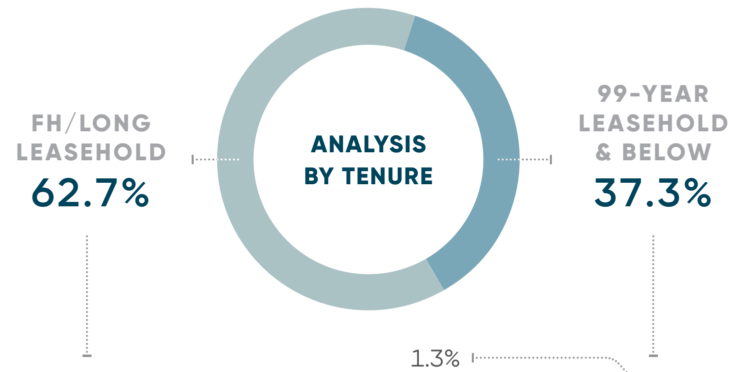
INVESTMENT PROPERTIES - HOTELS^

TOTAL GROSS FLOOR AREA (GFA):
17.3 MILLION SQ FT

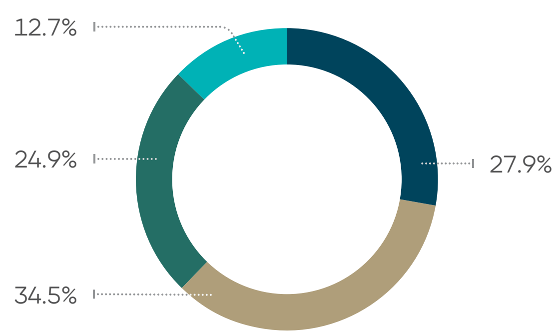




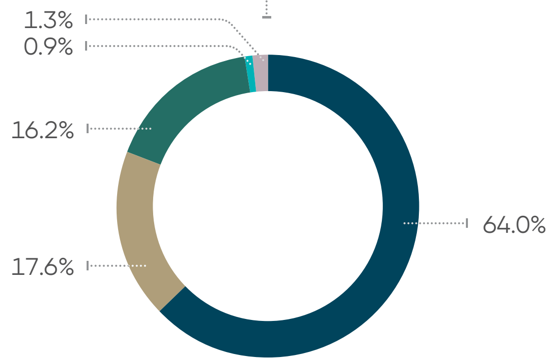
TOTAL NUMBER OF HOTEL ROOMS:
25,972



TOTAL GROSS FLOOR AREA (GFA):
17.3 MILLION SQ FT



FH/LONG LEASEHOLD BREAKDOWN BY SECTOR
TOTAL GROSS FLOOR AREA (GFA):
10.9 MILLION SQ FT



99-YEAR LEASEHOLD & BELOW BREAKDOWN BY SECTOR
TOTAL GROSS FLOOR AREA (GFA):
6.4 MILLION SQ FT

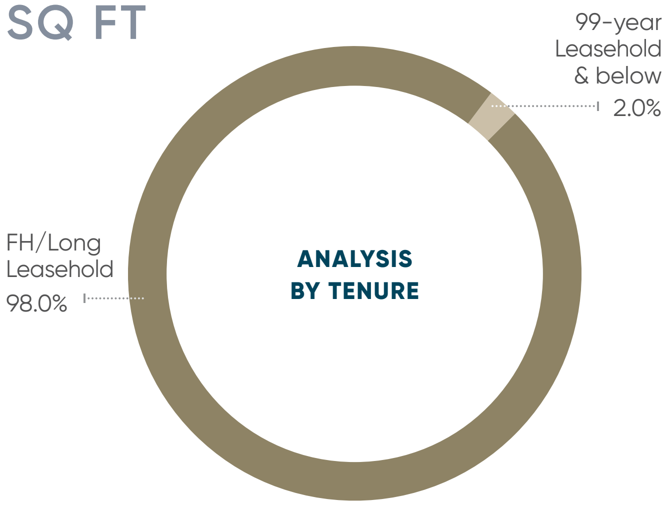
^ Refers to hotels that are owned by CDL Group or under CDL Hospitality Trusts, as listed in the Major Properties section found on pages 87 to 96 of the Annual Report.

Asia | United States | Europe | Australasia | Maldives

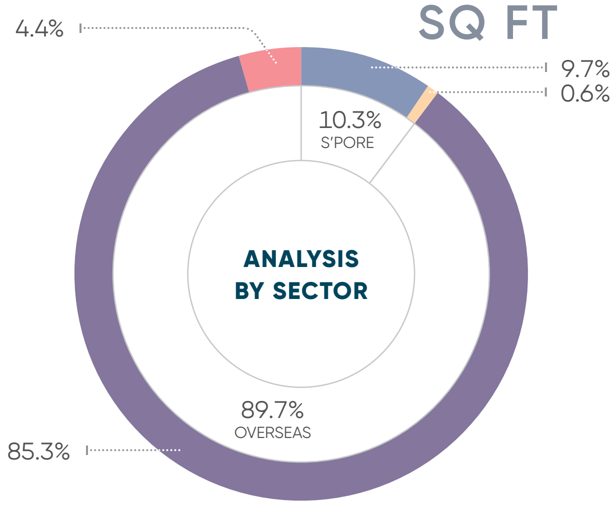
PROPERTY PORTFOLIO ANALYSIS – LAND BANK

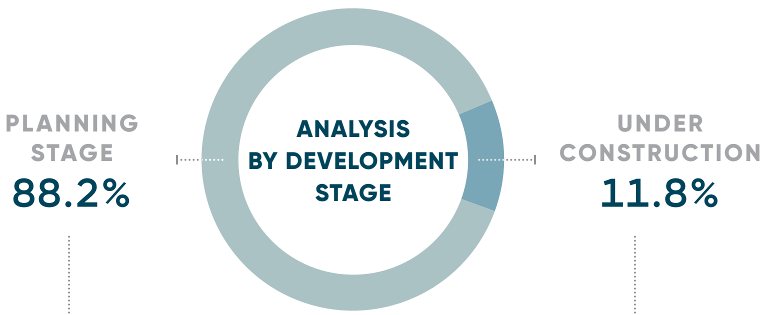
CDL GROUP'S ATTRIBUTABLE SHARE*
AS AT 31 DECEMBER 2019

TOTAL LAND AREA:
3.4 MILLION SQ FT

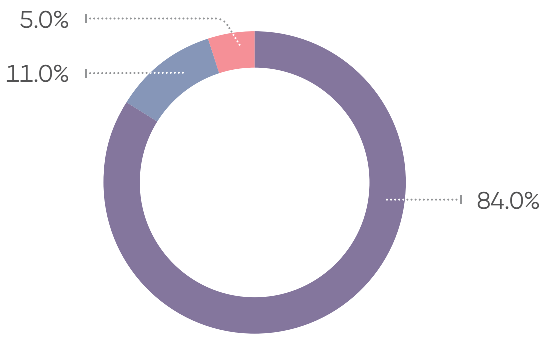


TOTAL LAND AREA:
3.4 MILLION SQ FT

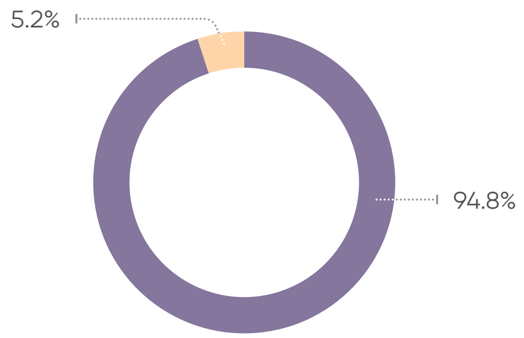




TOTAL LAND AREA:
3.4 MILLION SQ FT



PLANNING STAGE
BREAKDOWN BY SECTOR
TOTAL LAND AREA:
3.0 MILLION SQ FT



UNDER CONSTRUCTION
BREAKDOWN BY SECTOR
TOTAL LAND AREA:
0.4 MILLION SQ FT

* Excludes M&C's listed subsidiaries and associates.

Residential | Residential - Overseas | Commercial and Hotel Projects | Commercial and Hotel Projects - Overseas

MAJOR PROPERTIES

AS AT 31 DECEMBER 2019

COMMERCIAL PROPERTIES	Tenure	Approximate Site Area (Sq. Ft)	Approximate Lettable/ Strata Area (Sq. Ft)	Effective Group Interest[1] (%)
SINGAPORE - OFFICE & RETAIL				
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 years	72,809	777,613	100
South Beach is a mixed-use development located on Beach Road, comprising a 34-storey office tower (South Beach Tower) and a 45-storey hotel-cum-residential tower, along with retail (South Beach Avenue).	99 years wef 10.12.2007	376,295[2]	507,528 (Office) 29,527 (Retail) 560,240[3] (Hotel)	50.1
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	58,061	353,575	100
City House is a 23-storey office building situated at Robinson Road/ Cross Street within the Central Business District.	999 years	14,021	157,916	100
Central Mall (Office Tower) is a 7-storey office-cum-retail building located at Havelock Road/Magazine Road.	Freehold	30,148	131,465	100
Central Mall comprises a cluster of conservation shophouses at Havelock Road/Magazine Road.	99 years wef 15.05.1993	51,514	54,810	100
Palais Renaissance is a 16-storey retail-cum-office complex with 3 basements located at Orchard Road.	Freehold	29,180	110,889	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 years wef 18.02.2008	124,012	104,324	100
King's Centre is an 8-storey office-cum-retail waterfront development located at Havelock Road, along the Singapore River.	99 years wef 09.02.1984	55,822	89,720	100
City Square Mall is an 11-storey shopping mall located at the junction of Serangoon and Kitchener Roads.	Freehold	157,365	443,616	100
Liang Court retail mall is located on River Valley Road, near Clarke Quay and Fort Canning MRT stations.	97 years and 30 days wef 02.04.1980	139,129	268,066	50
Quayside Isle is a 2-storey F&B and retail waterfront development located next to W Singapore – Sentosa Cove.	99 years wef 31.10.2008	89,683	44,122	100
Katong Shopping Centre is a 7-storey office-cum-shopping complex situated along Mountbatten Road. The Group owns 61 out of 425 strata-titled lots.	Freehold	86,925	84,662	100
Delfi Orchard is an 11-storey commercial-cum-residential complex located at Orchard Road. The Group owns 125 out of 150 strata-titled lots.	Freehold	20,264	68,177	100
Tanglin Shopping Centre is an office-cum-shopping complex situated at Tanglin Road, within the Orchard Road tourist district. The Group owns 85 out of 363 strata-titled lots.	Freehold	68,511	64,935	100
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 years	21,909	43,530	100

Notes:
(1) For strata-titled properties, this % refers to the Group's effective interest in the strata-titled units owned by the Group.
(2) Refers to the full development site, which comprises the hotel, office, retail and residential components.
(3) Refers to the Gross Floor Area of the 634-room JW Marriott Hotel Singapore South Beach.

MAJOR PROPERTIES

AS AT 31 DECEMBER 2019

COMMERCIAL PROPERTIES	Tenure	Approximate Site Area (Sq. Ft)	Approximate Lettable/ Strata Area (Sq. Ft)	Effective Group Interest[1] (%)
SINGAPORE - INDUSTRIAL				
Cideco Industrial Complex is an 8-storey industrial building located at Genting Lane.	Freehold	58,972	135,268	100
Tagore 23 Warehouse is a 4-storey warehouse located at Tagore Lane.	Freehold	79,843	129,878	100
City Industrial Building is an 11-storey flatted factory building at Tannery Lane.	Freehold	33,908	125,666	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	146,104	103,299	100
Cititech Industrial Building is an 8-storey industrial building located at 629 Aljunied Road.	Freehold	118,645	69,373	100
SINGAPORE - SERVICED APARTMENTS				
Le Grove is the Group's first serviced apartments project located at Orange Grove Road, off Orchard Road.	Freehold	63,410	96,023	100
OVERSEAS				
Biltmore Court & Tower (US) is located at 500/520 South Grand Avenue, Los Angeles, CA 90071, comprising the Court which has 22,133 sq. metres of Class "B" lettable office space within the Biltmore hotel structure and the Tower which has 12,116 sq. metres of Class "A" office space.	Freehold	53,293	368,653	100
125 Old Broad Street (UK) is a Grade A office tower located in the heart of London and within the main financial district, comprising of 30,547 sq. metres spread over 26 floors with panoramic views of the city and three basement levels.	Freehold	31,366	328,819	100
Aldgate House (UK) is located in the heart of Aldgate, one of London's most vibrant districts, comprising of 19,556 sq. metres Grade A office, retail and ancillary spaces over two basements, ground, mezzanine and eight upper floors.	Freehold	34,445	210,504	100
Hong Leong Plaza Hongqiao (China) is located in Shanghai Hongqiao CBD. The property comprises 5 office towers, sunken retail plaza and 2 levels of basement carpark.	Office: Leasehold to year 2061 Retail: Leasehold to year 2051	173,204	345,229 (Office) 41,771 (Retail)	100
Shanghai Hongqiao Sincere Center (Phase 2)[2] (China) is located in Shanghai Hongqiao CBD. The property comprises office space, a 132-room serviced apartment, and a basement carpark.	Office: Leasehold to year 2065 Retail: Leasehold to year 2055	190,306	244,793 (Office) 16,275 (Retail) 123,624 (Serviced Apartment)	100
HLCC mall (China) is a 6-storey retail mall within a mixed development project located at Jinji Lake within Suzhou Industrial Park.	Leasehold to year 2052	68,850	327,796	100
Yaojiang International (China) is an 8-storey building offering co-working space and is located in Shanghai's prime North Bund Business District.	Leasehold to year 2052	5,705	42,881	100
Jungceylon Shopping Mall and Millennium Resort Patong Phuket (Thailand) is a mixed development comprising a 4-storey retail mall and a 418-room hotel, located in the commercial area of Patong, Phuket Island.	Freehold	905,414	753,964 (Retail) 481,592 (Hotel)	49
Mille Malle (Thailand) is a 4-storey retail mall located in the prime residential and commercial district at Sukhumvit Road, Bangkok.	Freehold	20,667	33,020	49
Horie Lux (Japan) is a 14-storey development with 29 apartments and 5 retail units located in Central Osaka.	Freehold	4,810	27,719	100
Pregio Joto Chuo (Japan) is located in Joto Ward, Osaka city. The 9-storey residential development comprises 48 apartments.	Freehold	5,762	16,938	100

Notes:

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

[2] Shanghai Hongqiao Sincere Center (Phase 2) is in the process of renaming.

HOTELS	Tenure	Approximate Site Area (Sq. Ft)	Number of Rooms	Effective Group Interest (%)
DIRECTLY OWNED BY CDL GROUP				
ASIA				
The St. Regis Singapore 29 Tanglin Road, Singapore	999 years	71,881	299	33
W Singapore – Sentosa Cove 21 Ocean Way, Singapore	99 years wef 31.10.2008	183,159	240	100
M Social Singapore 90 Robertson Quay, Singapore	99 years wef 07.06.2011	48,631	293	100
Millennium Hilton Bangkok 123 Charoen Nakhon Rd, Khlong Ton Sai, Khlong San, Bangkok 10600, Thailand	Freehold	108,758	543	17
EUROPE				
Holiday Inn Moscow - Seligerskaya Korovinskoye Shosse, 10, Moscow, Russia	Leasehold to year 2055	287,550	201	50
OWNED BY MILLENNIUM & COPTHORNE HOTELS LIMITED				
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 carpark)	99,760	517	70
JW Marriott Hotel Hong Kong Pacific Place, 88 Queensway, Hong Kong	75 years from 18.04.1985 and may be renewable for a further term of 75 years	115,066	602	26
New World Millennium Hong Kong Hotel 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong	75 years from 28.11.1984 and may be renewable for a further term of 75 years	30,677	464	50
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	79,104	401	100
Milllennium Mitsui Garden Hotel Tokyo 5-11-1 Ginza, Chuo-Ku Tokyo 104-0061, Japan	Freehold/ Leasehold - 30 years from 25.03.2009	11,194	329	100
Millennium Hilton Seoul 50 Sowol-ro, Jung-gu, Seoul, South Korea 100-802	Freehold	202,221	680	100

MAJOR PROPERTIES

AS AT 31 DECEMBER 2019

HOTELS	Tenure	Approximate Site Area (Sq. Ft)	Number of Rooms	Effective Group Interest (%)
OWNED BY MILLENNIUM & COPTHORNE HOTELS LIMITED (CONT'D)				
ASIA (CONT'D)				
Grand Millennium Kuala Lumpur 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia	Freehold	82,559	459	100
Copthorne Orchid Hotel Penang Jalan Tanjung Bungah, 11200 Penang, Malaysia	Freehold	111,180	307	100
The Heritage Hotel Manila Roxas Boulevard at corner of EDSA Pasay City, Metropolitan Manila, Philippines	Fee Simple	106,433	450	66
Grand Hyatt Taipei 2, Songshou Road Taipei, Taiwan, 11051	50 years from 07.03.1990. The lease agreement is extendable for another 30 years.	152,772	850	84
EUROPE				
Millennium Hotel Paris Charles de Gaulle Zone Hoteliere, Allée du Verger, 95700 Roissy-en-France, France	Freehold	125,475	239	100
Millennium Hotel Paris Opéra 12 Boulevard Haussmann, 75009 Paris, France	Freehold	11,765	163	100
Grand Hotel Palace Rome Via Veneto, 70, Rome, 00187, Italy	Freehold	8,622	86	100
Copthorne Tara Hotel London Kensington Scarsdale Place, Kensington, London W8 5SY, England	Freehold	81,106	833	100
Millennium Gloucester Hotel London Kensington Harrington Gardens, London SW7 4LH, England	Freehold	68,329	610	100
The Biltmore, Mayfair - LXR Hotels & Resorts 44 Grosvenor Square, Mayfair, London W1K 2HP, England	Leasehold to year 2096	45,854	307	100
Copthorne Hotel London Gatwick Copthorne Way, Copthorne, West Sussex RH10 3PG, England	Freehold	4,356,086	227	100
Millennium Hotel London Knightsbridge 17 Sloane Street, Knightsbridge, London SW1X 9NU, England	Leasehold to year 2091	8,708	222	100
Copthorne Hotel Slough-Windsor Cippenham Lane, Slough, Berkshire SL1 2YE, England	Freehold	74,056	219	100
The Bailey's Hotel London 140 Gloucester Road, London SW7 4QH, England	Freehold	20,699	212	100
Copthorne Hotel Birmingham Paradise Circus, Birmingham B3 3HJ, England	Freehold	23,551	211	100
Copthorne Hotel Manchester Clippers Quay, Salford Quays, Manchester M50 3SN, England	Leasehold to year 2135	105,486	166	100

HOTELS	Tenure	Approximate Site Area (Sq. Ft)	Number of Rooms	Effective Group Interest (%)
OWNED BY MILLENNIUM & COPTHORNE HOTELS LIMITED (CONT'D)				
EUROPE (CONT'D)				
The Chelsea Harbour Hotel Chelsea Harbour, London, SW10 0XG, England	Leasehold to year 2112	27,566	158	100
Copthorne Hotel Newcastle The Close, Quayside, Newcastle upon Tyne NE1 3RT, England	Freehold	99,028	156	96
Copthorne Hotel Merry Hill-Dudley The Waterfront, Level Street, Brierley Hill, Dudley, West Midlands DY5 1UR, England	Freehold	147,831	138	100
Copthorne Hotel Cardiff-Caerdydd Copthorne Way, Culverhouse Cross, Cardiff CF5 6DH, Wales	Freehold	283,144	135	100
Copthorne Hotel Plymouth Armada Way, Plymouth PL1 1AR, England	Leasehold to year 2110	19,946	135	100
Copthorne Hotel Effingham Gatwick West Park Road, Copthorne, West Sussex RH10 3EU, England	Freehold	1,742,439	122	100
Hard Days Night Hotel Liverpool Central Buildings North John Street Liverpool, L2 6RR, England	Leasehold to year 2129	56,780	109	100
Copthorne Hotel Aberdeen 122 Huntly Street, Aberdeen AB10 1SU, Scotland	Freehold	14,015	87	83
Millennium Hotel Glasgow George Square, Glasgow G2 1DS, Scotland	Leasehold to year 2109	63,787	61	100
NORTH AMERICA				
Millennium Biltmore Hotel Los Angeles 506 South Grand Avenue, Los Angeles, CA 90071, USA	Freehold	121,686	683	100
Millennium Broadway New York Times Square 145 West 44th Street, New York, NY 10036, USA	Freehold	18,966	626	100
Millennium Hilton New York Downtown 55 Church Street, New York, NY 10007, USA	Freehold	18,083	569	100
Novotel New York Times Square 226W 52nd Street, New York, NY 10019, USA	Fee simple estate, a leasehold interest, and a leased fee interest	21,280	480	100
Millennium Maingate Lakeside Resort 7769 W Irlo Bronson Memorial Highway, Kissimmee, FL 34747, USA	Freehold	1,009,611	475	100
Millennium Hilton New York One UN Plaza 1 UN Plaza, 44th Street at 1st Avenue, New York, NY 10017, USA	East tower freehold/ West tower leasehold to year 2079	49,019	439	100
Millennium Hotel Minneapolis 1313 Nicollet Mall, Minneapolis, MN 55403, USA	Leasehold to year 2030	48,836	321	100
Millennium Knickerbocker Hotel Chicago 163 East Walton Place, Chicago, IL 60611, USA	Freehold	21,603	306	100

MAJOR PROPERTIES

AS AT 31 DECEMBER 2019

HOTELS	Tenure	Approximate Site Area (Sq. Ft)	Number of Rooms	Effective Group Interest (%)
OWNED BY MILLENNIUM & COPTHORNE HOTELS LIMITED (CONT'D)				
NORTH AMERICA (CONT'D)				
Millennium Buffalo 2040 Walden Avenue, Buffalo, NY 14225, USA	Leasehold to year 2022 (with one 10-year option)	341,528	301	100
Millennium Hotel Durham 2800 Campus Walk Avenue, Durham, NC 27705, USA	Freehold	460,846	293	100
Millennium Maxwell House Nashville 2025 Rosa L. Parks Boulevard, Nashville, TN 37228, USA	Leasehold to year 2030 (with two 10-year options)	184,493	287	100
Millennium Harvest House Boulder 1345 28th Street, Boulder, CO 80302, USA	Freehold	689,094	269	100
The Lakefront Anchorage 4800 Spenard Road, Anchorage, AK 99517, USA	Hotel Lease: Freehold Dock Lease: Leasehold to 2040	152,406	248	100
The Bostonian Boston 26 North Street, At Faneuil Hall Marketplace, Boston, MA 02109, USA	Freehold	29,805	204	100
Comfort Inn Near Vail Beaver Creek 161 West Beaver Creek Boulevard, Avon, CO 81620, USA	Freehold	120,653	146	100
The McCormick Scottsdale 7421 North Scottsdale Road, Scottsdale, AZ 85208, USA	Leasehold to year 2033 (with two 10-year options)	353,260	125	100
Millennium Premier New York Times Square 133 West 44th Street, New York NY 10036, USA	Freehold	3,875	124	100
Pine Lake Trout Club 17021 Chillicothe Road, Chagrin Falls, OH 44023, USA	Freehold	3,563,647	6	100
Novotel Penthouse 1651-65 Broadway, New York, NY10019, USA	Leasehold to year 2080	3,305	NA	100
Millennium Hotel St. Louis (Closed) 200 South 4th Street, St. Louis, MO 63102, USA	Freehold	183,342	780	100
AUSTRALASIA				
Copthorne Hotel & Resort Queenstown Lakefront Corner Adelaide Street & Frankton Road, Queenstown, New Zealand	Freehold	201,382	240	76
Millennium Hotel Rotorua Corner Eruera & Hinemaru Streets, Rotorua, New Zealand	Freehold/Perpetual leasehold land	108,812	227	76
Millennium Hotel Queenstown Corner Frankton Road & Stanley Street, Queenstown, New Zealand	Freehold	80,223	220	76
M Social Auckland 196-200 Quay Street, Auckland, New Zealand	Freehold	25,909	190	76

HOTELS	Tenure	Approximate Site Area (Sq. Ft)	Number of Rooms	Effective Group Interest (%)
OWNED BY MILLENNIUM & COPTHORNE HOTELS LIMITED (CONT'D)				
AUSTRALASIA (CONT'D)				
Copthorne Hotel & Resort Bay of Islands Tau Henare Drive, Paihia, New Zealand	Leasehold land to year 2021 (renewal option to May 2087)	676,339	180	37
Copthorne Hotel Rotorua Fenton Street, Rotorua, New Zealand	Freehold	386,801	136	76
Copthorne Hotel Palmerston North 110 Fitzherbert Avenue, Palmerston North, New Zealand	Freehold	166,991	124	76
Copthorne Hotel Wellington Oriental Bay 100 Oriental Parade, Wellington, New Zealand	Freehold	42,022	118	76
Copthorne Hotel Auckland City 150 Anzac Avenue, Auckland, New Zealand	Perpetual leasehold land	26,856	110	76
Kingsgate Hotel Greymouth 32 Mawhera Quay, Greymouth, New Zealand	Freehold/Perpetual leasehold land	30,214	98	76
Kingsgate Hotel Te Anau 20 Lakefront Drive, Te Anau, New Zealand	Freehold	94,927	94	76
Copthorne Hotel & Apartments Queenstown Lakeview 88 Frankton Road, Queenstown, New Zealand	Freehold/Strata title	50,730	85	76
Kingsgate Hotel Dunedin 10 Smith Street, Dunedin, New Zealand	Freehold	23,605	55	76
Millennium Hotel New Plymouth, Waterfront 1 Egmont Street, New Plymouth 4310, New Zealand	Freehold	12,368	42	76
OWNED BY CDL HOSPITALITY TRUSTS				
ASIA				
Orchard Hotel # 442 Orchard Road, Singapore	75-year leasehold interest commencing from 19.07.2006	92,440 @	656	37
Claymore Connect # 442 Orchard Road, Singapore	75-year leasehold interest commencing from 19.07.2006		NA	37
Grand Copthorne Waterfront Hotel # 392 Havelock Road, Singapore	75-year leasehold interest commencing from 19.07.2006	116,896 +	574	37
M Hotel # 81 Anson Road, Singapore	75-year leasehold interest commencing from 19.07.2006	22,970	415	37
Novotel Singapore Clarke Quay 177A River Valley Road, Singapore	97 years and 30 days leasehold interest commencing from 02.04.1980	139,123	403	37
Studio M Hotel 3 Nanson Road, Singapore	99-year leasehold interest commencing from 26.02.2007	31,560	360	37

Notes:

The Group has freehold reversionary interest of the property at the expiry of the 75-year lease.
@ Including Claymore Connect.
+ Including adjoining Waterfront Plaza.

MAJOR PROPERTIES

AS AT 31 DECEMBER 2019

HOTELS	Tenure	Approximate Site Area (Sq. Ft)	Number of Rooms	Effective Group Interest (%)
OWNED BY CDL HOSPITALITY TRUSTS (CONT'D)				
ASIA (CONT'D)				
Copthorne King's Hotel 403 Havelock Road, Singapore	99-year leasehold interest commencing from 01.02.1968	60,676	310	37
Hotel MyStays Asakusabashi 1-5-5 Asakusabashi, Taito-ku, Tokyo 111-0053, Japan	Freehold	6,071	139	37
Hotel MyStays Kamata 5-46-5 Kamata, Ota-ku, Tokyo 144-0052, Japan	Freehold	5,350	116	37
EUROPE				
Pullman Hotel Munich Theodor-Dombart-Strasse 4, Munich, 80805, Germany	Freehold	88,146	337	35
Hotel Cerretani Firenze - MGallery Via de' Cerretani 68, 50123 Florence, Italy	Freehold	14,531	86	35
Hilton Cambridge City Centre 20 Downing Street, Cambridge, CB2 3DT England	125-year leasehold interest commencing from 25.12.1990 and extendable for a further 50 years	38,750	198	37
The Lowry Hotel 50 Dearmans Place, Salford, Manchester, M3 5LH England	150-year leasehold interest commencing from 18.03.1997	23,681	165	37
AUSTRALASIA				
Novotel Brisbane 200 Creek Street, Brisbane, Queensland, Australia	Strata volumetric freehold	67,113	296	37
Mercure Perth 10 Irwin Street, Perth, Western Australia, Australia	Strata freehold	8,148	239	37
Ibis Perth 334 Murray Street, Perth, Western Australia, Australia	Freehold	15,931	192	37
Grand Millennium Auckland 71-87, Mayoral Drive, Auckland, New Zealand	Freehold	63,615	452	37
MALDIVES				
Angsana Velavaru Velavaru Island, South Nilandhe Atoll, Republic of Maldives	50-year leasehold interest commencing from 26.08.1997	728,899	113	37
Raffles Maldives Meradhoo Meradhoo Island, Gaafu Alifu Atoll, Republic of Maldives	50-year leasehold interest commencing from 15.06.2006	576,687	37	37

FOR DEVELOPMENT AND/OR RESALE

Description & Location	Site Area (Sq. Metres)	Tenure	Effective Group Interest (%)
RESIDENTIAL			
15, 19 & 21 Swiss Club Road, Singapore	20,014	Freehold	100
Tampines Road/Upper Changi Road North, Singapore	14,013	Freehold	33
Project on Mina Parade, Brisbane, Australia	46,669	Freehold	100
The Marker, Melbourne, Australia	4,246	Freehold	50
Project on Macaulay, Melbourne, Australia	3,068	Freehold	50
Project on Fitzroy, Melbourne, Australia	1,820	Freehold	50
Prime freehold site in Shirokane, Tokyo, Japan	16,815	Freehold	100
Jalan Kolam Ayer, Johor Bahru, Malaysia	24,739	Freehold	100
Jalan Waspada, Johor Bahru, Malaysia	6,368	Freehold	100
The Stag Brewery, Mortlake, London, UK	85,842	Freehold	100
Ransomes Wharf, Battersea, London, UK	6,243	Freehold	100
COMMERCIAL			
The Stag Brewery, Mortlake, London, UK	9,559	Freehold	100
Development House, Leonard Street, Shoreditch, London, UK	1,240	Freehold	100
HOTEL			
Land Site at Chung-gu, Namdaeumro, Seoul, South Korea	1,564	Freehold	100
Land Site at 28 Pavilion Road, Knightsbridge, London, UK	1,660	Freehold	100
Land Site at Orlando Florida Land, US	21,287	Freehold	100
Land Site at Centennial Colorado Land, US	10,198	Freehold	100

MAJOR PROPERTIES

AS AT 31 DECEMBER 2019

IN THE COURSE OF DEVELOPMENT

Description	Location	Site Area (Sq. Metres)	Gross Floor Area (Sq. Metres)	Tenure	Effective Group Interest (%)	Approximate Percentage Completion (%)	Expected Completion
RESIDENTIAL							
Teddington Riverside	Broom Road, Teddington, London, UK	18,211	22,297	Freehold	100	25	2020
Forest Woods	Lorong Lew Lian	14,001	46,206	99 years	50	87	2020
The Tapestry	Tampines Ave 10	21,718	60,810	99 years	100	80	2021
Sunnyvale California	1250 Lakeside Drive, Sunnyvale CA 84085	35,722	24,223 (Apartments) 14,662 (Hotel)	Freehold	100	22 (Apartments) * (Hotel)	2021
Whistler Grand	West Coast Vale	19,591	56,021	99 years	100	40	2022
Haus on Handy	Handy Road	4,796	11,446	99 years	100	*	2022
Piermont Grand	Sumang Walk	27,056	83,604	99 years	60	11	2022
Amber Park	Amber Park	19,850	55,582	Freehold	80	10	2023
Sims Drive	Sims Drive	16,225	52,337	99 years	40	*	2023
Monk Bridge	Whitehall Road, Leeds	18,000	53,167	Freehold	100	*	2023
MIXED DEVELOPMENT							
Emerald	Yuzhong District, Chongqing, China	23,512	116,173	Residential - 50 years Commercial - 40 years	30	65	2020
Hong Leong City Center (Hotel)	Suzhou Jinji Lake, SIP District, China	45,455	33,131^	Residential - 70 years Commercial - 40 years	100	95	2021
Boulevard 88 / The Singapore EDITION	Cuscaden Road / Orchard Boulevard	12,127	56,050	Freehold	40	18	2021
Sengkang Grand Residences / Sengkang Grand Mall	Sengkang Central	37,255	65,621	99 years	50	*	2022

Notes:
* Work is less than 10% completed.
^ Phase 1 (Tower 1 & 3) completed in Q4 2016; Phase 2 (Tower 2, podium & office) completed in Q2 2018.

STATUTORY REPORTS AND ACCOUNTS

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DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2019

The directors are pleased to present their statement to the members of City Developments Limited (the "Company") together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2019.

In our opinion:

(a) the financial statements set out on pages 114 to 263 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act"), Singapore Financial Reporting Standards (International) and International 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.

DIRECTORS

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

Kwek Leng Beng	(Executive Chairman)
Kwek Leng Peck	
Sherman Kwek Eik Tse	(Executive Director, appointed on 15 May 2019)
Lim Yin Nee Jenny	
Philip Yeo Liat Kok	
Tan Poay Seng	
Tan Yee Peng	
Koh Thiam Hock	

DIRECTORS' INTERESTS

Except as disclosed in this statement, 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, 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.

DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2019

DIRECTORS' INTERESTS (CONT'D)

According to the register kept by the Company under Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those of their spouses and children below 18 years of age) in shares and/or share options of the Company and in related corporations are as follows:

	Holdings in which the director, his spouse and children below 18 years of age have a direct interest	
	At beginning of the year/ date of appointment	At end of the year
The Company		
Ordinary Shares		
Kwek Leng Beng	397,226	397,226
Kwek Leng Peck	43,758	43,578
Preference Shares		
Kwek Leng Beng	144,445	144,445
Immediate and Ultimate Holding Company		
Hong Leong Investment Holdings Pte. Ltd. Ordinary Shares		
Kwek Leng Beng	2,320	2,320
Kwek Leng Peck	10,921	10,921
Sherman Kwek Eik Tse	1,174	1,174
Subsidiary Corporation		
Millennium & Copthorne Hotels New Zealand Limited Ordinary Shares		
Kwek Leng Beng	906,000	906,000
Redeemable Non-voting Preference Shares		
Kwek Leng Beng	453,000	453,000

DIRECTORS' INTERESTS (CONT'D)

	Holdings in which the director, his spouse and children below 18 years of age have a direct interest	
	At beginning of the year/ date of appointment	At end of the year
Related Corporations		
Hong Leong Finance Limited		
Ordinary Shares		
Kwek Leng Beng	5,603,567	6,618,607
Kwek Leng Peck	517,359	517,359
Options to subscribe for ordinary shares under the Hong Leong Finance Share Option Scheme 2001		
Kwek Leng Beng	2,255,000	1,051,960
Hong Leong Holdings Limited		
Ordinary Shares		
Kwek Leng Beng	259,000	259,000
Kwek Leng Peck	381,428	381,428
Hong Leong Asia Ltd.		
Ordinary Shares		
Kwek Leng Beng	660,000	660,000
Kwek Leng Peck	3,826,600	3,826,600
Options to subscribe for ordinary shares under the Hong Leong Asia Share Option Scheme 2000		
Kwek Leng Peck	300,000	300,000
Hong Realty (Private) Limited		
Ordinary Shares		
Kwek Leng Beng	1,110	1,110
Kwek Leng Peck	150	150
Sun Yuan Holdings Pte Ltd		
Ordinary Shares		
Kwek Leng Beng	15,000,000	15,000,000

DIRECTORS' INTERESTS (CONT'D)

	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 2020.

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.

SHARE OPTIONS

By the Company

During the financial year, there were:

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

(b) 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 Subsidiary Corporation

Millennium & Copthorne Hotels Limited (formerly known as Millennium & Copthorne Hotels plc) (M&C)

During the course of the year, M&C was subject to a takeover offer by Agapier Investments Limited, an indirect wholly-owned subsidiary of the Company. As a result, the listing of M&C's ordinary shares on the London Stock Exchange's main market for listed securities was cancelled on 11 October 2019 (the "Delisting"). Subsequent to the Delisting, M&C was re-registered as a private limited company, under the name of Millennium & Copthorne Hotels Limited on 4 November 2019.

SHARE OPTIONS (CONT'D)

By Subsidiary Corporation (cont'd)

Millennium & Copthorne Hotels Limited (formerly known as Millennium & Copthorne Hotels plc) (M&C) (cont'd)

Prior to the Delisting, M&C operated four different share option schemes for the benefit of eligible employees.

(i) Millennium & Copthorne Hotels plc 2006 and 2016 Sharesave Schemes;
(ii) Millennium & Copthorne Hotels plc 2006 and 2016 Long-Term Incentive Plan;
(iii) Millennium & Copthorne Hotels plc Annual Bonus Plan; and
(iv) Millennium & Copthorne Hotels plc Executive Share Plan.

As a result of the Delisting, no further grants have been or will be made under these share-based incentive schemes and the schemes will be wound down once all existing awards have vested or lapsed.

(i) Millennium & Copthorne Hotels plc 2006 and 2016 Sharesave Schemes

(a) The scheme rules of the Millennium & Copthorne Hotels plc 2006 Sharesave Scheme permitted options to be granted for a period of 10 years, beginning with the date on which the 2006 Sharesave Scheme was approved by shareholders of M&C. Accordingly, when the 2006 Sharesave Scheme reached its 10 year period, being 3 May 2016, the 2016 Sharesave Scheme (together, the "M&C Sharesave Scheme") was approved by shareholders at M&C's Annual General Meeting on 5 May 2016 substantially on the same terms as the 2006 Sharesave Scheme. The M&C Sharesave Scheme was the United Kingdom Inland Revenue approved scheme and operated in the UK solely under which the M&C Group employees were eligible to participate in a 3 or 5 year savings contract.

(b) No payment was required for the grant of an option.

(c) The options could be exercised upon maturity provided that the monies agreed under the savings contract were fully paid and the participant continued to be employed by M&C. The M&C Sharesave Scheme provided that shares in M&C could be purchased at the option price up to the value of the accrued savings and interests in the event of retirement, redundancy, injury, disability or by the employee's personal representatives in the event of their death.

(d) M&C could grant options up to the value of a savings contract at maturity. Participants could not enter into contracts where their savings, in aggregate, would exceed £500 per month.

(e) During the financial year under review, 94,476 options were granted to subscribe for ordinary shares of £0.30 each in M&C under the M&C 2016 Sharesave Scheme.

SHARE OPTIONS (CONT'D)

By Subsidiary Corporation (cont'd)

Millennium & Copthorne Hotels Limited (formerly known as Millennium & Copthorne Hotels plc) (M&C) (cont'd)

(i) Millennium & Copthorne Hotels plc 2006 and 2016 Sharesave Schemes (cont'd)

Following the Delisting, unvested options became exercisable. At the end of the financial year, there were nil unissued shares under options pursuant to the M&C Sharesave Scheme.

Date granted	Balance at beginning of year	Granted during the year	Exercised during the year	Expired/ Forfeited during the year	Balance at end of year	Exercise price per share £	Exercise period
19.04.2013	2,008	–	–	2,008	–	4.4800	01.08.2018 – 31.01.2019
06.05.2014	941	–	672	269	–	4.4600	01.08.2019 – 31.01.2020
14.04.2015	1,456	–	383	1,073	–	4.6900	01.08.2018 – 31.01.2019
14.04.2015	4,732	–	3,547	1,185	–	4.6900	01.08.2020 – 31.01.2021
12.04.2016	101,374	–	99,794	1,580	–	3.3000	01.08.2019 – 31.01.2020
12.04.2016	909	–	606	303	–	3.3000	01.08.2021 – 31.01.2022
11.04.2017	37,704	–	24,218	13,486	–	3.6600	01.08.2020 – 31.01.2021
11.04.2017	2,458	–	382	2,076	–	3.6600	01.08.2022 – 31.01.2023
05.06.2018	56,180	–	21,654	34,526	–	4.3600	01.08.2021 – 31.01.2022
05.06.2018	1,582	–	238	1,344	–	4.3600	01.08.2023 – 31.01.2024
09.04.2019	–	93,436	9,886	83,550	–	3.7500	01.08.2022 – 31.01.2023
09.04.2019	–	1,040	53	987	–	3.7500	01.08.2024 – 31.01.2025
	209,344	94,476	161,433	142,387	–		

(ii) Millennium & Copthorne Hotels plc 2006 and 2016 Long-Term Incentive Plan (LTIP)

The Millennium & Copthorne Hotels plc 2006 Long-Term Incentive Plan (2006 LTIP) was approved at M&C's Annual General Meeting held on 4 May 2006 and expired on 3 May 2016. Accordingly, the 2016 Long-Term Incentive Plan (2016 LTIP) was introduced to replace the 2006 LTIP scheme and was subsequently approved by the shareholders at M&C's Annual General Meeting on 5 May 2016. The key change to the 2016 LTIP rules was to introduce a discretion to impose an additional holding period following the vesting of an award, a "post-vesting holding period". A decision as to whether a post-vesting holding period was to be imposed was to be taken on a grant-by-grant basis. Under the terms of the 2006 LTIP and the 2016 LTIP, M&C was 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 was determined by M&C's Remuneration Committee.

The Executive Share Plan was approved by M&C on 18 February 2016 to replace participation in the LTIP by senior management.

Vesting of Performance Share Awards was subject to the achievement of stretching performance targets. Awards were not subject to re-testing. For awards made in 2006 to 2010, earnings per share (EPS) targets were chosen so that participants were incentivised to deliver significant earnings growth.

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

SHARE OPTIONS (CONT'D)

By Subsidiary Corporation (cont'd)

Millennium & Copthorne Hotels Limited (formerly known as Millennium & Copthorne Hotels plc) (M&C) (cont'd)

(ii) Millennium & Copthorne Hotels plc 2006 and 2016 Long-Term Incentive Plan (LTIP) (cont'd)

The performance conditions applying to Performance Share Awards required M&C's EPS to grow, in real terms, over a period of three consecutive financial years from the date of the grant of award. Performance Share Awards would 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).

In 2014, M&C's Remuneration Committee further amended the performance conditions so that 50% of the awards were subject to EPS growth targets, 30% are subject to TSR target measures. The TSR element was split with 15% of the award being subject to TSR performance relative to the FTSE 250 index (excluding investment trusts) and a further 15% of the award was also subject to TSR performance but relative to the median TSR of a tailored comparator group of international hotel companies and 20% of the award subject to the Net Asset Value plus dividends (NAV) performance condition. With regard to the awards made in 2015, the weightings associated with each metric were amended so that EPS reflected 60% of the award and TSR, was split equally across two peer groups, representing 20% of the award with the remaining 20% of the award subject to the NAV performance condition.

In 2016, M&C's Remuneration Committee retained the same performance conditions as those which had been used for the 2015 awards. M&C's Remuneration Committee after reviewing M&C's achievement against the relevant performance conditions for an award granted to an executive director who had retired in 2016, determined that M&C had met a portion of one of the performance conditions and as a result 4,401 shares vested in March 2019.

In 2018, M&C's Remuneration Committee amended the performance measures so that 60% of the awards were subject to EPS growth targets, 20% of the awards were subject to TSR performance against a single comparator group comprising companies in the FTSE 250 index and 20% subject to Revenue per Available Room (RevPAR).

During the financial year under review, there were no grant of awards made pursuant to the 2016 LTIP. As at the end of 2019, there were no outstanding Performance Share Awards.

Date of award	Balance at beginning of year	Awards made during the year	Awards vested during the year	Awards expired/ forfeited during the year	Balance at end of year	Vesting date
03.08.2015	36,761	–	–	36,761	–	03.08.2018
29.03.2016	37,128	–	4,401	32,727	–	29.03.2019
	73,889	–	4,401	69,488	–	

(iii) Millennium & Copthorne Hotels plc Annual Bonus Plan

In 2013, M&C approved an Annual Bonus Plan. Under the terms of the plan, an annual bonus in the form of a cash payment of up to 150% of a participant's base salary could be awarded, subject to performance targets.

The rules of the plan were amended in 2014 to include a deferred element whereby up to 100% of the total bonus due could be deferred into M&C shares for three years in the form of an option or a conditional share award (Deferred Share Awards). No performance conditions are attached to the share award.

SHARE OPTIONS (CONT'D)

By Subsidiary Corporation (cont'd)

Millennium & Copthorne Hotels Limited (formerly known as Millennium & Copthorne Hotels plc) (M&C) (cont'd)

(iii) Millennium & Copthorne Hotels plc Annual Bonus Plan (cont'd)

In 2016, M&C's Remuneration Committee amended the vesting schedule of the plan so that instead of all the awards vesting in full on the third anniversary of the grant date, the deferred shares would vest over a three year period and are released to participants in tranches, subject to continued employment and the rules of the Annual Bonus Plan, with vesting of 25% of the award one year after grant; 25% of the award two years after grant; and 50% of the award three years after grant. The shares would only be released to participants in accordance with the rules of the Annual Bonus Plan and subject to continued employment. The awards were subject to malus and clawback provisions. No shares could be issued or treasury shares transferred to satisfy any award.

On 13 August 2019, M&C's Remuneration Committee approved the granting of awards under the Company's Annual Bonus Plan on the same terms as the awards made in 2018 to those eligible employees over a total of 35,724 ordinary shares of £0.30 each.

Following the Delisting, unvested Deferred Share Awards was subject to accelerated vesting in part. Details of the Deferred Share Awards under the Annual Bonus Plan are set out below:

Date of award	Balance at beginning of year	Awards made during the year	Awards vested during the year	Awards expired/ forfeited during the year	Balance at end of year	Vesting date
08.09.2015	1,530	–	1,530	–	–	08.09.2018
13.05.2016	17,009	–	15,346	1,467	196	13.05.2017/18/19
12.08.2016	1,188	–	1,188	–	–	12.08.2017/18/19
09.11.2016	488	–	488	–	–	09.11.2017/18/19
14.06.2017	27,122	–	20,030	3,755	3,337	14.06.2018/19/20
14.12.2018	57,358	–	25,409	8,048	23,901	14.12.2019/20/21
13.08.2019	–	35,724	2,800	1,110	31,814	13.08.2020/21/22
	104,695	35,724	66,791	14,380	59,248	

(iv) Millennium & Copthorne Hotels plc Executive Share Plan

In 2016, M&C approved an Executive Share Plan. Under the terms of the plan, members of the executive management committee who were below board level would be eligible to be granted awards but executive directors of M&C would be excluded from participating. The plan instead provided the M&C board of directors with the flexibility to make conditional awards not subject to future financial performance but to take into account recent performance based on the metrics used under the LTIP and importantly to also take into consideration strategic achievements. In addition, a notable difference to the LTIP would be that conditional awards would automatically vest, subject to the plan rules which included continued employment, over a three year period, and more specifically, conditional share awards would be released to participants in tranches with vesting of 25% of the award one year after grant; 25% of the award two years after grant; and 50% of the award three years after grant. The awards were subject to malus and clawback provisions.

SHARE OPTIONS (CONT'D)

By Subsidiary Corporation (cont'd)

Millennium & Copthorne Hotels Limited (formerly known as Millennium & Copthorne Hotels plc) (M&C) (cont'd)

(iv) Millennium & Copthorne Hotels plc Executive Share Plan (cont'd)

In 2018, M&C decided to review the metrics used under the Executive Share Plan. M&C's Remuneration Committee agreed that with regard to the 2018 awards, a two prong-assessment would be used which would involve the following: (i) M&C's performance over the most recently completed financial year, looking at year-over-year EPS growth and year-over-year RevPAR growth in particular, in each case on a like for like basis; and (ii) the management team's success as a whole in implementing strategic initiatives over the course of the prior year.

On 9 August 2019, M&C's Remuneration Committee agreed to grant conditional share awards pursuant to the Millennium & Copthorne Hotels plc Executive Share Plan over 30,151 ordinary shares of £0.30 each.

Following the Delisting, unvested conditional share awards was subject to accelerated vesting in part. Details of the conditional share awards under the Executive Share Plan are set out below:

Date of award	Balance at beginning of year	Awards made during the year	Awards vested during the year	Awards expired/ forfeited during the year	Balance at end of year	Vesting date
29.03.2016	16,310	–	16,310	–	–	29.03.2017/18/19
15.08.2017	42,627	–	25,694	13,570	3,363	15.08.2018/19/20
04.12.2018	65,649	–	20,103	33,874	11,672	04.12.2019/20/21
09.08.2019	–	30,151	1,577	12,790	15,784	09.08.2020/21/22
	124,586	30,151	63,684	60,234	30,819	

AUDIT & RISK COMMITTEE

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

Lim Yin Nee Jenny (Chairman)
Tan Yee Peng
Koh Thiam Hock

The Audit & Risk Committee performs the functions of an audit & risk committee under its terms of reference including those specified in Section 201B of the Act, the Listing Manual of Singapore Exchange Securities Trading Limited ("Listing Manual") and the Code of Corporate Governance 2018.

The Audit & Risk Committee met six times during the financial year ended 31 December 2019. In performing its functions, the Audit & Risk Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and their evaluation of the Group's systems of internal controls.

The Audit & Risk Committee also reviewed, *inter alia*, the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly and annual consolidated financial statements of the Group prior to their submission to the Board of Directors of the Company for approval; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual).

The Audit & Risk Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer or third party advisor to attend its meetings. The Audit & Risk Committee also recommends the appointment of the external auditors and reviews the nature and level of audit and non-audit fees.

The Audit & Risk Committee further reviewed the independence of the auditors, KPMG LLP, as required under Section 206(1A) of the Act, and determined that the auditors were independent in carrying out their audit of the financial statements. Accordingly, they have recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing the auditors for the Company, its subsidiaries and significant associates and joint ventures, the Company has complied with Rules 712 and 715 of the Listing Manual.

DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2019

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

Sherman Kwek Eik Tse
Executive Director

16 March 2020

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
CITY DEVELOPMENTS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of City Developments Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 114 to 263.

In our opinion, the accompanying 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 Singapore Companies Act, Chapter 50 (the Act), Singapore Financial Reporting Standards (International) (SFRS(I)s) and International Financial Reporting Standards (IFRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of development properties
(Refer to note 12 to the financial statements)

Risk:

The Group has significant residential development properties held for sale in Singapore, China and the United Kingdom (UK). Development properties held for sale are stated at the lower of cost and net realisable values. The determination of the estimated net realisable value is highly dependent on the Group's expectations of future selling prices of unsold development properties.

The uncertain global economic outlook, government policies and market sentiments might exert downward pressure on property prices in countries where the Group holds development properties for sale. These factors could lead to future trends in these markets departing from known trends from past experience, thereby resulting in a significant impact on the future selling price estimates. Consequently, there is a risk that the carrying values of unsold development properties exceed the actual selling prices, resulting in unforeseen losses when these properties are sold.

Our response:

We focused our work on development properties with low margins. In assessing the reasonableness of the Group's estimated future selling prices for its development projects, we considered recently transacted prices of units under development sold and prices of comparable properties located in the vicinity of these development projects.

Our findings:

In making its estimates of future selling prices, the Group takes into account market data including the macroeconomic factors and real estate price trends of the markets in which the properties are located, and its sales strategy. The Group also considers the independent external valuations obtained for certain land banks. The Group performs a regular review of its estimates of future selling prices of development projects and revises them when necessary.

We found the Group's estimated future selling prices used in determining the net realisable values and the resultant allowance for foreseeable losses on its development projects, to be comparable to the range of observable selling prices.

INDEPENDENT
AUDITORS' REPORT

Valuation of hotel assets
(Refer to note 4 to the financial statements)

Risk:

The Group has significant hotel assets classified as property, plant and equipment which are carried at cost less accumulated depreciation and impairment losses, and are subject to an annual review to assess whether or not they could be impaired. The Group first identifies properties where there is an indication of impairment. In identifying such properties, the Group takes into consideration the global economic outlook, market sentiments and trading performance of the properties, particularly those properties which have recorded weak performance in the current year. The identified properties are then subjected to a detailed impairment review whereby their recoverable amounts are estimated.

The Group uses a combination of internal and external valuations to estimate the recoverable amount of its properties identified as at risk of being impaired, which is determined to be the higher of the fair value less cost to sell and value-in-use of these properties. The valuations are sensitive to key assumptions applied and a change in the assumptions may have an impact on the recoverable amounts.

Our response:

Our procedures included challenging the Group's assessment of the properties at risk of being impaired. These include comparing the actual asset performance to previous forecasts and to market data, and assessing the quantum of available headroom from previous valuations. For properties selected for a detailed impairment review, we evaluated the methodologies and assumptions used in the internal and external valuations, particularly those assumptions relating to forecasted cash flows, future market growth, occupancy rates, average room rate growth, discount rates and terminal rates. We compared the valuation assumptions used to externally derived data, internal budgets and source data, where applicable.

Our findings:

The Group has a structured and comprehensive process in identifying hotel assets with impairment indicators. We found that the methodologies used in the valuations were consistent with market practice, the key assumptions used to be comparable to market data, and the resulting estimated recoverable amounts of the hotel assets to be acceptable.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors 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 Act, SFRS(I)s and IFRSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit 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 Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Tay Puay Cheng.

KPMG LLP
Public Accountants and
Chartered Accountants

SINGAPORE
16 March 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Non-current assets					
Property, plant and equipment	4	**5,462,367**	5,013,300	**43,677**	13,994
Investment properties	5	**4,410,261**	3,741,327	**436,510**	452,217
Lease premium prepayment		**–**	101,349	**–**	–
Investments in:					
- subsidiaries	7	**–**	–	**2,024,934**	2,067,869
- associates	8	**562,876**	427,852	**–**	–
- joint ventures	9	**1,192,456**	1,307,639	**37,360**	37,360
Financial assets	10	**1,060,292**	884,476	**375,964**	352,831
Other non-current assets	11	**677,732**	310,496	**5,134,558**	3,620,324
		13,365,984	11,786,439	**8,053,003**	6,544,595
Current assets					
Lease premium prepayment		**–**	3,752	**–**	–
Development properties	12	**5,155,642**	5,703,910	**181,735**	182,833
Contract costs	13	**26,151**	12,156	**–**	–
Contract assets	14	**242,048**	107,241	**–**	42,921
Consumable stocks		**16,650**	13,254	**–**	–
Financial assets	10	**562,681**	14,203	**–**	–
Trade and other receivables	15	**822,074**	955,490	**5,521,625**	4,426,381
Cash and cash equivalents	17	**2,797,652**	2,289,247	**1,269,235**	727,373
		9,622,898	9,099,253	**6,972,595**	5,379,508
Assets held for sale	6	**211,375**	–	**–**	–
		9,834,273	9,099,253	**6,972,595**	5,379,508
Total assets		**23,200,257**	20,885,692	**15,025,598**	11,924,103

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Equity attributable to owners of the Company					
Share capital	18	**1,991,397**	1,991,397	**1,991,397**	1,991,397
Reserves	19	**8,528,853**	8,049,300	**4,615,886**	4,706,110
		10,520,250	10,040,697	**6,607,283**	6,697,507
Non-controlling interests		**746,306**	2,233,243	**–**	–
Total equity		**11,266,556**	12,273,940	**6,607,283**	6,697,507
Non-current liabilities					
Interest-bearing borrowings	21	**7,673,152**	5,068,840	**4,211,386**	2,192,985
Employee benefits	25	**28,662**	26,392	**–**	–
Lease liabilities	26	**189,448**	–	**20,003**	–
Other liabilities	27	**130,825**	262,242	**9,912**	8,847
Provisions	28	**26,809**	36,719	**–**	–
Deferred tax liabilities	29	**107,592**	113,778	**21,242**	17,561
		8,156,488	5,507,971	**4,262,543**	2,219,393
Current liabilities					
Trade and other payables	30	**1,198,907**	1,293,336	**2,799,268**	2,510,898
Contract liabilities	14	**209,503**	104,007	**–**	–
Interest-bearing borrowings	21	**2,037,999**	1,258,412	**1,341,294**	437,525
Lease liabilities	26	**17,752**	–	**5,769**	–
Employee benefits	25	**27,495**	26,562	**2,364**	2,562
Provision for taxation		**249,506**	385,393	**7,077**	56,218
Provisions	28	**28,471**	36,071	**–**	–
		3,769,633	3,103,781	**4,155,772**	3,007,203
Liabilities directly associated with the assets held for sale	6	**7,580**	–	**–**	–
		3,777,213	3,103,781	**4,155,772**	3,007,203
Total liabilities		**11,933,701**	8,611,752	**8,418,315**	5,226,596
Total equity and liabilities		**23,200,257**	20,885,692	**15,025,598**	11,924,103

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 $'000	Group 2018 $'000
Revenue	31	**3,428,725**	4,222,563
Cost of sales		**(1,790,239)**	(2,308,489)
Gross profit		**1,638,486**	1,914,074
Other income	32	**175,210**	45,567
Administrative expenses		**(591,093)**	(528,835)
Other operating expenses		**(568,669)**	(526,231)
Profit from operating activities		**653,934**	904,575
Finance income		**108,527**	62,825
Finance costs		**(204,691)**	(156,765)
Net finance costs	32	**(96,164)**	(93,940)
Share of after-tax profit of associates		**98,539**	38,831
Share of after-tax profit of joint ventures		**97,768**	26,072
Profit before tax		**754,077**	875,538
Tax expense	33	**(140,716)**	(214,760)
Profit for the year	32	**613,361**	660,778
Profit attributable to owners of the Company:			
- Ordinary shareholders		**551,672**	544,426
- Preference shareholders		**12,904**	12,904
		564,576	557,330
Non-controlling interests		**48,785**	103,448
Profit for the year		**613,361**	660,778
Earnings per share			
- Basic	34	**60.8 cents**	59.9 cents
- Diluted	34	**59.3 cents**	58.4 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 $'000	Group 2018 $'000
Profit for the year		**613,361**	660,778
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Defined benefit plan remeasurements		**(2,634)**	6,948
Net change in fair value of equity investments at FVOCI		**66,786**	(34,427)
		64,152	(27,479)
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		**(2,997)**	(2,399)
Exchange differences on hedges of net investment in foreign operations		**7,526**	(5,414)
Exchange differences on monetary items forming part of net investments in foreign operations		**15,627**	(3,460)
Exchange differences reclassified to profit or loss on liquidation and cessation of business of foreign operations		**58**	850
Share of translation differences of equity-accounted investees		**(11,530)**	(8,639)
Translation differences arising on consolidation of foreign operations		**(85,908)**	(41,593)
		(77,224)	(60,655)
Total other comprehensive income for the year, net of tax	33	**(13,072)**	(88,134)
Total comprehensive income for the year		**600,289**	572,644
Total comprehensive income attributable to:			
Owners of the Company		**579,159**	498,402
Non-controlling interests		**21,130**	74,242
Total comprehensive income for the year		**600,289**	572,644

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

	Note	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Hedging reserve $'000	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
Group												
At 1 January 2019		1,991,397	185,990	(21,036)	135	22,262	15,258	(119,583)	7,966,274	10,040,697	2,233,243	12,273,940
Total comprehensive income for the year												
Profit for the year		–	–	–	–	–	–	–	564,576	564,576	48,785	613,361
Other comprehensive income												
Defined benefit plan remeasurements		–	–	–	–	–	–	–	(2,577)	(2,577)	(57)	(2,634)
Changes in fair value of equity investments at FVOCI		–	–	66,828	–	–	–	–	–	66,828	(42)	66,786
Effective portion of changes in fair value of cash flow hedges		–	–	–	(3,825)	–	–	–	–	(3,825)	828	(2,997)
Exchange differences on hedges of net investment in foreign operations		–	–	–	–	–	–	10,950	–	10,950	(3,424)	7,526
Exchange differences on monetary items forming part of net investments in foreign operations		–	–	–	–	–	–	17,416	–	17,416	(1,789)	15,627
Exchange differences reclassified to profit or loss on cessation of business of foreign operations		–	–	–	–	–	–	9	–	9	49	58
Share of translation differences of equity-accounted investees		–	(245)	–	–	–	–	(7,506)	–	(7,751)	(3,779)	(11,530)
Translation differences arising on consolidation of foreign operations		–	–	–	–	–	–	(66,467)	–	(66,467)	(19,441)	(85,908)
Total other comprehensive income		–	(245)	66,828	(3,825)	–	–	(45,598)	(2,577)	14,583	(27,655)	(13,072)
Total comprehensive income for the year		–	(245)	66,828	(3,825)	–	–	(45,598)	561,999	579,159	21,130	600,289
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Capital distribution to non-controlling interests (net)		–	–	–	–	–	–	–	–	–	(9,369)	(9,369)
Dividends paid to owners of the Company	35	–	–	–	–	–	–	–	(194,284)	(194,284)	–	(194,284)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	(74,847)	(74,847)
Issue expenses of a subsidiary		–	(85)	–	–	–	–	–	–	(85)	(145)	(230)
Transfer to statutory reserve		–	–	–	–	1,220	–	–	(1,220)	–	–	–
Share-based payment transactions		–	–	–	–	–	21	–	–	21	–	21
Total contributions by and distributions to owners		–	(85)	–	–	1,220	21	–	(195,504)	(194,348)	(84,361)	(278,709)
Changes in ownership interests in subsidiaries												
Acquisition of subsidiaries with non-controlling interests	39	–	–	–	–	–	–	–	–	–	1,050	1,050
Changes in interests in subsidiaries without loss of control	39	–	94,742	–	–	–	–	–	–	94,742	(1,424,756)	(1,330,014)
Total changes in ownership interests in subsidiaries		–	94,742	–	–	–	–	–	–	94,742	(1,423,706)	(1,328,964)
Total transactions with owners		–	94,657	–	–	1,220	21	–	(195,504)	(99,606)	(1,508,067)	(1,607,673)
Transfer on conversion of convertible securities held in an associate to investment in an associate		–	–	(4,860)	–	–	–	–	4,860	–	–	–
At 31 December 2019		1,991,397	280,402	40,932	(3,690)	23,482	15,279	(165,181)	8,337,629	10,520,250	746,306	11,266,556

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

	Note	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Hedging reserve $'000	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
Group												
At 1 January 2018		1,991,397	182,152	16,701	1,699	9,197	15,043	(95,495)	7,633,723	9,754,417	2,254,844	12,009,261
Total comprehensive income for the year												
Profit for the year		–	–	–	–	–	–	–	557,330	557,330	103,448	660,778
Other comprehensive income												
Defined benefit plan remeasurements		–	–	–	–	–	–	–	4,463	4,463	2,485	6,948
Changes in fair value of equity investments at FVOCI		–	–	(37,737)	–	–	–	–	–	(37,737)	3,310	(34,427)
Effective portion of changes in fair value of cash flow hedges		–	–	–	(1,564)	–	–	–	–	(1,564)	(835)	(2,399)
Exchange differences on hedges of net investment in foreign operations		–	–	–	–	–	–	(3,975)	–	(3,975)	(1,439)	(5,414)
Exchange differences on monetary items forming part of net investments in foreign operations		–	–	–	–	–	–	4,467	–	4,467	(7,927)	(3,460)
Exchange differences reclassified to profit or loss on liquidation and cessation of business of foreign operations		–	–	–	–	5	–	212	(7)	210	640	850
Share of translation differences of equity-accounted investees		–	–	–	–	–	–	(5,633)	–	(5,633)	(3,006)	(8,639)
Translation differences arising on consolidation of foreign operations		–	–	–	–	–	–	(19,159)	–	(19,159)	(22,434)	(41,593)
Total other comprehensive income		–	–	(37,737)	(1,564)	5	–	(24,088)	4,456	(58,928)	(29,206)	(88,134)
Total comprehensive income for the year		–	–	(37,737)	(1,564)	5	–	(24,088)	561,786	498,402	74,242	572,644
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Capital distribution to non-controlling interests (net)		–	–	–	–	–	–	–	–	–	(2,085)	(2,085)
Dividends paid to owners of the Company	35	–	–	–	–	–	–	–	(194,733)	(194,733)	–	(194,733)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	(91,095)	(91,095)
Issue expenses of a subsidiary		–	–	–	–	–	–	–	–	–	(30)	(30)
Purchase of treasury shares		–	–	–	–	–	–	–	(21,442)	(21,442)	–	(21,442)
Transfer to statutory reserve		–	–	–	–	13,060	–	–	(13,060)	–	–	–
Share-based payment transactions		–	–	–	–	–	215	–	–	215	111	326
Total contributions by and distributions to owners		–	–	–	–	13,060	215	–	(229,235)	(215,960)	(93,099)	(309,059)
Changes in ownership interests in subsidiaries												
Acquisition of subsidiaries with non-controlling interests	39	–	–	–	–	–	–	–	–	–	2,302	2,302
Changes in interests in subsidiaries without loss of control	39	–	3,838	–	–	–	–	–	–	3,838	(5,046)	(1,208)
Total changes in ownership interests in subsidiaries		–	3,838	–	–	–	–	–	–	3,838	(2,744)	1,094
Total transactions with owners		–	3,838	–	–	13,060	215	–	(229,235)	(212,122)	(95,843)	(307,965)
At 31 December 2018		1,991,397	185,990	(21,036)	135	22,262	15,258	(119,583)	7,966,274	10,040,697	2,233,243	12,273,940

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

	Group	
	2019 $'000	2018 $'000
Cash flows from operating activities		
Profit for the year	**613,361**	660,778
Adjustments for:		
Depreciation and amortisation	**275,987**	218,840
Dividend income	**(5,559)**	(6,071)
Equity settled share-based transactions	**–**	636
Finance income	**(107,633)**	(62,825)
Finance costs	**190,657**	124,818
Loss on liquidation of subsidiaries/dilution of an associate (net)	**118**	41
Impairment loss on investment in an associate	**3,000**	–
Gain on remeasurement of previously held interest in an associate which became a subsidiary	**(6,608)**	–
Impairment losses on investment properties and property, plant and equipment (net)	**57,972**	94,099
Profit on sale of property, plant and equipment and investment properties	**(164,988)**	(41,735)
Property, plant and equipment and investment properties written off	**3,469**	4,007
Share of after-tax profit of associates	**(98,539)**	(38,831)
Share of after-tax profit of joint ventures	**(97,768)**	(26,072)
Tax expense	**140,716**	214,760
	804,185	1,142,445
Changes in working capital:		
Development properties	**382,624**	(1,362,237)
Contract costs	**(13,995)**	611
Contract assets	**(134,807)**	201,186
Consumable stocks and trade and other receivables	**15,745**	101,426
Trade and other payables	**(77,463)**	(223,122)
Contract liabilities	**103,711**	(252,110)
Employee benefits	**303**	2,858
Cash generated from/(used in) operations	**1,080,303**	(388,943)
Tax paid	**(243,915)**	(210,689)
Net cash from/(used in) operating activities*	**836,388**	(599,632)

* The net cash outflow for operating activities in 2018 was attributable to the payment for the acquisition of land sites (including stamp duty) at Handy Road, West Coast Vale, Sumang Walk and the acquisition of Amber Park (via collective en bloc sale) amounting to $2.1 billion.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

	Note	Group	
		2019 $'000	2018 $'000
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired)	39	**(244,298)**	(1,309,243)
Advances granted to a real estate developer in China		**(552,200)**	–
Dividends received:			
- an associate		**63,035**	6,747
- joint ventures		**35,628**	33,383
- financial investments		**5,559**	6,071
Increase in investments in associates		**(64,917)**	(15,185)
Decrease in investments in joint ventures		**167,031**	8,146
Increase in amounts owing by equity-accounted investees (non-trade)		**(297,083)**	(187,984)
Interest received		**77,388**	49,712
Payments for intangible assets		**(524)**	(38)
Payments for capital expenditure on investment properties		**(88,920)**	(60,016)
Payments for purchase of property, plant and equipment		**(218,405)**	(201,087)
Purchase of investment properties		**(41,760)**	(30,726)
Proceeds from sale of property, plant and equipment and investment properties		**14,157**	94,736
Purchase of financial assets (net)		**(408,728)**	(122,748)
Proceeds from distributions from investments in financial assets		**180,920**	1,332
Settlement of financial derivatives		**22,873**	(1,827)
Net cash used in investing activities		**(1,350,244)**	(1,728,727)
Cash flows from financing activities			
Acquisition of non-controlling interests	39	**(1,330,014)**	(1,208)
Capital distribution to non-controlling interests (net)		**(9,829)**	(2,605)
Dividends paid		**(268,671)**	(285,308)
Payment of lease liabilities and finance lease payables		**(17,022)**	(142)
Interest paid (including amounts capitalised in investment properties, property, plant and equipment and development properties)		**(187,100)**	(127,817)
Net increase in amounts owing to related parties (non-trade)		**29,116**	105,298
Net proceeds from revolving credit facilities and short-term bank borrowings		**1,183,133**	857,047
Decrease in other liabilities		**–**	(1,318)
Decrease in deposits pledged to financial institutions		**58,251**	43,076
Increase in restricted cash		**(4,093)**	(59)
Cash flows (used in)/from financing activities carried forward		**(546,229)**	586,964

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 $'000	2018 $'000
Cash flows (used in)/from financing activities brought forward		**(546,229)**	586,964
Payment of financing transaction costs		**(11,632)**	(8,071)
Payment of issue expenses by a subsidiary		**(230)**	(30)
Purchase of treasury shares		**–**	(21,442)
Proceeds from bank borrowings		**2,059,709**	1,172,543
Repayment of bank borrowings		**(856,975)**	(582,528)
Proceeds from issuance of bonds and notes		**900,000**	79,300
Repayment of bonds and notes		**(395,275)**	(329,150)
Net cash from financing activities		**1,149,368**	897,586
Net increase/(decrease) in cash and cash equivalents		**635,512**	(1,430,773)
Cash and cash equivalents at beginning of the year		**2,162,373**	3,599,044
Effect of exchange rate changes on balances held in foreign currencies		**(8,316)**	(5,898)
Cash and cash equivalents at end of the year	17	**2,789,569**	2,162,373

Non-cash transaction

Dividends amounting to $460,000 (2018: $520,000) were paid by a subsidiary to its non-controlling interests in the form of additional shares in that subsidiary.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 16 March 2020.

1 DOMICILE AND ACTIVITIES

City Developments Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 9 Raffles Place, #12-01 Republic Plaza, Singapore 048619.

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, procurement services and laundry services.

The consolidated financial statements for the year ended 31 December 2019 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 joint ventures.

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 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)s) and International Financial Reporting Standards (IFRSs). SFRS(I), issued by the Accounting Standards Council (ASC), comprises standards and interpretations that are equivalents to IFRSs as issued by the International Accounting Standards Board (IASB). All references to SFRS(I)s and IFRSs are subsequently referred to as SFRS(I) in the financial statements.

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes to significant accounting policies are described in note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

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.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) 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.

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is described in the following notes:

Note 3.1(ii)	Accounting for acquisitions as business combinations or asset acquisitions
Notes 3.1(v), 43 and 44	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 is described in the following notes:

Note 3.20	Estimation of provisions for current and deferred taxation
Notes 4 and 5	Measurement of recoverable amounts of property, plant and equipment, and investment properties
Note 7	Measurement of recoverable amounts of investments in and balances with subsidiaries
Note 12	Measurement of realisable amounts of development properties
Note 25	Valuation of defined benefit obligations

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a team that regularly reviews significant unobservable inputs and valuation adjustments and reports to the Group Chief Financial Officer who has overall responsibility for all significant fair value measurements. If third party information, such as broker quotes or independent valuers' report, is used to measure fair values, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee and Board of Directors.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

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FINANCIAL STATEMENTS
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2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values (cont'd)

Further information about assumptions made in measuring fair values is included in the following notes:

- Note 5 Investment properties
- Note 25 Share-based payment arrangements
- Note 39 Acquisition of subsidiaries
- Note 41 Financial instruments

2.5 Changes in accounting polices

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

In addition to the above, the Group has early adopted the following amendments to standards which are effective for annual periods beginning after 1 January 2019 with earlier application permitted:

- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Interest Rate Benchmark Reform* (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)

The Group has early applied amendments to SFRS(I) 3 in accounting for acquisitions from 1 January 2019. The new accounting policy (see note 3.1) has been applied prospectively. The Group applied the interest rate benchmark reform amendments retrospectively to hedging relationship that existed at 1 January 2019 or were designated thereafter and that are directly affected by interest rate benchmark reform. The details of the accounting policies and related disclosures about the risks and hedge accounting are disclosed in note 3.7 and 41, respectively.

Other than SFRS(I) 16 and Amendments to SFRS(I) 1-28, the application of these SFRS(I)s, amendments to standards and interpretations did not have a material effect on the financial statements.

SFRS(I) 16 *Leases*

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in accumulated profits at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated - i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting polices (cont'd)

SFRS(I) 16 *Leases* (cont'd)

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group leases many assets including hotel properties, office facilities and equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet. In addition, on adoption of SFRS(I) 16 as at 1 January 2019, the Group has reclassified lease premium prepayment to property, plant and equipment or investment properties.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property, the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting polices (cont'd)

SFRS(I) 16 *Leases* (cont'd)

As a lessee (cont'd)

Leases classified as finance leases under SFRS 1-17

The Group leases certain items of plant and equipment. These leases were classified as finance leases under SFRS(I) 1-17. For these finance leases, the carrying amount of the right-of use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under SFRS(I) 1-17 immediately before that date.

As a lessor

The Group leases out its investment properties, including own property and right-of-use assets. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to SFRS(I) 16 for leases in which it acts as a lessor, except for a sub-lease.

The Group sub-leases some of its properties. Under SFRS(I) 1-17, the head lease and sub-lease contracts were classified as operating leases. On transition to SFRS(I) 16, the right-of-use assets recognised from the head leases are presented in investment properties, and measured at cost less accumulated impairment losses at that date. The Group assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset, and concluded that they are operating leases under SFRS(I) 16.

The Group has applied SFRS(I) 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component.

Impact on financial statements

Impact on transition*

On transition to SFRS(I) 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	1 January 2019 $'000
Right-of-use assets – property, plant and equipment	**260,970**
Right-of-use assets – investment property	**43,861**
Lease premium prepayment	**(105,101)**
Trade and other receivables	**(1,522)**
Other liabilities	**6,476**
Trade and other payables	**(245)**
Lease liabilities	**(204,439)**

* For the impact of SFRS(I) 16 on profit or loss for the period, see note 36. For the impact of SFRS(I) 16 on segment information, see note 42. For the details of accounting policies under SFRS(I) 16 and SFRS(I) 1-17, see note 3.5.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rates at 1 January 2019, which range from 0.90% to 14.55% per annum.

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting polices (cont'd)

SFRS(I) 16 *Leases* (cont'd)

Impact on financial statements (cont'd)

	1 January 2019 $'000
Operating lease commitments at 31 December 2018 as disclosed under SFRS(I) 1-17 in the Group's consolidated financial statements	319,152
Discounted using the incremental borrowing rate at 1 January 2019	178,204
- Recognition exemption for leases of low-value assets	(978)
- Recognition exemption for leases with less than 12 months of lease term at transition	(7,731)
- Lease which commenced after 1 January 2019	(1,727)
- Extension and termination options reasonably certain to be exercised	9,979
- Variable lease payments based on an index or a rate	26,692
Lease liabilities recognised at 1 January 2019	204,439

Amendments to SFRS(I) 1-28

The Group applied the amendments to SFRS(I) 1-28 in accounting for its long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. On adoption of this amendment on 1 January 2019, the Group's prior years' share of an associate or joint venture's losses are required to be allocated to the extent of the long-term interests in an associate or joint venture.

On adoption of this amendment on 1 January 2019, the Group's share of joint ventures' losses previously recognised in other payables of $88.9 million as at 31 December 2018 was set off against the amount due from joint venture (note 30). In accordance with the transition options available under this amendment, the Group has elected not to restate the comparative information for 2018. Accordingly, the information presented for 2018 is presented, as previously reported.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

Acquisitions from 1 January 2017

For acquisitions from 1 January 2017, the Group measures goodwill at the date of acquisition as:

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

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

Acquisitions from 1 January 2017 (cont'd)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

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.

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.

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. 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.

Acquisitions before 1 January 2017

As part of transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 January 2017. Goodwill arising from acquisitions before 1 January 2017 has been carried forward from the previous FRS framework as at the date of transition.

(ii) Business combinations and property acquisitions

At the time of acquisition, the Group considers whether each acquisition represents an acquisition of business or an acquisition of an asset.

Acquisitions before 1 January 2019

An acquisition is accounted for as a business combination where an integrated set of activities is acquired, in addition to the property. In determining whether an integrated set of activities is acquired, the Group considers whether significant processes such as strategic management and operational processes, are acquired. Where significant processes are acquired, the acquisition is considered an acquisition of business and accounted for as stated above.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(ii) Business combinations and property acquisitions (cont'd)

Acquisitions from 1 January 2019

The Group early adopted the amendments to SFRS(I) 3 and applied the new definition of business in determining whether an acquisition represents an acquisition of business or an acquisition of assets based on whether the input and substantive process that together significantly contribute to ability to create output, are acquired. Following the adoption of the amendments, the Group may elect to apply an optional concentration test which, if met, eliminates the need to assess whether an acquisition constitutes a business. Under this test, the set of activities and assets acquired would not represent a business where substantially all the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets).

Where an acquisition does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of acquisition is allocated to the assets and liabilities acquired and no goodwill or deferred tax is recognised.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Investments in associates and joint ventures (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of that interest, together with any long-term interests that, in substance, form part thereof, 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.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(vi) Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

The Group is a 51% (2018: 51%) partner in Hong Realty (Private) Limited – Pasir Ris Joint Venture (the Pasir Ris Joint Venture), a joint arrangement formed with two fellow subsidiaries, whose principal activity is that of a property developer and the place of business is in Singapore. The Group is also a 20% (2018: 20%) partner in Park Court Aoyama The Tower, a joint arrangement formed with a third party, whose principal activity is that of a property developer and the place of business is in Japan. The Group has classified both joint arrangements as joint operations as the joint venture partners control the joint arrangements collectively and the joint arrangements are not structured through separate legal vehicles.

(vii) 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 equity-accounted investee 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.

(viii) Subsidiaries and joint ventures in the separate financial statements

Investments in subsidiaries and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates 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 that 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 year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

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 dates that the fair values were determined. Non-monetary items in foreign currencies that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Foreign currency differences arising on translation are recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation;
- an investment in equity securities designated at fair value through other comprehensive income (FVOCI);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedge is effective.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currencies (cont'd)

(ii) Foreign operations

The assets and liabilities of foreign operations, including 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.

Foreign currency differences are recognised in OCI. Since 1 January 2017, the Group's date of transition to SFRS(I), such differences have been recognised in the foreign currency translation reserve (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 profit or loss 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 joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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 that are considered to form part of the Group's net investment in the foreign operation are recognised in OCI, and are presented within equity in the foreign currency translation reserve.

3.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of certain items of property, plant and equipment at 1 January 2017, the Group's date of transition to SFRS(I), was determined with reference to the fair values of such items previously adopted by a subsidiary, Millennium & Copthorne Hotels Limited (M&C).

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 assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

The gain or loss on disposal of an item of property, plant and equipment is recognised net in profit or loss.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

No depreciation is provided on freehold land (including 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.

The estimated useful lives for the current and comparative years 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	- 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 and right-of-use assets in respect of leases where the Group is a lessee.

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

3.4 Investment properties

(i) Recognition and measurement

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, use in the production or supply of goods or services, or for administrative purposes.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Investment properties (cont'd)

(i) Recognition and measurement (cont'd)

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

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. Costs of self-constructed investment properties include costs of materials and direct labour, any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs.

Gains and losses on disposal of investment properties (calculated as the difference between the net proceeds from disposal and the carrying amounts of the investment properties) are recognised in profit or loss.

(ii) Depreciation

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an investment property. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

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

Freehold and leasehold properties	- 50 years, or lease term if shorter
Leasehold land	- Lease term ranging from 50 to 96 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.

3.5 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases (cont'd)

Policy applicable from 1 January 2019 (cont'd)

As a lessee (cont'd)

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases (cont'd)

Policy applicable from 1 January 2019 (cont'd)

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease (see note 3.12 (i)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases (cont'd)

Policy applicable from 1 January 2019 (cont'd)

As a lessee

In the comparative period, as a lessee, the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

3.6 Lease premium prepayment

Policy applicable before 1 January 2019

Lease premium prepayment related to upfront premium paid in respect of long leasehold land where substantially all risks and rewards of ownership were not anticipated to be passed to the Group. It was classified appropriately between current and non-current assets and was charged to profit or loss on a straight-line basis over the term of the lease.

On adoption of SFRS(I) 16 on 1 January 2019, lease premium prepayment has been reclassified as right-of-use assets in property, plant and equipment and investment properties.

3.7 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (con't)

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (cont'd)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of ownership of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or when they expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

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

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, pledged deposits, deposits charged and restricted cash are excluded whilst bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included in cash and cash equivalents.

(vi) Derivative financial instruments and hedge accounting

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 host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

(vi) Derivative financial instruments and hedge accounting (cont'd)

Specific policies applicable from 1 January 2019 for hedges directly affected by interbank offer rates (IBOR) reform

A fundamental reform of major interest rate benchmarks is being undertaken globally to replace or reform IBOR with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposure to interbank offered rates (IBORs) on its financial instruments that will be replaced or reformed as part of this market-wide initiative. There is significant uncertainty over the timing and the methods of transition across the jurisdictions that the Group operates in.

The Group early adopted the principles of the amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 issued in December 2019 in relation to the project on interest rate benchmark reform (the "amendments").

A hedging relationship is directly affected by the uncertainties arising from the IBOR reform with respect to the hedged risk and the timing amount of the interest rate benchmark-based cash flows of the hedged item and the hedging instruments. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Group assumes that the benchmark interest rate on which the cash flows are based is not altered as a result of IBOR reform.

The Group will cease to apply the amendments to its effectiveness assessment of the hedging relationship at the earlier of, when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the hedged risk and the timing and the amount of the interest rate benchmark-based cash flows of the hedged item and hedging instrument; and when the hedging relationship is discontinued.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to profit or loss.

Net investment hedges

The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

(vi) Derivative financial instruments and hedge accounting (cont'd)

Net investment hedges (cont'd)

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

(vii) Share capital

Ordinary shares

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

Preference shares

The Group's non-redeemable convertible non-cumulative preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group's equity instruments. Dividends thereon are recognised as distributions within equity.

3.8 Development properties

Development properties are measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs (applicable to construction of a development for which revenue is to be recognised at a point in time) and other costs directly attributable to the development activities.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. The write-down to net realisable value is presented as allowance for foreseeable losses.

3.9 Contract costs

Incremental costs of obtaining a contract for the sale of a development property are capitalised as contract costs only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue on the contract. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

3.10 Contract assets and liabilities

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on construction of development properties. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Contract assets and liabilities (cont'd)

Contract liabilities primarily relate to:

- advance consideration received from customers; and
- progress billings issued in excess of the Group's rights to the consideration.

3.11 Consumable stocks

Consumable stocks comprise principally food and beverage and other hotel related consumable supplies. Stocks are valued at the lower of cost and net realisable value. Cost is determined based on the weighted average cost method and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value represents the estimated selling price in the ordinary course of business, less the estimated cost of completion and cost necessary to make the sale.

3.12 Impairment

(i) Non-derivative financial assets and contract assets

The Group recognises loss allowances for expected credit losses (ECL) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets (as defined in SFRS(I) 15).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECL for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL.

General approach

The Group applies the general approach to provide for ECL on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment (cont'd)

(i) Non-derivative financial assets and contract assets (cont'd)

General approach (cont'd)

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECL.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment (cont'd)

(ii) Associates and joint ventures

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(iii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than development properties, contract costs, contract assets, 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. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU 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 CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) 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.

Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or a joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or a joint venture may be impaired.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable 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 profit or loss. 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.

3.14 Employee benefits

(i) 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 profit or loss in the periods during which services are rendered by employees.

(ii) 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 calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised immediately as an expense in profit or loss.

The Group recognises remeasurement gains or losses within the consolidated statement of comprehensive income in the period in which they occur.

The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(iii) Other long-term service benefits

The Group's net obligation in respect of long-term service benefits, other than post employment 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.

(iv) 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Employee benefits (cont'd)

(v) Share-based payment transactions

The grant date fair value of equity-settled 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 performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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

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

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

3.15 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.

Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

3.16 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 guarantees 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.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Government grants

Government grants are recognised when there is reasonable assurance that they will be received and the Group comply with the conditions associated with the grants.

Government grants relating to assets are deducted against the carrying amount of the assets, and released to profit or loss over the expected useful life of the relevant asset or over the benefits received by the Group related to the assets.

3.18 Revenue recognition

(i) Development properties for sale

The Group develops and sells residential and mixed development projects to customers through fixed-price contracts. Revenue is recognised when the control over a development property has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the residential project over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

Where a development property has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment for performance completed to date arising from the contractual terms, revenue is recognised over time by reference to the Group's progress towards completing the construction of the development property. The measure of progress is determined based on the stage of completion of construction certified by quantity surveyors. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

In respect of contracts where the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised only when the completed property is delivered to the customer and the customer has accepted it in accordance with the sales contract.

Under certain payment schemes, the time when payments are made by the buyer and the transfer of control of the property to the buyer do not coincide and where the difference between the timing of receipt of the payments and the satisfaction of a performance obligation is 12 months or more, the Group adjusts the transaction price with its customer and recognises a financing component. In adjusting for the financing component, the Group uses a discount rate that would reflect that of a separate financing transaction between the Group and its customer at contract inception. A finance income or finance expense will be recognised depending on the arrangement. The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of goods or services to a customer and the payment date is 12 months or less.

Revenue is measured at the transaction price agreed under the contract entered into with customers. Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The customer is invoiced based on a payment schedule which is typically triggered upon achievement of specified construction milestones. If the value of the goods transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised. The accounting policy for contract assets and contract liabilities is set out in note 3.10.

(ii) Rental 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 in which it is earned and the amount can be reliably measured.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Revenue recognition (cont'd)

(iii) Hotel income

Revenue from hotel operations is recognised at the point when the accommodation and related services are rendered.

(iv) Management services, consultancy services and laundry services

Management and consultancy fees and laundry services are recognised at the point when such services are rendered.

(v) Dividends

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

3.19 Finance income and costs

The Group's finance income and costs include:

- interest income on amounts owing by joint ventures, fellow subsidiaries and associates, and funds invested;
- interest expense on borrowings and financial derivatives;
- the fair value gain or loss on financial derivatives;
- the net gain or loss on financial assets at FVTPL;
- the foreign currency gain or loss on financial assets and financial liabilities;
- hedge ineffectiveness recognised in profit or loss; and
- unwinding of discount on non-current liabilities.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.20 Tax

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Tax (cont'd)

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

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:

- temporary differences on 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;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the consequences that follow the manner in which the Group expects, at the reporting date, to recover the carrying amount of its assets and liabilities. 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 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.

Deferred tax assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 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 year. 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, for the dilutive effect arising from the conversion of the non-redeemable convertible non-cumulative preference shares.

3.22 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue 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 and Group Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Board of Directors and Group CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly tax assets and liabilities.

3.23 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted. Except as disclosed in note 2.5, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning after 1 January 2019.

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- SFRS(I) 17 *Insurance Contracts*
- *Classification of liabilities as current or non-current* (Amendments to SFRS(I) 1-1)

The Group is in the process of assessing the impact of the new SFRS(I), amendments to and interpretations of SFRS(I) on the financial statements.

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4 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	Right-of-use assets $'000	Total $'000
Group								
Cost or deemed cost								
1 January 2018		4,122,890	1,362,995	24,432	1,685,338	37,315	–	7,232,970
Acquisition of subsidiaries	39	–	–	–	60	–	–	60
Additions		12,751	19,215	1,228	80,169	88,044	–	201,407
Disposal/Written off		(1,707)	–	(2,211)	(26,994)	(288)	–	(31,200)
Reclassifications		(29,342)	34,133	3,004	6,968	(14,763)	–	–
Transfers from/(to) investment properties	5	118,612	(23,026)	–	–	(5,092)	–	90,494
Translation differences on consolidation		2,323	(22,423)	(1,038)	(7,716)	332	–	(28,522)
At 31 December 2018		4,225,527	1,370,894	25,415	1,737,825	105,548	–	7,465,209
At 1 January 2019		4,225,527	1,370,894	25,415	1,737,825	105,548	–	7,465,209
Recognition of right-of-use assets on initial application of SFRS(I) 16		–	–	–	–	–	260,970	260,970
Adjusted balance at 1 January 2019		4,225,527	1,370,894	25,415	1,737,825	105,548	260,970	7,726,179
Acquisition of subsidiaries	39	–	313,856	–	6,737	–	–	320,593
Additions		11,784	9,358	5,888	114,951	82,760	22,694	247,435
Disposal/Written off		(388)	–	–	(40,760)	–	(195)	(41,343)
Reclassifications		19,951	59,178	9,511	48,000	(136,640)	–	–
Transfer from development properties		–	–	72,014	–	–	–	72,014
Transfer to assets held for sale		(78,774)	(90,301)	–	(80,557)	(12,132)	(2,616)	(264,380)
Translation differences on consolidation		(22,565)	(650)	(2,062)	(5,748)	280	(3,389)	(34,134)
At 31 December 2019		4,155,535	1,662,335	110,766	1,780,448	39,816	277,464	8,026,364

4 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	Right-of-use assets $'000	Total $'000
Group								
Accumulated depreciation and impairment losses								
At 1 January 2018		837,143	332,471	5,888	1,058,581	–	–	2,234,083
Charge for the year		27,550	17,463	–	96,905	–	–	141,918
Disposal/Written off		(200)	–	(2,211)	(24,242)	–	–	(26,653)
Reclassifications		(1,363)	1,591	–	(228)	–	–	–
Transfers from/(to) investment properties	5	30,775	(13,090)	–	–	–	–	17,685
Impairment losses		85,104	7,702	–	1,293	–	–	94,099
Translation differences on consolidation		1,077	(1,361)	16	(8,955)	–	–	(9,223)
At 31 December 2018		980,086	344,776	3,693	1,123,354	–	–	2,451,909
At 1 January 2019		980,086	344,776	3,693	1,123,354	–	–	2,451,909
Charge for the year		27,264	24,044	–	106,459	–	20,758	178,525
Disposal/Written off		(26)	–	–	(36,576)	–	(195)	(36,797)
Reclassifications		(167)	167	–	–	–	–	–
Transfer to assets held for sale		(6,100)	(16,488)	–	(57,162)	–	(38)	(79,788)
Impairment losses		38,357	9,871	–	11,551	–	607	60,386
Translation differences on consolidation		(3,605)	(431)	24	(5,329)	–	(897)	(10,238)
At 31 December 2019		1,035,809	361,939	3,717	1,142,297	–	20,235	2,563,997
Carrying amounts								
At 1 January 2018		3,285,747	1,030,524	18,544	626,757	37,315	–	4,998,887
At 31 December 2018		3,245,441	1,026,118	21,722	614,471	105,548	–	5,013,300
At 31 December 2019		3,119,726	1,300,396	107,049	638,151	39,816	257,229	5,462,367

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4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land $'000	Furniture, fittings and equipment $'000	Right-of-use assets $'000	Total $'000
Company				
Cost				
At 1 January 2018	2,570	28,009	–	30,579
Additions	–	8,923	–	8,923
Disposal/Written off	–	(7,333)	–	(7,333)
At 31 December 2018	2,570	29,599	–	32,169
At 1 January 2019	2,570	29,599	–	32,169
Recognition of right-of-use assets on initial application of SFRS(I) 16	–	–	32,293	32,293
Adjusted balance at 1 January 2019	2,570	29,599	32,293	64,462
Additions	–	7,255	–	7,255
Disposal/Written off	–	(2,443)	–	(2,443)
At 31 December 2019	2,570	34,411	32,293	69,274
Accumulated depreciation				
At 1 January 2018	–	22,844	–	22,844
Charge for the year	–	2,249	–	2,249
Disposal/Written off	–	(6,918)	–	(6,918)
At 31 December 2018	–	18,175	–	18,175
Charge for the year	–	3,725	6,132	9,857
Disposal/Written off	–	(2,435)	–	(2,435)
At 31 December 2019	–	19,465	6,132	25,597
Carrying amounts				
At 1 January 2018	2,570	5,165	–	7,735
At 31 December 2018	2,570	11,424	–	13,994
At 31 December 2019	2,570	14,946	26,161	43,677

Right-of-use assets classified within property, plant and equipment

	Land and buildings $'000	Furniture, fittings, plant and equipment and improvements $'000	Total $'000
Group			
Balance at 1 January 2019	253,725	7,245	260,970
Depreciation charge for the year	(19,323)	(1,435)	(20,758)
Additions to right-of-use assets	22,382	312	22,694
Impairment loss	(607)	–	(607)
Transfer to assets held for sale	(2,578)	–	(2,578)
Translation differences on consolidation	(2,420)	(72)	(2,492)
Balance at 31 December 2019	251,179	6,050	257,229

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Right-of-use assets classified within property, plant and equipment (cont'd)

	Buildings $'000
Company	
Balance at 1 January 2019	32,293
Depreciation charge for the year	(6,132)
Balance at 31 December 2019	26,161

Included in property, plant and equipment are certain hotel properties of the Group with carrying amount totalling $498,004,000 (2018: $506,477,000) which are mortgaged to certain financial institutions to secure credit facilities (refer to notes 22 and 23 for more details of the facilities).

The transfer from development properties to property, plant and equipment during 2019 relates to reclassification of a hotel in Suzhou, as a hotel management agreement was signed in respect of that property during the year.

The movements between property, plant and equipment and investment properties during 2018 arose mainly from the Group's relocation of its corporate head office from City House (partially classified as property, plant and equipment) to Republic Plaza (classified as investment property) in Singapore. Accordingly, the Group transferred a portion of the investment property with a carrying value $87.8 million to property, plant and equipment. The amount transferred represents the area that was owner-occupied by the Group. The previously owner-occupied area at City House, which was released for leasing, with a carrying value of $9.9 million, has been reclassified from property, plant and equipment to investment properties.

The management undertook their annual review of the carrying amounts of hotels and property assets for indicators of impairment. Where indicators of impairment were identified, the recoverable amounts were estimated based on internal or external valuations undertaken by the Group. The cash generating units (CGU) are individual hotels.

The recoverable amounts of the individual hotels, being the higher of the fair value less costs to sell and the value-in-use, were predominantly determined using the fair value less costs to sell approach and were estimated using the discounted cash flow method. Under this methodology, the fair value measurement reflects current market expectations about the third party efficient operator's future cash flows, discounted to their present value. It involves each hotel's projected cash flow for the year ending 31 December 2020, taking into consideration the assumptions in respect of revenue growth (principally factoring in room rate and occupancy growth) and major expense items for each individual hotel. The future cash flows are based on assumptions about competitive growth rates for hotels in that area, as well as internal business plan for the hotel in the relevant market. These plans and forecasts include management's most recent view of trading prospects for the hotel in the relevant market. Where appropriate, the Group also sought guidance on fair value from independent valuers with appropriate professional qualifications and recent experience in the location and category of the properties being valued. The fair value measurement was categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Included in the impairment loss recognised by the Group during the year was impairment loss recognised totalled $58,236,000 on one hotel in the United States of America (US), one hotel in Europe and two hotels in Asia, all of which are held by certain subsidiaries of M&C. The estimated total recoverable amounts of the said impaired properties were $593,093,000 as at 31 December 2019. In 2018, an impairment loss of $94,099,000 was recognised on six hotels in the US, one hotel in Europe and two hotels in Asia, all of which are held by certain subsidiaries of M&C. The estimated total recoverable amounts of the said impaired properties were $1,031,332,000 as at 31 December 2018.

The impairment losses were a result of the challenging hospitality market in these regions, affecting the operating performance of these hotels. In particular, the room rates achieved by these hotels were lower than expected.

Impairment losses recognised were included in "other operating expenses".

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4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The key assumptions used in estimating the recoverable amounts are set out below:

	US	Europe	Asia
Occupancy growth rate			
2019	Up to 1.0%	Up to 1.0%	-2.0% to 10.0%
2018	Up to 9.5%	Up to 4.3%	Up to 9.0%
Average room rate growth			
2019	4.6%	1.7% to 2.6%	2.4% to 6.8%
2018	3.0% to 4.0%	4.0%	2.0% to 2.5%
Discount rate			
2019	7.8%	5.9% to 11.5%	7.2% to 12.0%
2018	6.5% to 13.0%	10.0%	8.0% to 9.0%
Terminal rates			
2019	5.5%	4.0% to 9.5%	5.5% to 9.0%
2018	5.0% to 11.0%	6.5%	6.0% to 7.0%

The forecasts cover a five to ten year period, and cash flows beyond this period are extrapolated using a growth rate ranging between 1.5% and 3.0% (2018: 1.5% and 2.5%), which is based upon the expected trading growth for each hotel and inflation in the country in which the hotel is located.

Sensitivity analysis

The Group's impairment review is sensitive to changes in the key assumptions used, most notably the discount and terminal rates. A significant increase in discount rate or terminal rate in isolation would result in a significantly lower recoverable amount.

5 INVESTMENT PROPERTIES

	Note	Group $'000	Company $'000
Cost			
At 1 January 2018		3,406,841	590,285
Acquisition of subsidiaries*		1,235,227	–
Additions		79,973	11,750
Disposal/Written off		(1,303)	(1,223)
Transfer from development properties		146,598	–
Transfers to property, plant and equipment	4	(90,494)	–
Translation differences on consolidation		(22,862)	–
At 31 December 2018		4,753,980	600,812
At 1 January 2019		4,753,980	600,812
Recognition of right-of-use assets on initial application of SFRS(I) 16		43,861	–
Adjusted balance at 1 January 2019		4,797,841	600,812
Acquisition of subsidiaries	39	446,772	–
Additions		136,079	1,127
Disposal/Written off		(1,944)	(1,517)
Transfers from development properties		136,683	–
Translation differences on consolidation		2,681	–
At 31 December 2019		5,518,112	600,422
Accumulated depreciation and impairment losses			
At 1 January 2018		957,940	136,920
Charge for the year		72,376	11,675
Disposal/Written off		(80)	–
Transfers to property, plant and equipment	4	(17,685)	–
Translation differences on consolidation		102	–
At 31 December 2018		1,012,653	148,595
At 1 January 2019		1,012,653	148,595
Charge for the year		96,711	15,317
Reversal of impairment loss		(2,414)	–
Translation differences on consolidation		901	–
At 31 December 2019		1,107,851	163,912

* In prior years, the Group had deferred the recognition of a gain of $67.6 million arising from the sale of the leasehold interests in a property known as Central Mall Office Tower as it was sold to Golden Crest Holdings Pte. Ltd., an associate of the Group. Following the buyback of Central Mall Office Tower by the Group in 2018 (see note 39 (e)), the deferred gain was set off against the consideration paid for that investment property.

5 INVESTMENT PROPERTIES (CONT'D)

	Group $'000	Company $'000
Carrying amounts		
At 1 January 2018	2,448,901	453,365
At 31 December 2018	3,741,327	452,217
At 31 December 2019	4,410,261	436,510
Fair value		
At 1 January 2018	6,301,274	1,089,822
At 31 December 2018	7,919,056	1,122,087
At 31 December 2019	8,780,086	1,115,949

Investment properties comprise commercial, residential, hotel and industrial properties that are leased to external customers. Generally, each of the leases is fixed for a period of 1 to 29 years (2018: 1 to 20 years), and subsequent renewals are negotiated at prevailing market rates and terms.

During the year, the Group's transfers from development properties to investment properties relate to several office buildings in Shanghai which were completed and commenced leasing activities during the year. In 2018, the transfer from development properties to investment properties was in relation to a retail mall in Suzhou which was completed and commenced leasing activities in that year. In 2018, the Group's transfers between investment properties and property, plant and equipment arose from the relocation of the Group's corporate head office from City House to Republic Plaza in Singapore (see note 4).

As at 31 December 2019, investment properties of the Group with a total carrying amount of $1,382,003,000 (2018: $871,781,000) were mortgaged to certain financial institutions to secure credit facilities (refer to note 22 for more details of the facilities).

The management undertook their annual review of the carrying amounts of investment properties for indicators of impairment. Where indicators of impairment were identified, the recoverable amounts were estimated based on internal or external valuations undertaken.

The recoverable amounts of the investment properties, being the higher of the fair value less costs to sell and value-in-use, were predominantly determined using fair value less costs to sell approach, and were estimated using discounted cash flow, direct comparison and income capitalisation methods. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation techniques used.

Based on the impairment assessment undertaken in 2019, the Group reversed impairment losses of $2,414,000 on one hotel in Germany and one hotel in Maldives, both of which are held by the Group's non wholly-owned subsidiary, CDL Hospitality Trust (CDLHT). The reversal of impairment loss was recognised in "other operating expenses". No impairment loss was recognised or reversed in 2018.

Fair value hierarchy

The fair value disclosure for the investment properties of $8,780,086,000 (2018: $7,919,056,000) has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

Determination of fair value

For a majority of investment properties located in Singapore, the fair values 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 experience in the location and category of the investment properties being valued.

The fair values of investment properties located overseas and certain investment properties in Singapore are 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.

5 INVESTMENT PROPERTIES (CONT'D)

Determination of fair value (cont'd)

The fair value is based on market value, 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 valuations are based on the discounted cash flow, direct comparison and income capitalisation methods for both 2019 and 2018. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The direct comparison method involves an analysis of comparable sales of similar properties and adjusting the transacted prices to those reflective of the investment properties of the Group. The income capitalisation method capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates.

6 ASSETS HELD FOR SALE

Assets held for sale and the liabilities directly associated with the assets held for sale relate to the following proposed divestments:

(a) An indirect subsidiary of the Group, M&C, has entered into a sale and purchase agreement to sell a hotel, Millennium Hotel Cincinnati (which is in the hotel operation segment), to a third party for a consideration of US$36.0 million. The sale was completed on 14 February 2020.

(b) CDLHT will divest one of its properties, Novotel Singapore Clarke Quay (which is in the hotel operation segment), to a consortium in which the Group has a 50% interest for a consideration of $375.9 million. The divestment is expected to be completed in 2020.

(c) Following the acquisition of Sceptre Hospitality Resources LLC (SHR) (which is in other segment) (see note 39), the Group received an offer from a third party and committed to dispose of its entire 75.1% interest in SHR for a sale consideration of US$47.6 million (approximately $64.5 million). The sale was completed on 6 March 2020.

	2019 $
Assets held for sale	
Property, plant and equipment	**186,538**
Goodwill	**19,516**
Other non-current assets	**28**
Trade and other receivables	**3,864**
Cash and cash equivalents	**1,429**
	211,375
Liabilities directly associated with the assets held for sale	
Trade and other payables	**(3,539)**
Other liabilities	**(4,041)**
	(7,580)

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7 INVESTMENTS IN AND BALANCES WITH SUBSIDIARIES

	Note	Company 2019 $'000	2018 $'000
Investments in subsidiaries			
Unquoted shares, at cost		**2,056,870**	2,138,687
Impairment losses		**(31,936)**	(70,818)
		2,024,934	2,067,869
Balances with subsidiaries			
Amounts owing by subsidiaries:			
- trade		**18,383**	15,918
- non-trade, interest-free		**4,467,988**	3,294,001
- non-trade, interest-bearing		**6,028,660**	4,595,557
		10,515,031	7,905,476
Impairment losses		**(104,804)**	(104,804)
		10,410,227	7,800,672
Receivable:			
- Within 1 year	15	**5,281,144**	4,194,054
- After 1 year	11	**5,129,083**	3,606,618
		10,410,227	7,800,672
Amounts owing to subsidiaries:			
- trade		**4,566**	2,110
- non-trade, interest-free		**2,210,578**	2,092,806
- non-trade, interest-bearing		**458,029**	272,262
		2,673,173	2,367,178
Repayable:			
- Within 1 year	30	**2,673,173**	2,367,178

The Company assessed the carrying amount of its investments in subsidiaries for indicators of impairment. Based on the assessment, in 2018, the Company recognised an impairment loss of $20,148,000 on its investments in two wholly-owned subsidiaries. The recoverable amounts of the subsidiaries were estimated taking into consideration the fair values of the underlying assets and the liabilities of the companies. The fair value measurement was categorised as a Level 3 in the fair value hierarchy based on the inputs in the valuation techniques used.

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 rates ranging from 0.20% to 4.35% (2018: 0.20% to 4.95%) per annum and at rates ranging from 2.58% to 3.25% (2018: 2.63% to 3.25%) 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.

The non-trade amounts owing by subsidiaries receivable after one year are loans to subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investments in subsidiaries.

7 INVESTMENTS IN AND BALANCES WITH SUBSIDIARIES (CONT'D)

Impairment losses

The movements in impairment losses in respect of investments in subsidiaries and amounts owing by subsidiaries during the year are as follows:

	Company	
	2019 $'000	**2018 $'000**
At 1 January	**175,622**	155,326
Impairment loss made	**–**	20,296
Impairment loss utilised	**(38,882)**	–
At 31 December	**136,740**	175,622

Further details regarding the Group's subsidiaries are set out in note 43.

8 INVESTMENTS IN AND BALANCES WITH ASSOCIATES

	Note	Group		Company	
		2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Investments in associates		**562,876**	427,852	**–**	–
Balances with associates					
Amounts owing by associates:					
- trade		**1,105**	899	**11**	13
- non-trade, interest-bearing		**137,691**	–	**–**	–
		138,796	899	**11**	13
Receivable:					
- Within 1 year	15	**1,105**	899	**11**	13
- After 1 year	11	**137,691**	–	**–**	–
		138,796	899	**11**	13
Amount owing to an associate payable within 1 year:					
- non-trade, interest-free	30	**2,628**	–	**–**	–

The non-trade amounts owing by associates are unsecured. In respect of interest-bearing amounts owing by associates, interest at rates ranging from 2.00% to 3.88% (2018: Nil) per annum was charged by the Group. The non-trade amounts owing by associates after one year are loans to associates for which settlement is neither planned nor likely to occur in the foreseeable future.

The non-trade amount owing to an associate is unsecured, interest-free and repayable on demand.

8 INVESTMENTS IN AND BALANCES WITH ASSOCIATES (CONT'D)

Included in the Group's investments in associates is an investment in an associate which is listed on the Mainboard of Singapore Exchange Securities Trading Limited. As at the reporting date, the carrying amount of the investment in the associate was $493.8 million (2018: $396.5 million) and the fair value based on the published price quotation (Level 1 in the fair value hierarchy) was $396.8 million (2018: $297.7 million). Management had assessed the recoverable amount of the investment in the associate and determined that the recoverable amount, taking into consideration the fair values of the associate's underlying assets, is higher than the carrying amount of the investment as at 31 December 2019. Accordingly, no impairment loss is necessary.

Immaterial associates

The Group has interests in a number of individually immaterial associates. The following table summarises, in aggregate, the Group's share of profit and other comprehensive income of these immaterial associates that are accounted for using the equity method:

	Group	
	2019 $'000	**2018 $'000**
Carrying amount of interests in individually immaterial associates	**562,876**	427,852
Group's share of:		
- profit from continuing operations	**98,539**	38,831
- other comprehensive income	**(11,530)**	(8,639)
- total comprehensive income	**87,009**	30,192

Financial guarantees

Two wholly-owned subsidiaries of the Group entered into deeds of guarantee in favour of Sunbright Holdings Limited (Sunbright), an associate of the Group, on 15 December 2014. As at 31 December 2018, the maximum exposure of the Group under the deeds of guarantee was approximately $25.9 million.

Following the Group's acquisition of the remaining interests in the Profit Participation Securities (PPS) that relates to the non-residential properties (Non-Residential Component) in April 2019 (see note 39(I)(b)), the deed of guarantee in relation to Non-Residential Component was discharged. The deed of guarantee in relation to the residential component was amended on 28 November 2019 (Restated Deed of Guarantee). The maximum exposure of the Group under the Restated Deed of Guarantee at the reporting date is approximately $59.9 million (2018: $15.5 million).

Management do not consider it probable that the claim will be made against the Group under the financial guarantee.

9 INVESTMENTS IN AND BALANCES WITH JOINT VENTURES

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Investments in joint ventures					
Investments in joint ventures		**1,192,456**	1,307,639	**37,360**	37,360
Balances with joint ventures					
Amounts owing by joint ventures:					
- trade		**2,738**	1,315	**37**	12
- non-trade, interest-bearing		**441,261**	265,490	**10,525**	10,368
- non-trade, interest-free		**262,764**	350,228	**221,590**	217,886
		706,763	617,033	**232,152**	228,266
Impairment losses		**(4,431)**	(13,559)	**(5,050)**	(14,909)
		702,332	603,474	**227,102**	213,357
Receivable:					
- Within 1 year	15	**496,335**	603,474	**227,102**	213,357
- After 1 year	11	**205,997**	–	**–**	–
		702,332	603,474	**227,102**	213,357
Amounts owing to joint ventures payable within 1 year:					
- trade		**31**	–	**–**	–
- non-trade, interest-free		**60,460**	22,727	**22,727**	22,727
	30	**60,491**	22,727	**22,727**	22,727

The non-trade amounts owing by and to joint ventures are unsecured. In respect of interest-bearing amounts owing by joint ventures, interest at rates ranging from 1.37% to 7.50% (2018: 1.38% to 7.50%) per annum and 1.50% (2018: 1.50%) per annum were charged by the Group and the Company, respectively.

The non-trade amount owing by a joint venture after one year is a loan to joint venture for which settlement is neither planned nor likely to occur in the foreseeable future.

The non-trade amounts presented as receivable or repayable within one year are receivable or repayable on demand.

Included in the carrying amount of the Group's investments in joint ventures is goodwill amounting to $29.6 million (2018: $14.0 million) relating to the Group's interests in three (2018: two) joint ventures.

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9 INVESTMENTS IN AND BALANCES WITH JOINT VENTURES (CONT'D)

The movements in impairment losses in respect of balances with joint ventures are as follows:

	Group Lifetime ECL 2019 $'000	Group Lifetime ECL 2018 $'000	Company Lifetime ECL 2019 $'000	Company Lifetime ECL 2018 $'000
At 1 January	**13,559**	13,181	**14,909**	14,372
Impairment loss (reversed)/recognised	**–**	–	**(9,859)**	537
Impairment loss utilised	**(9,128)**	–	**–**	–
Translation differences	**–**	378	**–**	–
At 31 December	**4,431**	13,559	**5,050**	14,909

Impairment loss (reversed)/recognised were included in "other operating expenses".

Immaterial joint ventures

The Group has interests in a number of individually immaterial joint ventures. The following table summarises, in aggregate, the share of profit and other comprehensive income of these immaterial joint ventures that are accounted for using the equity method:

	Group 2019 $'000	Group 2018 $'000
Carrying amount of interests in individually immaterial joint ventures	**1,192,456**	1,307,639
Group's share of:		
- profit from continuing operations/total comprehensive income	**97,768**	26,072

The Group's share of the joint ventures' commitments is as follows:

	Group 2019 $'000	Group 2018 $'000
Commitments		
Development expenditure contracted but not provided for in the financial statements	**277,385**	209,229
Capital expenditure contracted but not provided for in the financial statements	**47,822**	7,050
Non-cancellable operating lease payable	**–**	73,704
Non-cancellable operating lease receivable	**90,121**	56,885

10 FINANCIAL ASSETS

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Non-current investments				
Unquoted debt investments mandatorily at FVTPL				
- non-related companies	**174,237**	345,655	**–**	–
Unquoted debt investment at amortised cost				
- a non-related company	**311,604**	–	**–**	–
Unquoted equity investments at FVOCI				
- fellow subsidiaries	**350,561**	327,544	**350,561**	327,544
- non-related companies	**41,834**	1,469	**–**	–
Unquoted equity investments mandatorily at FVTPL				
- other related parties	**33,257**	24,955	**–**	–
- non-related companies	**25,829**	18,593	**–**	–
	451,481	372,561	**350,561**	327,544
Quoted equity investments at FVOCI				
- fellow subsidiaries	**28,944**	27,638	**24,339**	23,240
- an associate	**53,423**	67,666	**–**	–
- non-related companies	**10,507**	9,673	**–**	–
Quoted equity investments mandatorily at FVTPL				
- an associate	**6,933**	–	**–**	–
- non-related companies	**23,163**	44,069	**1,064**	2,047
	122,970	149,046	**25,403**	25,287
Other financial asset mandatorily at FVTPL	**–**	17,214	**–**	–
Total non-current financial assets	**1,060,292**	884,476	**375,964**	352,831
Current investments				
Quoted equity investments mandatorily at FVTPL				
- non-related companies	**12,456**	14,203	**–**	–
Unquoted debt investments mandatorily at FVTPL				
- a joint venture	**9,675**	–	**–**	–
- a non-related company	**540,550**	–	**–**	–
Total current financial assets	**562,681**	14,203	**–**	–
Total financial assets	**1,622,973**	898,679	**375,964**	352,831

10 FINANCIAL ASSETS (CONT'D)

Unquoted debt investments mandatorily at FVTPL with total carrying amount of $692,543,000 (2018: $274,146,000) bear interest at 2.46% to 10.00% (2018: 2.46% to 5.00%) per annum and mature within 1 to 4 (2018: 2 to 5) years.

Included in the unquoted debt investments mandatorily at FVTPL were the following:

a) $142,318,000 (2018: $139,967,000) relating to the Group's investment in a note due 2023 issued by Summervale Properties Pte. Ltd. (Summervale) for Nouvel 18, a 156-unit luxury freehold residential development on Anderson Road, Singapore. In October 2016, the Group established its third Profit Participation Securities by entering into an investment agreement, and an asset management and marketing agreement with an unrelated party, Green 18 Pte. Ltd. (Green 18), to exit its entire interest in Summervale. As part of the investment agreement, the Group subscribed for a note of $140 million issued by Summervale. According to the asset management and marketing agreement, Summervale appointed Trentwell Management Pte. Ltd. (Trentwell), a wholly-owned subsidiary of the Group, as the asset manager and marketing agent of Summervale to manage and lease out Nouvel 18, as well as to market and divest units in Nouvel 18 for a period of five years (with an option to extend to seven years).

b) $31,919,000 (2018: $28,040,000) relating to the Group's investment in property-linked notes issued for the development of two luxury retirement villages in New South Wales.

c) $9,675,000 (2018: $Nil) relating to the convertible loan granted to a joint venture.

d) $540,550,000 (2018: $Nil) relating to a loan granted to Sincere Property Group, a real estate developer in China in which the Group intends to take an equity stake when the relevant conditions, including regulatory approvals, are met.

e) $134,179,000 as at 31 December 2018 relating to the Group's investment in junior fixed rate bonds issued by In-V Asset Holdings Pte. Ltd. (In-V) for the office investment platform as detailed in footnote (b) in note 44. The bonds were redeemed during the current year.

f) $16,078,000 (US$11.9 million) as at 31 December 2018 relating to convertible loans granted by the Group to a third party that held 49% of the common units and voting interest in SHR. During the year, the Group exercised its rights to convert these loans into 24.1% of the common units in SHR (see note 39).

Unquoted debt investment at amortised cost with carrying amount of $311,604,000 (US$230 million) (2018: $Nil) relates to the Group's investment in a US$ bond issued by Sincere Property Group. The bond bears interest at 10% (2018: Nil) per annum and matures within 3 (2018: Nil) years.

Equity investments designated at FVOCI

The Group designated the equity investments shown below as equity investments at FVOCI because these equity investments represent investments that the Group intends to hold for the long-term for strategic purposes.

10 FINANCIAL ASSETS (CONT'D)

	Group		Company	
	Fair value at 31 December 2019 $'000	Dividend income recognised during 2019 $'000	Fair value at 31 December 2019 $'000	Dividend income recognised during 2019 $'000
Unquoted investment in a fellow subsidiary:				
- Hong Leong Holdings Limited	350,561	2,025	350,561	2,025
Unquoted investment in a non-related company:				
- Singapore-Suzhou Township Development Pte. Ltd.	41,834	135	–	–
Quoted investment in a fellow subsidiary:				
- Hong Leong Finance Limited	28,944	1,632	24,339	1,372
Quoted investment in an associate:				
- First Sponsor Group Limited (perpetual convertible capital securities)	53,423	–	–	–

	Group		Company	
	Fair value at 31 December 2018 $'000	Dividend income recognised during 2018 $'000	Fair value at 31 December 2018 $'000	Dividend income recognised during 2018 $'000
Unquoted investment in a fellow subsidiary:				
- Hong Leong Holdings Limited	327,544	3,375	327,544	3,375
Quoted investment in a fellow subsidiary:				
- Hong Leong Finance Limited	27,638	1,523	23,240	1,281
Quoted investment in an associate:				
- First Sponsor Group Limited (perpetual convertible capital securities)	67,666	–	–	–

The other equity investments designated at FVOCI not included in the table above are insignificant to the Group and the Company. No strategic investments were disposed of during 2019, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Information about the Group's and the Company's exposures to credit and market risks, and fair value measurement, is included in note 41.

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11 OTHER NON-CURRENT ASSETS

	Note	Group		Company	
		2019 $'000	2018 $'000	2019 $'000	2018 $'000
Amounts owing by subsidiaries	7	–	–	5,129,083	3,606,618
Amounts owing by associates	8	137,691	–	–	–
Amount owing by a joint venture	9	205,997	–	–	–
Deposits		3,641	8,610	–	–
Other receivables		9,236	2,825	–	–
Derivative financial assets		11,638	17,666	5,475	13,706
Restricted bank deposits	17	284,691	222,979	–	–
		652,894	252,080	5,134,558	3,620,324
Prepayments		371	365	–	–
Intangible assets		1,416	1,643	–	–
Deferred tax assets	29	23,051	56,408	–	–
		677,732	310,496	5,134,558	3,620,324

12 DEVELOPMENT PROPERTIES

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Properties under development, for which revenue is to be recognised over time	1,897,466	2,236,646	–	–
Properties under development, for which revenue is to be recognised at a point in time	2,131,048	2,115,096	–	–
Completed units	1,152,162	1,383,051	180,247	180,290
	5,180,676	5,734,793	180,247	180,290
Allowance for foreseeable losses	(26,512)	(33,406)	–	–
	5,154,164	5,701,387	180,247	180,290
Share of joint operations				
Completed units	1,478	2,523	1,488	2,543
Total development properties	5,155,642	5,703,910	181,735	182,833

12 DEVELOPMENT PROPERTIES (CONT'D)

(i) Allowance for foreseeable losses

Movements in allowance for foreseeable losses are as follows:

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
At 1 January		**33,406**	14,674	**–**	–
Allowance (reversed)/made	32	**(6,524)**	19,256	**–**	–
Allowance utilised		**(160)**	(299)	**–**	–
Translation differences on consolidation		**(210)**	(225)	**–**	–
At 31 December		**26,512**	33,406	**–**	–

The allowance for foreseeable losses is determined by the management after 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. The allowance made/(reversed) for foreseeable losses is included in "cost of sales".

(ii) Development properties of the Group recognised as cost of sales, excluding allowance for foreseeable losses, amounted to $733,940,000 (2018: $1,253,582,000) for the year.

(iii) Development properties of the Group with carrying amounts of $1,763,006,000 (2018: $1,768,641,000) are mortgaged to financial institutions to secure credit facilities (refer to note 22).

13 CONTRACT COSTS

The amount relates to commission fees paid to property agents for securing sale contracts for the Group's development properties. During the year, $29,279,000 (2018: $12,001,000) of commission fees paid were capitalised as contract costs.

Capitalised commission fees are amortised when the related revenue is recognised. During the year, $14,612,000 (2018: $12,585,000) was amortised. There is no impairment loss in relation to such costs capitalised.

14 CONTRACT ASSETS/(LIABILITIES)

	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Contract assets	**242,048**	107,241	**–**	42,921
Contract liabilities	**(209,503)**	(104,007)	**–**	–

14 CONTRACT ASSETS/(LIABILITIES) (CONT'D)

Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

	Group 2019 $'000	Group 2018 $'000
Contract liabilities at the beginning of the year recognised as revenue during the year	**85,318**	346,087
Increases due to cash received, excluding amounts recognised as revenue during the year	**(193,375)**	(94,784)
Contract assets reclassified to trade receivables	**(107,241)**	(308,427)
Changes in measurement of progress	**242,048**	107,241

15 TRADE AND OTHER RECEIVABLES

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Trade receivables		**171,570**	137,168	**719**	5,458
Impairment losses		**(14,301)**	(8,036)	**(7)**	(105)
		157,269	129,132	**712**	5,353
Other receivables		**61,060**	105,244	**4,045**	2,053
Impairment losses		**(5,291)**	(5,697)	**(1,129)**	(1,130)
		55,769	99,547	**2,916**	923
Accrued rent receivables		**29,617**	29,418	**1,823**	1,760
Deposits		**7,672**	6,750	**349**	789
Amounts owing by:					
- subsidiaries	7	**–**	–	**5,281,144**	4,194,054
- associates	8	**1,105**	899	**11**	13
- joint ventures	9	**496,335**	603,474	**227,102**	213,357
- fellow subsidiaries	16	**247**	601	**81**	535
		748,014	869,821	**5,514,138**	4,416,784
Prepayments		**67,066**	76,568	**1,315**	714
Derivative financial assets		**6,994**	9,101	**6,172**	8,883
		822,074	955,490	**5,521,625**	4,426,381

16 AMOUNTS OWING BY AND TO FELLOW SUBSIDIARIES

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Amounts owing by fellow subsidiaries:					
- trade	15	**247**	601	**81**	535
Amounts owing to fellow subsidiaries:					
- trade		**108**	15	**–**	15
- non-trade, interest-bearing		**225,451**	233,028	**–**	–
	30	**225,559**	233,043	**–**	15

Fellow subsidiaries are subsidiaries of the immediate holding company. The non-trade amounts owing to fellow subsidiaries are unsecured and repayable on demand. In respect of interest-bearing amounts owing to fellow subsidiaries, interest was charged at 2.00% (2018: 2.00%) per annum.

17 CASH AND CASH EQUIVALENTS

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Fixed deposits		**1,999,127**	1,384,123	**1,175,716**	431,883
Cash at banks and in hand*		**798,525**	905,124	**93,519**	295,490
Cash and cash equivalents in the statements of financial position		**2,797,652**	2,289,247	**1,269,235**	727,373
Restricted deposits included in other non-current assets	11	**284,691**	222,979		
Cash and cash equivalents included in assets held for sale		**1,429**	–		
	18	**3,083,772**	2,512,226		
Restricted deposits		**(288,807)**	(348,515)		
Restricted cash		**(5,395)**	(1,338)		
Bank overdrafts	21	**(1)**	–		
Cash and cash equivalents in the consolidated statement of cash flows		**2,789,569**	2,162,373		

* Includes cash pool overdrafts

As at 31 December 2019, cash and cash equivalents of $123,955,000 (2018: $80,643,000) and $Nil (2018: $39,659,000) of the Group and the Company respectively were held under project accounts and withdrawals from which are restricted to payments for expenditure incurred on the Group's development projects.

Interest on cash at banks and fixed deposits for the Group and Company ranges from 0.05% to 6.70% (2018: 0.10% to 4.00%) and 0.90% to 3.20% (2018: 0.40% to 4.00%) per annum respectively during the year.

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17 CASH AND CASH EQUIVALENTS (CONT'D)

As at 31 December 2019, cash and cash equivalents of the Group included an amount of $7,069,000 (2018: $14,729,000) which was held in escrow accounts for payments to third party investors.

	Note	Group 2019 $'000	Group 2018 $'000
Restricted deposits:			
- Current		**4,116**	125,536
- Non-current	11	**284,691**	222,979
		288,807	348,515

Restricted deposits comprise deposits pledged to financial institutions as collateral for credit facilities granted (see note 22) and guarantees given in connection with the Group's continuing involvement in various Profit Participation Securities (notes 10 and 44).

18 SHARE CAPITAL

	Company 2019 Number of shares	Company 2019 $'000	Company 2018 Number of shares	Company 2018 $'000
Issued and fully paid ordinary share capital with no par value:				
At 1 January	**906,901,330**	**1,661,179**	909,301,330	1,661,179
Less: Treasury shares purchased	**–**	**–**	(2,400,000)	–
At 31 December	**906,901,330**	**1,661,179**	906,901,330	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
		1,991,397		1,991,397

At the reporting date, the Company held 2,400,000 (2018: 2,400,000) ordinary shares as treasury shares.

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 (2018: 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.

18 SHARE CAPITAL (CONT'D)

Preference share capital (cont'd)

As at 31 December 2019, a maximum number of 44,998,898 (2018: 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 Constitution.

The Preference Shares rank:

(i) *pari passu* without any preference or priority among themselves; and

(ii) in priority over the ordinary shares (a) in respect of 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).

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.

	Note	2019 $'000	2018 $'000
Gross borrowings		**9,934,857**	6,342,646
Cash and bank balances (including restricted deposits classified as other non-current assets and cash and cash equivalents included in assets held for sale)	17	**(3,083,772)**	(2,512,226)
Net debt		**6,851,085**	3,830,420
Total capital employed		**11,266,556**	12,273,940
Net debt equity ratio		**0.61**	0.31

No changes were made to the above objectives, policies and processes during the years ended 31 December 2019 and 2018.

The Group has a subsidiary, CDL Hospitality Real Estate Investment Trust (H-REIT), which is part of CDL Hospitality Trusts (CDLHT), a stapled group comprising H-REIT and CDL Hospitality Business Trust (HBT), a business trust. H-REIT is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the Code on Collective Investment Schemes (CIS Code) issued by the Monetary Authority of Singapore (MAS). The CIS Code stipulates that the total borrowings and deferred payments (together the Aggregate Leverage) of a property fund should not exceed 45.0% of its Deposited Property under a single-tier leverage limit.

18 SHARE CAPITAL (CONT'D)

Capital management policy (cont'd)

For this financial year, H-REIT has a credit rating of BBB- (2018: BBB-) from Fitch Ratings. The Aggregate Leverage of H-REIT as at 31 December 2019 was 34.3% (2018: 34.2%) of H-REIT's Deposited Property. This complied with the aggregate leverage limit as described above.

Except for the above, neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

19 RESERVES

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Capital reserve	**280,402**	185,990	**63,743**	63,743
Fair value reserve	**40,932**	(21,036)	**(4,905)**	(29,020)
Hedging reserve	**(3,690)**	135	**199**	–
Other reserves	**23,482**	22,262	**–**	–
Share option reserve	**15,279**	15,258	**–**	–
Foreign currency translation reserve	**(165,181)**	(119,583)	**–**	–
Accumulated profits	**8,337,629**	7,966,274	**4,556,849**	4,671,387
	8,528,853	8,049,300	**4,615,886**	4,706,110

The capital reserve comprises mainly:

(a) negative goodwill on the consolidation of subsidiaries which arose prior to 1 January 2017 under the previous accounting standards adopted;

(b) issue expenses; and

(c) reserves arising from the Group's acquisition of non-controlling interests in subsidiaries.

The fair value reserve comprises the cumulative net change in the fair value of equity instruments designated at FVOCI.

The hedging reserve comprises the effective portion of the cumulative net changes in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred (net of tax).

Other reserves comprise mainly reserves set aside by certain subsidiaries in compliance with the relevant regulations in the People's Republic of China and share of other reserves of associates and joint ventures.

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

The foreign currency translation reserve comprises mainly:

(a) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Company;

(b) the gain or loss on financial instruments used to hedge the Group's net investment in foreign operations 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.

20 EQUITY COMPENSATION BENEFITS

By a subsidiary

Millennium & Copthorne Hotels Limited (formerly known as Millennium & Copthorne Hotels plc) (M&C)

Prior to the Delisting, M&C operated four different share option schemes for the benefit of eligible employees.

(i) Millennium & Copthorne Hotels plc 2006 and 2016 Sharesave Schemes;

(ii) Millennium & Copthorne Hotels plc 2006 and 2016 Long-Term Incentive Plan;

(iii) Millennium & Copthorne Hotels plc Annual Bonus Plan; and

(iv) Millennium & Copthorne Hotels plc Executive Share Plan.

(i) Millennium & Copthorne Hotels plc 2006 and 2016 Sharesave Schemes

(a) The scheme rules of the Millennium & Copthorne Hotels plc 2006 Sharesave Scheme permitted options to be granted for a period of 10 years, beginning with the date on which the 2006 Sharesave Scheme was approved by shareholders of M&C. Accordingly, when the 2006 Sharesave Scheme reached its 10 year period, being 3 May 2016, the 2016 Sharesave Scheme (together, the "M&C Sharesave Scheme") was approved by shareholders at M&C's Annual General Meeting on 5 May 2016 substantially on the same terms as the 2006 Sharesave Scheme. The M&C Sharesave Scheme was the United Kingdom Inland Revenue approved scheme and operates in the UK solely under which the M&C Group employees were eligible to participate in a 3 or 5 year savings contract.

(b) No payment was required for the grant of an option.

(c) The options may be exercised upon maturity provided that the monies agreed under the savings contract were fully paid and the participant continues to be employed by M&C. The M&C Sharesave Scheme provided 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, redundancy, injury, disability or by the employees' personal representation in the event of their death.

(d) M&C could grant options up to the value of a savings contract at maturity. Participants could not enter into contracts where their savings, in aggregate, would exceed £500 per month.

(ii) Millennium & Copthorne Hotels plc 2006 and 2016 Long-Term Incentive Plan (LTIP)

The Millennium & Copthorne Hotels plc 2006 Long-Term Incentive Plan (2006 LTIP) was approved at M&C's Annual General Meeting held on 4 May 2006 and expired on 3 May 2016. Accordingly, the 2016 Long-Term Incentive Plan (2016 LTIP) was introduced to replace the 2006 LTIP scheme and was subsequently approved by the shareholders at M&C's Annual General Meeting held on 5 May 2016. The key change to the 2016 LTIP was to introduce a discretion to impose an additional holding period following the vesting of an award, a "post-vesting holding period". A decision as to whether a post-vesting holding period was to be imposed was to be taken on a grant-by-grant basis. Under the terms of the 2006 LTIP and the 2016 LTIP, M&C was 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 to be made under the terms of the LTIP was determined by the M&C's Remuneration Committee.

The Executive Share Plan (ESP) was approved by M&C on 18 February 2016 to replace participation in the LTIP by senior management.

20 EQUITY COMPENSATION BENEFITS (CONT'D)

(ii) Millennium & Copthorne Hotels plc 2006 and 2016 Long-Term Incentive Plan (LTIP) (cont'd)

Vesting of Performance Share Awards is subject to the achievement of stretching performance targets. Awards will not be subject to re-testing. 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, M&C's Remuneration Committee amended the performance conditions so that half of the awards were subject to EPS growth targets and half were subject to Total Shareholder Return (TSR) targets. The revised performance targets were 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 from the date of the grant of 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).

In 2014, M&C's Remuneration Committee further amended the performance conditions so that 50% of the awards were subject to EPS growth targets, 30% were subject to TSR target measures. The TSR element was split with 15% of the award being subject to TSR performance relative to the FTSE 250 index (excluding investment trusts) and a further 15% of the award was also subject to TSR performance but relative to the median TSR of a tailored comparator group of international hotel companies and 20% of the award subject to the Net Asset Value plus dividends (NAV) performance condition. With regard to the awards made in 2015, the weightings associated with each metric were amended so that EPS reflected 60% of the award and TSR, was split equally across two peer groups, represented 20% of the award with the remaining 20% of the award subject to the NAV performance condition.

In 2016, M&C's Remuneration Committee retained the same performance conditions as those which had been used for the 2015 awards. M&C's Remuneration Committee after reviewing M&C's achievement against the relevant performance conditions for an award granted to an executive director who had retired in 2016, determined that M&C had met a portion of one of the performance conditions and as a result 4,401 shares vested in March 2019.

In 2018, M&C's Remuneration Committee amended the performance measures so that 60% of the awards were subject to EPS growth targets, 20% of the awards were subject to TSR performance against a single comparator group comprising companies in the FTSE 250 index and 20% subject to Revenue per Available Room (RevPAR).

(iii) Millennium & Copthorne Hotels plc Annual Bonus Plan

In 2013, M&C approved an Annual Bonus Plan. Under the terms of the plan, an annual bonus in the form of a cash payment of up to 150% of a participant's base salary could be awarded, subject to performance targets.

The rules of the plan were amended in 2014 to include a deferred element whereby up to 100% of the total bonus due could be deferred into M&C shares for three years in the form of an option or conditional share award (Deferred Share Awards). No performance conditions are attached to the share award.

In 2016, M&C's Remuneration Committee amended the vesting schedule of the plan so that instead of all the awards vesting in full on the third anniversary of the grant date, the deferred shares would vest over a three year period and are released to participants in tranches, subject to continued employment and the rules of the Annual Bonus Plan, with vesting of 25% of the award one year after grant; 25% of the award two years after grant; and 50% of the awards three years after grant. The shares would only be released to participants in accordance with the rules of the Annual Bonus Plan and subject to continued employment. The awards were subject to malus and clawback provisions. No shares could be issued or treasury shares transferred to satisfy any award.

20 EQUITY COMPENSATION BENEFITS (CONT'D)

(v) *Millennium & Copthorne Hotels plc Executive Share Plan*

In 2016, M&C approved an Executive Share Plan. Under the terms of the plan, members of the executive management committee who were below board level would be eligible to be granted awards but executive directors of M&C would be excluded from participating. The plan instead provided the M&C board of directors with the flexibility to make conditional awards not subject to future financial performance but to take into account recent performance based on the metrics used under the LTIP and importantly to also take into consideration strategic achievements. In addition, a notable difference to the LTIP would be that conditional awards will automatically vest, subject to the plan rules which includes continued employment, over a three year period, and more specifically, conditional share awards would be released to participants in tranches with vesting of 25% of the award one year after grant; 25% of the award two years after grant; and 50% of the awards three years after grant. The awards were subject to malus and clawback provisions.

In 2018, M&C decided to review the metrics used under the Executive Share Plan. M&C's Remuneration Committee agreed that with regard to the 2018 awards, a two prong-assessment would be used which would involve the following: (i) M&C's performance over the most recently completed financial year, looking at year-over-year EPS growth and year-over-year RevPAR growth in particular, in each case on a like for like basis; and (ii) the management team's success as a whole in implementing strategic initiatives over the course of the prior year.

Details of the options granted under the M&C option schemes on the unissued ordinary shares of £0.30 each in M&C, as at the end of the financial year, presented in Sterling Pound, are as follows:

(i) *Millennium & Copthorne Hotels plc 2006 and 2016 Sharesave Scheme*

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2018	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 2018	Options exercisable as at 31 December 2018	Exercise period
2018									
19.04.2013	4.4800	2,677	–	(669)	–	–	2,008	2,008	01.08.2018 – 31.01.2019
06.05.2014	4.4600	15,731	–	(5,325)	(10,406)	–	–	–	01.08.2017 – 31.01.2018
06.05.2014	4.4600	941	–	–	–	–	941	–	01.08.2019 – 31.01.2020
14.04.2015	4.6900	29,721	–	(24,737)	(3,528)	–	1,456	1,456	01.08.2018 – 31.01.2019
14.04.2015	4.6900	5,371	–	–	(639)	–	4,732	–	01.08.2020 – 31.01.2021
12.04.2016	3.3000	106,717	–	–	(5,343)	–	101,374	–	01.08.2019 – 31.01.2020
12.04.2016	3.3000	909	–	–	–	–	909	–	01.08.2021 – 31.01.2022
11.04.2017	3.6600	43,798	–	–	(6,094)	–	37,704	–	01.08.2020 – 31.01.2021
11.04.2017	3.6600	2,867	–	–	(409)	–	2,458	–	01.08.2022 – 31.01.2023
05.06.2018	4.3600	–	57,582	–	(1,402)	–	56,180	–	01.08.2021 – 31.01.2022
05.06.2018	4.3600	–	1,582	–	–	–	1,582	–	01.08.2023 – 31.01.2024
		208,732	59,164	(30,731)	(27,821)	–	209,344	3,464	

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20 EQUITY COMPENSATION BENEFITS (CONT'D)

(i) *Millennium & Copthorne Hotels plc 2006 and 2016 Sharesave Scheme (cont'd)*

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2019	Options granted during the year	Options exercised during the year	Options forfeited during the year	Options outstanding as at 31 December 2019	Options exercisable as at 31 December 2019	Exercise period
2019								
19.04.2013	4.4800	2,008	–	–	(2,008)	–	–	01.08.2018 – 31.01.2019
06.05.2014	4.4600	941	–	(672)	(269)	–	–	01.08.2019 – 31.01.2020
14.04.2015	4.6900	1,456	–	(383)	(1,073)	–	–	01.08.2018 – 31.01.2019
14.04.2015	4.6900	4,732	–	(3,547)	(1,185)	–	–	01.08.2020 – 31.01.2021
12.04.2016	3.3000	101,374	–	(99,794)	(1,580)	–	–	01.08.2019 – 31.01.2020
12.04.2016	3.3000	909	–	(606)	(303)	–	–	01.08.2021 – 31.01.2022
11.04.2017	3.6600	37,704	–	(24,218)	(13,486)	–	–	01.08.2020 – 31.01.2021
11.04.2017	3.6600	2,458	–	(382)	(2,076)	–	–	01.08.2022 – 31.01.2023
05.06.2018	4.3600	56,180	–	(21,654)	(34,526)	–	–	01.08.2021 – 31.01.2022
05.06.2018	4.3600	1,582	–	(238)	(1,344)	–	–	01.08.2023 – 31.01.2024
09.04.2019	3.7500	–	93,436	(9,886)	(83,550)	–	–	01.08.2022 – 31.01.2023
09.04.2019	3.7500	–	1,040	(53)	(987)	–	–	01.08.2024 – 31.01.2025
		209,344	94,476	(161,433)	(142,387)	–	–	

20 EQUITY COMPENSATION BENEFITS (CONT'D)

(ii) *Millennium & Copthorne Hotels plc 2006 and 2016 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	Balance at end of year	Vesting date
2018						
04.04.2014	219,362	–	–	(182,601)	36,761	03.08.2018
03.08.2015	11,867	–	–	(11,867)	–	10.09.2018
10.09.2015	185,643	–	–	(148,515)	37,128	29.03.2019
29.03.2016	–	178,299	–	(178,299)	–	27.06.2021
	416,872	178,299	–	(521,282)	73,889	
2019						
03.08.2015	36,761	–	–	(36,761)	–	03.08.2018
29.03.2016	37,128	–	(4,401)	(32,727)	–	29.03.2019
	73,889	–	(4,401)	(69,488)	–	

In 2018, the LTIP and Sharesave awards, which were subject to an EPS performance condition, were valued using the Black-Scholes valuation method. The LTIP awards which were subject to a share price related performance condition (i.e. TSR) were valued using the Monte Carlo valuation method. The option pricing model involved six variables, namely the exercise price, share price at grant date, expected term, expected volatility of share price, expected dividend yield and risk-free interest rate.

There were no options outstanding at 31 December 2019. For options exercised during 2018, the weighted average share price at the date of exercise of share options was £4.60. The options outstanding as at 31 December 2018 had an exercise price in the range of £3.30 to £4.69 and a weighted average contractual life of 1.88 years.

20 EQUITY COMPENSATION BENEFITS (CONT'D)

(iii) *Millennium & Copthorne Hotels plc Annual Bonus Plan*

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	Share price prevailing on date of grant £	Fair value £	Vesting date
2018								
08.09.2015	46,074	–	(33,905)	(10,639)	1,530	5.55	5.55	08.09.2018
06.11.2015	4,325	–	(4,325)	–	–	4.76	4.76	06.11.2018
13.05.2016	35,904	–	(8,855)	(10,040)	17,009	4.40	4.40	13.05.2017/18/19
12.08.2016	1,782	–	(594)	–	1,188	4.21	4.21	12.08.2017/18/19
09.11.2016	732	–	(244)	–	488	4.40	4.40	09.11.2017/18/19
14.06.2017	46,978	–	(9,493)	(10,363)	27,122	4.62	4.62	14.06.2018/19/20
14.12.2018	–	57,358	–	–	57,358	4.68	4.48 to 4.61	14.12.2019/20/21
	135,795	57,358	(57,416)	(31,042)	104,695			
2019								
08.09.2015	1,530	–	(1,530)	–	–	5.55	5.55	08.09.2018
13.05.2016	17,009	–	(15,346)	(1,467)	196	4.40	4.40	13.05.2017/18/19
12.08.2016	1,188	–	(1,188)	–	–	4.21	4.21	12.08.2017/18/19
09.11.2016	488	–	(488)	–	–	4.40	4.40	09.11.2017/18/19
14.06.2017	27,122	–	(20,030)	(3,755)	3,337	4.62	4.62	14.06.2018/19/20
14.12.2018	57,358	–	(25,409)	(8,048)	23,901	4.68	4.48 to 4.61	14.12.2019/20/21
13.08.2019	–	35,724	(2,800)	(1,110)	31,814	6.80	6.85	13.08.2020/21/22
	104,695	35,724	(66,791)	(14,380)	59,248			

Under the Annual Bonus Plan (ABP), deferred share awards are granted annually to selected employees of M&C Group. Shares in M&C are transferred to participants over three years (25% after years one and two, 50% after year three) if they continue to be employed.

The fair values for the deferred share awards were determined using the market price of the shares at the date of grant. The weighted average share price for deferred share awards granted in 2019 was £6.80 (2018: £4.68).

Following the Delisting, the shares awarded under the ABP will be cash settled at a fixed price of £6.85 in line with the final cash offer by the Company to acquire the remaining interest in M&C at £6.85.

20 EQUITY COMPENSATION BENEFITS (CONT'D)

(iv) ***Millennium & Copthorne Hotels plc Executive Share Plan***

Date of award	Balance at beginning of year	Awards awarded during the year	Awards vested during the year	Awards forfeited during the year	Balance at end of year	Share price prevailing on date of grant £	Fair value £	Vesting date
2018								
29.03.2016	24,464	–	(8,154)	–	16,310	4.13	3.94 to 4.07	29.03.2017/18/19
15.08.2017	56,838	–	(14,211)	–	42,627	4.65	4.42 to 4.57	15.08.2018/19/20
04.12.2018	–	65,649	–	–	65,649	4.66	4.47 to 4.60	04.12.2019/20/21
	81,302	65,649	(22,365)	–	124,586			
2019								
29.03.2016	16,310	–	(16,310)	–	–	4.13	3.94 to 4.07	29.03.2017/18/19
15.08.2017	42,627	–	(25,694)	(13,570)	3,363	4.65	4.42 to 4.57	15.08.2018/19/20
04.12.2018	65,649	–	(20,103)	(33,874)	11,672	4.66	4.47 to 4.60	04.12.2019/20/21
09.08.2019	–	30,151	(1,577)	(12,790)	15,784	6.80	6.85	09.08.2020/21/22
	124,586	30,151	(63,684)	(60,234)	30,819			

The Executive Share Plan (ESP) was approved by M&C on 18 February 2016 to replace participation in the LTIP by its senior executive management. These awards will vest over three years (25% after years one and two, 50% after year three), subject to the rules of the ESP.

The fair values for the awards were determined using the market price of the shares at the date of grant of £6.80 (2018: £4.66).

Following the Delisting, the shares awarded under the ESP will be cash settled at a fixed price of £6.85 in line with the final cash offer by the Company to acquire the remaining interest in M&C at £6.85.

20 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– Directors	Awards/ options granted – Non-directors	Share price prevailing on date of grant	Exercise price	Fair value	Expected term (years)	Expected volatility	Expected dividend yield	Risk-free interest rate
2018										
Executive Share Plan	04.12.2018	–	16,412	4.66	–	4.60	1.00	–	1.39%	–
Executive Share Plan	04.12.2018	–	16,412	4.66	–	4.53	2.00	–	1.39%	–
Executive Share Plan	04.12.2018	–	32,825	4.66	–	4.47	3.00	–	1.39%	–
Sharesave Scheme (3 year)	05.06.2018	–	57,582	5.32	4.36	1.35	3.16	26.0%	1.22%	0.75%
Sharesave Scheme (5 year)	05.06.2018	–	1,582	5.32	4.36	1.54	5.16	26.0%	1.22%	0.97%
Deferred Share Awards	14.12.2018	–	14,340	4.68	–	4.61	1.00	–	1.39%	–
Deferred Share Awards	14.12.2018	–	14,340	4.68	–	4.55	2.00	–	1.39%	–
Deferred Share Awards	14.12.2018	–	28,678	4.68	–	4.48	3.00	–	1.39%	–
2019										
Executive Share Plan	09.08.2019	–	7,538	6.80	–	6.85	1.00	–	–	–
Executive Share Plan	09.08.2019	–	7,538	6.80	–	6.85	2.00	–	–	–
Executive Share Plan	09.08.2019	–	15,075	6.80	–	6.85	3.00	–	–	–
Sharesave Scheme (3 year)	09.04.2019	–	93,436	4.44	3.75	1.11	3.31	26.0%	0.95%	0.72%
Sharesave Scheme (5 year)	09.04.2019	–	1,040	4.44	3.75	1.28	5.31	26.0%	0.95%	0.82%
Deferred Share Awards	13.08.2019	–	8,931	6.80	–	6.85	1.00	–	–	–
Deferred Share Awards	13.08.2019	–	8,931	6.80	–	6.85	2.00	–	–	–
Deferred Share Awards	13.08.2019	–	17,862	6.80	–	6.85	3.00	–	–	–

21 INTEREST-BEARING BORROWINGS

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Term loans	22	**6,885,922**	4,118,089	**3,591,776**	1,229,209
Finance lease creditors		**–**	272	**–**	–
Bonds and notes	23	**2,279,281**	1,776,640	**1,463,606**	1,063,767
Bank loans	24	**545,947**	432,251	**497,298**	337,534
Bank overdrafts	17	**1**	–	**–**	–
		9,711,151	6,327,252	**5,552,680**	2,630,510
Non-current		**7,673,152**	5,068,840	**4,211,386**	2,192,985
Current		**2,037,999**	1,258,412	**1,341,294**	437,525
		9,711,151	6,327,252	**5,552,680**	2,630,510

Market and liquidity risks

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risks is included in note 41.

22 TERM LOANS

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Secured		**1,443,429**	1,403,835	**–**	–
Unsecured		**5,442,493**	2,714,254	**3,591,776**	1,229,209
	21	**6,885,922**	4,118,089	**3,591,776**	1,229,209

The term loans are obtained from banks and financial institutions.

The secured term loans are generally secured by:

- mortgages on the borrowing subsidiaries' property, plant and equipment, investment properties and development properties (see notes 4, 5 and 12);
- assignment of all rights and benefits to sale, lease and insurance proceeds in respect of hotels, investment and development properties; and
- pledge on cash deposits of $112.6 million (2018: $135.0 million).

The Group's secured term loans bore interest at rates ranging from 1.93% to 6.42% (2018: 1.64% to 5.43%) per annum during the year.

The Group's unsecured term loans bore interest at rates ranging from 0.35% to 4.03% (2018: 0.34% to 5.34%) per annum during the year. The Company's unsecured term loans bore interest at rates ranging from 1.35% to 4.03% (2018: 1.15% to 5.34%) per annum during the year.

23 BONDS AND NOTES

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Secured		**630,393**	339,102	**–**	–
Unsecured		**1,648,888**	1,437,538	**1,463,606**	1,063,767
	21	**2,279,281**	1,776,640	**1,463,606**	1,063,767

Secured bonds and notes comprise the following:

(i) A $39 million (2018: $39 million) bond issued by an indirectly owned subsidiary of CDLHT in 2015. The bond bore interest at a rate of 0.66% (2018: 0.66%) per annum during the year. CDLHT's interest in 2 Japan hotels is held through a Tokutei Mokutei Kaisha (TMK) structure, and such TMK structures are required to issue bond to fund the acquisition of assets.

The bondholders have a statutory preferred right, under Article 128 of the Japan Asset Liquidation Law, to receive payment of all obligations under the bond prior to other creditors out of the assets of the TMK. Such right shall be junior to the priority of the general statutory lien under the Japan Civil Code. While the assets of the TMK are subject to a statutory preferred right, it is not considered a mortgage under Japan laws.

Unless previously redeemed or purchased and cancelled, the bond is redeemable at its principal amount on its maturity date in September 2020;

(ii) $130 million (2018: $130 million) bonds comprising 2 tranches issued by a subsidiary, which holds a Japan hotel through a TMK structure, in 2015. The bonds bore interest at rates ranging from 0.16% to 0.58% (2018: 0.16% to 0.58%) per annum during the year.

The bondholders, under Article 128 of the Japan Asset Liquidation Law, are under a statutory lien to receive payment of their claims under the bonds prior to other creditors out of the assets of the TMK. The order of priority of such statutory lien shall be immediately after the general statutory liens under the Japan Civil Code.

Unless previously redeemed or purchased and cancelled, the bond is redeemable at its principal amount on its maturity date in March 2020;

(iii) $400 million (2018: $100 million) medium term note (MTN) which comprise 1 series (2018: 1 series) of notes issued by a subsidiary as part of a $700 million secured MTN programme established in 2001. The MTN bore interest at a rate of 2.96% (2018: 1.98%) per annum during the year and are secured by a mortgage over an investment property as well as rental and insurance proceeds to be derived from the said property.

Unless previously redeemed or purchased and cancelled, the MTN is redeemable at its principal amount on its maturity date in May 2024 (2018: April 2019);

(iv) $1 million (2018: $9 million) bond issued by a subsidiary, which holds a Japan development property through a TMK structure during the year. The bond bore interest at a rate of 0.37% (2018: 0.37%) per annum during the year.

Unless previously redeemed or purchased and cancelled, the bond is redeemable at its principal amount on its maturity date in March 2020; and

(v) $62 million (2018: $62 million) bond issued by a subsidiary, which holds a Japan development property through a TMK structure, in 2018. The bond bore interest at rates ranging from 0.35% to 0.38% (2018: 0.36%) per annum during the year.

Unless previously redeemed or purchased and cancelled, the bond is redeemable at its principal amount on its maturity date in March 2021.

23 BONDS AND NOTES (CONT'D)

Unsecured bonds and notes comprise the following:

(i) $1,465 million (2018: $1,065 million) medium term notes (MTNs) which comprise 12 series (2018: 9 series) of notes issued by the Company at various interest rates as part of a $5.0 billion unsecured MTN programme established in 1999. The MTNs bore interest at rates ranging from 2.80% to 3.90% (2018: 2.45% to 3.90%) per annum during the year.

Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from April 2020 to June 2026 (2018: March 2019 to June 2026);

(ii) $136 million (2018: $274 million) MTNs which comprise 1 series (2018: 2 series) of notes issued by a subsidiary as part of a $1.0 billion unsecured MTN programme established in 2002. The MTNs bore interest at a rate of 3.98% (2018: 2.37% to 3.98%) per annum during the year.

Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts in August 2021 (2018: July 2019 to August 2021);

(iii) $50 million (2018: $100 million) Islamic Trust Certificates (Certificates) which comprise 1 series (2018: 2 series) of certificates issued by a subsidiary (Issuer) under the Shariah financing principle of Ijarah as part of a $1.0 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 profit or loss. The Certificates bore a coupon rate at 2.75% (2018: 2.74% to 3.25%) per annum during the year.

Unless previously redeemed or purchased and cancelled, the Certificates are redeemable at their principal amounts in April 2020 (2018: June 2019 to April 2020).

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24 BANK LOANS

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Bank loans repayable within 1 year					
- secured		**3,182**	–	**–**	–
- unsecured		**542,765**	432,251	**497,298**	337,534
	21	**545,947**	432,251	**497,298**	337,534

The Group's secured bank loans bore interest at rates ranging from 3.02% to 4.50% during the year.

The Group's and the Company's unsecured bank loans bore interest at rates ranging from 0.20% to 4.35% (2018: 0.20% to 4.95%) per annum during the year.

25 EMPLOYEE BENEFITS

	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Net liability for:				
- defined benefit obligations	**27,814**	25,483	**–**	–
- short-term accumulating compensated absences	**26,883**	26,025	**2,364**	2,562
- long service leave	**1,460**	1,446	**–**	–
	56,157	52,954	**2,364**	2,562
Non-current	**28,662**	26,392	**–**	–
Current	**27,495**	26,562	**2,364**	2,562
	56,157	52,954	**2,364**	2,562

	Group 2019 $'000	Group 2018 $'000
Net liability for defined benefit obligations		
Present value of unfunded obligations	**9,266**	10,400
Present value of funded obligations	**149,146**	134,020
Fair value of plan assets	**(130,598)**	(118,937)
Liability for defined benefit obligations	**27,814**	25,483

25 EMPLOYEE BENEFITS (CONT'D)

	Group 2019 $'000	Group 2018 $'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at 1 January	**144,420**	164,122
Remeasurements:		
- Experience adjustment	**(358)**	(14)
- Actuarial gain from changes in demographic assumptions	**(3,755)**	(808)
- Actuarial loss/(gain) from changes in financial assumptions	**18,344**	(15,662)
Benefits paid	**(7,277)**	(6,863)
Interest cost	**3,881**	3,936
Current service costs	**1,624**	1,821
Past service costs	**205**	2,066
Translation differences on consolidation	**1,328**	(4,178)
Defined benefit obligations at 31 December	**158,412**	144,420
Changes in the fair value of plan assets		
Fair value of plan assets at 1 January	**118,937**	130,445
Return on plan assets, excluding interest income	**11,594**	(8,191)
Contributions by employees	**471**	–
Contributions by employer	**2,757**	3,879
Benefits paid	**(7,277)**	(6,857)
Interest income	**3,156**	3,099
Translation differences on consolidation	**960**	(3,438)
Fair value of plan assets at 31 December	**130,598**	118,937

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

	Group 2019 $'000	Group 2018 $'000
Equity	**44,046**	34,796
Bonds	**16,131**	14,709
Cash	**70,421**	69,432
Fair value of plan assets	**130,598**	118,937
Expenses recognised in profit or loss		
Current service costs	**1,624**	1,821
Past service costs	**205**	2,066
Net interest costs	**725**	837
Defined benefit obligation expenses	**2,554**	4,724

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25 EMPLOYEE BENEFITS (CONT'D)

The expenses are recognised in the following line items in profit or loss:

	Note	Group 2019 $'000	Group 2018 $'000
Cost of sales		**1,032**	1,073
Administrative expenses		**1,324**	3,411
Other operating expenses		**198**	240
Defined benefit obligation expenses	32	**2,554**	4,724

The life expectancies underlying the value of the accrued liabilities for the UK Plan, based on retirement age of 65, are as follows:

	2019 Years	2018 Years
Males	**22**	22
Females	**24**	24

The weighted average duration of the defined benefit obligations as at 31 December 2019 was 18 years (2018: 18 years).

The Group expects £2 million (approximately $4 million) contributions to be paid to the defined benefit plans in 2020.

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 guaranteed minimum pension (GMP) under the defined contribution scheme also ceased. The plan entitles a retired employee to receive an annual pension payment.

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 2017 and this has been updated on an approximate basis to 31 December 2019. The contributions of the Group during the year were about 11% (2018: 11%) of pensionable salary.

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 the discount rate and the rates of increase in salaries and pensions.

25 EMPLOYEE BENEFITS (CONT'D)

South Korea

The Group makes contributions to a defined benefit pension plan for its employees in South 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 2019. 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.

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 2019. The contributions of the Group were no less than 6% (2018: 6%) of the employees' earnings. The assumptions which have the most significant effect on the results of the valuations are those relating to the discount rate and the rate of increase in salaries.

The defined benefit plans are administered by pension funds that are legally separated from the Group. The boards of the pension funds are required by law to act in the best interests of the plan participants.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market investment risk.

The above plans are substantially funded by the Group's subsidiaries. The funding requirements are based on pension funds' actuarial measurement framework set out in the funding policies of the plans.

The assets of each scheme have been taken at market value and the liabilities have been calculated using the following principal assumptions:

	2019 UK	2019 South Korea	2019 Taiwan	2018 UK	2018 South Korea	2018 Taiwan
Inflation rate	**3.0%**	**2.0%**	**–**	3.5%	2.0%	–
Discount rate	**1.9%**	**2.0%**	**0.8%**	2.9%	2.5%	1.0%
Rate of salary increase	**3.5%**	**3.0%**	**3.0%**	4.0%	3.0%	3.0%
Rate of pension increases	**2.9%**	**–**	**–**	3.3%	–	–
Rate of revaluation	**2.2%**	**–**	**–**	2.5%	–	–

The methodology for computing the discount rate is the yield range method.

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 be borne out in practice. The present values of the schemes' liabilities are derived from cash flow projections over long periods and are inherently uncertain.

25 EMPLOYEE BENEFITS (CONT'D)

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in one of the relevant actuarial assumptions by one percent, holding other assumptions consistent.

	Defined benefit obligation 1 percent increase $'000	Defined benefit obligation 1 percent decrease $'000
Group		
2019		
Discount rate	**(23,038)**	**23,259**
Rate of salary increase	**2,695**	**(2,490)**
2018		
Discount rate	(20,707)	24,616
Rate of salary increase	2,684	(2,482)

26 LEASE LIABILITIES

	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Lease liabilities	**207,200**	–	**25,772**	–
Non-current	**189,448**	–	**20,003**	–
Current	**17,752**	–	**5,769**	–
	207,200	–	**25,772**	–

The incremental borrowing rates of the Group's and the Company's lease liabilities ranges from 0.90% to 14.55% (2018: Nil) per annum during the year.

Information about the Group's and the Company's exposure to foreign currency and liquidity risk is included in note 41.

27 OTHER LIABILITIES

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Deferred income	**17,634**	171,246	**–**	–
Rental deposits	**69,411**	60,247	**9,912**	8,134
Non-current retention sums payable	**20,524**	8,463	**–**	713
Derivative financial liabilities	**4,722**	4,981	**–**	–
Miscellaneous (principally deposits received and payables)	**18,534**	17,305	**–**	–
	130,825	262,242	**9,912**	8,847

Deferred income includes the following:

(i) $7,030,000 (2018: $7,030,000) relating to the deferred gain on the sale of cash flows as disclosed in footnote (a) of note 44;

(ii) $Nil (2018: $153,853,000) relating to the deferred gain on the sale of leasehold interests in certain investment properties to associates as disclosed in footnote (b) of note 44; and

(iii) $6,635,000 (2018: $6,635,000) relating to the deferred gain arising from the Group's exit of its entire interest in Summervale, an indirect wholly-owned subsidiary of the Group in October 2016. Although the Group lost control in Summervale, the Group assessed that it maintains some continuing involvement through its investment in secured fixed rate notes issued by Summervale (note 10). Accordingly, a portion of the gain on disposal of Summervale by reference to the extent of the amount of continuing involvement retained in Summervale is deferred.

28 PROVISIONS

	Beijing indemnity $'000	Capital expenditure $'000	Legal fees $'000	Cash flow support $'000	Bond interest support $'000	Interest support $'000	Total $'000
Group							
At 1 January 2019	16,448	686	2,562	9,179	57	43,858	72,790
Provision (written back)/made	–	(70)	2,349	–	(57)	–	2,222
Provision utilised	–	–	–	(5,700)	–	(14,367)	(20,067)
Unwinding of discount	–	–	–	–	–	564	564
Translation differences on consolidation	(191)	(5)	(33)	–	–	–	(229)
At 31 December 2019	16,257	611	4,878	3,479	–	30,055	55,280
Non-current							26,809
Current							28,471
							55,280

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28 PROVISIONS (CONT'D)

	Beijing indemnity $'000	Capital expenditure $'000	Legal fees $'000	Cash flow support $'000	Bond interest support $'000	Interest support $'000	Total $'000
Group							
At 1 January 2018	16,097	828	3,015	12,829	28,135	62,873	123,777
Provision written back	–	(152)	(404)	–	(19,309)	–	(19,865)
Provision utilised	–	–	–	(3,650)	(9,748)	(19,728)	(33,126)
Unwinding of discount	–	–	–	–	979	713	1,692
Translation differences on consolidation	351	10	(49)	–	–	–	312
At 31 December 2018	16,448	686	2,562	9,179	57	43,858	72,790
Non-current							36,719
Current							36,071
							72,790

The provision 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 provision for capital expenditure relates to the Group's obligations to incur capital expenditure under the terms of certain hotel operating agreements.

The provision for legal fees relates to provisions made in relation to disputes in several hotels.

The provision for cash flows support relates to the Group's obligation to Sunbright, to fund any shortfall for interest payments and/or annual/daily operational costs.

The bond interest support relates to the Group's obligation to fund the 5% interest payment on the fixed rate bonds subscribed by a third party investor through In-V which provided funding to the Group's associate, Golden Crest Holdings Pte. Ltd. and its subsidiaries (Golden Crest Group), to finance its acquisition of certain investment properties from the Group (footnote (b) of note 44).

The interest support relates to the Group's obligation as the asset manager of Summervale to provide support for the coupon payments on fixed rate notes subscribed by third party investors and the Group as well as interest payments for bank borrowings taken up by Summervale (note 10).

29 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 2018 $'000	Recognised in profit or loss (note 33) $'000	Recognised in the statement of comprehensive income (note 33) $'000	Recognised directly in equity $'000	Acquisition of subsidiaries (note 39) $'000	Translation differences on consolidation $'000	At 31 December 2018 $'000
Group							
Deferred tax liabilities							
Property, plant and equipment	196,208	(18,435)	–	–	–	1,845	179,618
Investment properties	34,114	(693)	–	–	25	(612)	32,834
Development properties	45,669	(40,518)	–	–	–	(1)	5,150
Unremitted earnings	15,965	15,016	–	–	–	–	30,981
Others	7,605	2,683	–	–	–	23	10,311
	299,561	(41,947)	–	–	25	1,255	258,894
Deferred tax assets							
Property, plant and equipment	(29,968)	400	–	–	–	–	(29,568)
Tax losses	(89,360)	(16,321)	–	–	–	(1,605)	(107,286)
Development properties	(39,899)	(4,242)	–	–	–	659	(43,482)
Employee benefits	(11,872)	–	1,345	310	–	458	(9,759)
Others	(7,125)	(4,227)	–	–	(340)	263	(11,429)
	(178,224)	(24,390)	1,345	310	(340)	(225)	(201,524)
Total	121,337	(66,337)	1,345	310	(315)	1,030	57,370

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29 DEFERRED TAX LIABILITIES (CONT'D)

	At 1 January 2019 $'000	Recognised in profit or loss (note 33) $'000	Recognised in the statement of comprehensive income (note 33) $'000	Recognised directly in equity $'000	Acquisition of subsidiaries (note 39) $'000	Translation differences on consolidation $'000	At 31 December 2019 $'000
Group							
Deferred tax liabilities							
Property, plant and equipment	179,618	(15,199)	–	–	–	(2,124)	162,295
Investment properties	32,834	2,121	–	–	296	99	35,350
Development properties	5,150	18,264	–	–	–	–	23,414
Unremitted earnings	30,981	6,725	–	–	–	(4)	37,702
Others	10,311	8,011	–	–	72	(35)	18,359
	258,894	19,922	–	–	368	(2,064)	277,120
Deferred tax assets							
Property, plant and equipment	(29,568)	29,567	–	–	(54)	(1)	(56)
Tax losses	(107,286)	(15,382)	–	–	–	(2,830)	(125,498)
Development properties	(43,482)	864	–	–	–	701	(41,917)
Employee benefits	(9,759)	–	(3)	–	–	(102)	(9,864)
Others	(11,429)	(3,664)	–	–	–	(151)	(15,244)
	(201,524)	11,385	(3)	–	(54)	(2,383)	(192,579)
Total	57,370	31,307	(3)	–	314	(4,447)	84,541

29 DEFERRED TAX LIABILITIES (CONT'D)

	At 1 January 2018 $'000	Recognised in profit or loss $'000	At 31 December 2018 $'000	Recognised in profit or loss $'000	At 31 December 2019 $'000
Company					
Deferred tax liabilities					
Property, plant and equipment	567	196	763	422	1,185
Investment properties	11,553	(351)	11,202	(416)	10,786
Development properties	36,904	(36,904)	–	–	–
Unremitted earnings	3,737	10,345	14,082	(2)	14,080
	52,761	(26,714)	26,047	4	26,051
Deferred tax assets					
Development properties	–	(2,835)	(2,835)	47	(2,788)
Others	(4,213)	(1,438)	(5,651)	3,630	(2,021)
	(4,213)	(4,273)	(8,486)	3,677	(4,809)
Total	48,548	(30,987)	17,561	3,681	21,242

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts, determined after appropriate offsetting, are as follows:

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Deferred tax assets	11	**23,051**	56,408	**–**	–
Deferred tax liabilities		**(107,592)**	(113,778)	**(21,242)**	(17,561)
		(84,541)	(57,370)	**(21,242)**	(17,561)

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 2019 $'000	Group 2018 $'000
Deductible temporary differences	**141,009**	147,169
Tax losses	**321,083**	247,003
	462,092	394,172

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.

29 DEFERRED TAX LIABILITIES (CONT'D)

The tax losses with expiry dates are as follows:

	Group 2019 $'000	Group 2018 $'000
Expiry dates		
- Within 1 to 5 years	**107,772**	83,631
- After 5 years	**24,562**	12,914
	132,334	96,545

At 31 December 2019, a deferred tax liability of $33,888,000 (2018: $34,593,000) in respect of temporary differences of $383,582,000 (2018: $356,838,000) related to the withholding tax on the distributable profit of the Group's subsidiaries was not recognised because the Group controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

30 TRADE AND OTHER PAYABLES

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Trade payables		**165,165**	124,298	**2,779**	3,527
Accruals		**485,709**	562,125	**89,979**	99,475
Deferred income		**61,819**	39,844	**1**	–
Other payables		**82,699**	150,622	**867**	766
Rental and other deposits		**100,769**	113,832	**6,567**	8,572
Retention sums payable		**11,419**	29,541	**713**	8,638
Amounts owing to:					
- subsidiaries	7	**–**	–	**2,673,173**	2,367,178
- associates	8	**2,628**	–	**–**	–
- joint ventures	9	**60,491**	22,727	**22,727**	22,727
- fellow subsidiaries	16	**225,559**	233,043	**–**	15
- other related party		**–**	53	**–**	–
Other financial liability		**–**	17,214	**–**	–
Derivative financial liabilities		**2,649**	37	**2,462**	–
		1,198,907	1,293,336	**2,799,268**	2,510,898

Included in other payables as at 31 December 2018 was an amount of $88,897,000 in respect of the Group's share of losses in a joint venture in excess of its interest in that joint venture. Following the adoption of the Amendments to SFRS(I) 1-28 on 1 January 2019 (note 2.5), the amount was set off against the amount due from the joint venture.

Other financial liability as at 31 December 2018 related to a balance arising from the accounting of the Group's continuing involvement in the third Profit Participation Securities (PPS 3) issued by Summervale. The liability associated with the Group's involvement in PPS 3 has been discharged during the year.

31 REVENUE

Revenue of the Group includes property development income, income from owning and operating hotels, rental income, dividend income and others but excludes intra-group transactions. Property development income consists mainly of sale proceeds of commercial and residential properties. Others include mainly management and consultancy fees, and income from the provision of laundry services.

	Group	
	2019 $'000	2018 $'000
Dividends from investments:		
- fellow subsidiaries		
- quoted equity investments – at FVOCI	**1,632**	1,523
- unquoted equity investments – at FVOCI	**2,025**	3,375
- others		
- quoted equity investments – at FVOCI	**334**	367
- quoted equity investments – mandatorily at FVTPL	**1,434**	738
- unquoted equity investments – at FVOCI	**134**	68
Hotel operations	**1,705,015**	1,679,418
Development properties for which revenue is:		
- recognised over time	**573,708**	167,817
- recognised at a point in time	**563,022**	1,877,492
Rental income from investment properties	**438,143**	358,234
Others	**143,278**	133,531
	3,428,725	4,222,563

As at 31 December 2019, the Group has property development income of $855,009,000 (2018: $431,263,000) which is expected to be recognised over the next four years (2018: four years) as construction of the development properties progresses.

The Group has applied the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, and it recognises revenue in that amount.

31 REVENUE (CONT'D)

Disaggregation of revenue

In the following table, revenue is disaggregated by geographical markets and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	← Reportable segments →							
	Property development		Hotel operations		Others*		Total	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Geographical market								
Singapore	**857,202**	1,538,784	**288,810**	250,055	**141,418**	133,367	**1,287,430**	1,922,206
China	**101,733**	304,376	**43,127**	47,096	**–**	–	**144,860**	351,472
United States	**–**	–	**543,239**	535,937	**1,496**	–	**544,735**	535,937
United Kingdom	**74,108**	6,177	**318,743**	328,714	**–**	–	**392,851**	334,891
Australasia	**93,862**	86,199	**148,659**	153,532	**–**	–	**242,521**	239,731
Rest of Asia (excluding Singapore and China)	**9,825**	109,773	**334,497**	330,552	**364**	164	**344,686**	440,489
Other countries	**–**	–	**27,940**	33,532	**–**	–	**27,940**	33,532
	1,136,730	2,045,309	**1,705,015**	1,679,418	**143,278**	133,531	**2,985,023**	3,858,258
Timing of revenue recognition								
Products and services transferred at a point in time	**563,022**	1,877,492	**1,705,015**	1,679,418	**3,700**	6,957	**2,271,737**	3,563,867
Products and services transferred over time	**573,708**	167,817	**–**	–	**139,578**	126,574	**713,286**	294,391
	1,136,730	2,045,309	**1,705,015**	1,679,418	**143,278**	133,531	**2,985,023**	3,858,258

* Excluding dividend income.

32 PROFIT FOR THE YEAR

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

	Note	Group 2019 $'000	Group 2018 $'000
Other income			
Insurance claim		**–**	1,198
Gain on remeasurement of previously held interest in an associate which became a subsidiary		**6,608**	–
Management fees and miscellaneous income		**3,614**	2,634
Profit on sale of property, plant and equipment and investment properties		**164,988**	41,735
		175,210	45,567
Staff costs			
Contributions to defined contribution plans		**55,322**	49,382
Equity settled share-based transactions		**–**	636
Increase in liability for defined benefit plans	25	**2,554**	4,724
Increase in liability for short-term accumulating compensated absences		**423**	1,825
Wages and salaries		**832,808**	794,441
		891,107	851,008
Less:			
Staff costs capitalised in:			
- development properties		**(3,722)**	(847)
- property, plant and equipment		**(345)**	–
		887,040	850,161
Other expenses			
Amortisation of intangible assets		**751**	757
Amortisation of lease premium prepayment		**–**	3,789
Audit fees paid to:			
- auditors of the Company		**3,175**	2,827
- other auditors		**3,802**	3,429
Non-audit fees:			
- auditors of the Company		**1,677**	1,464
- other auditors		**1,496**	1,400
Depreciation of:			
- property, plant and equipment	4	**178,525**	141,918
- investment properties	5	**96,711**	72,376
Direct operating expenses arising from investment properties which are not leased		**5**	86
Direct operating expenses arising from rental of investment properties (excluding depreciation)		**125,041**	100,489
Allowance (reversed)/made for foreseeable losses on development properties (net)	12	**(6,524)**	19,256
Provisions made/(written back)	28	**2,222**	(19,865)

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32 PROFIT FOR THE YEAR (CONT'D)

	Note	Group 2019 $'000	Group 2018 $'000
Impairment losses recognised/(reversed) on:			
- investment in an associate		**3,000**	–
- property, plant and equipment	4	**60,386**	94,099
- investment properties	5	**(2,414)**	–
- trade and other receivables	41	**6,547**	4,235
Loss on liquidation of subsidiaries		**79**	41
Loss on dilution of an associate		**39**	–
Lease expenses (short-term lease)		**3,275**	–
Lease expenses (low value assets, excluding short-term leases of low value assets)		**942**	–
Operating lease expenses		**–**	20,055
Property, plant and equipment and investment properties written off		**3,469**	4,007
Finance income			
Interest income under the effective interest method:			
- amounts owing by fellow subsidiaries at amortised cost		**36**	3
- amounts owing by associates at amortised cost		**1,161**	–
- amounts owing by joint ventures at amortised cost		**8,921**	3,043
- unquoted debt investment at amortised cost		**15,993**	–
- cash and cash equivalents		**43,093**	44,575
- others		**10,055**	9,177
Fair value gains on financial derivatives designated at FVTPL (net)		**11,936**	6,091
Fair value gains on financial assets mandatorily measured at FVTPL		**17,572**	–
		108,767	62,889
Finance income capitalised in development properties		**(240)**	(64)
Total finance income		**108,527**	62,825
Finance costs			
Amortisation of transaction costs capitalised		**7,960**	5,493
Interest expense:			
- term loans and bank loans		**131,175**	76,015
- bonds and notes		**63,508**	54,796
- amounts owing by fellow subsidiaries		**4,484**	3,892
- financial derivatives at FVTPL		**1,380**	1,213
- lease liabilities		**8,420**	–
- others		**26**	372
Fair value losses on financial assets mandatorily measured at FVTPL		**–**	5,004
Net exchange loss		**14,034**	18,242
Unwinding of discount on non-current liabilities		**575**	1,723
		231,562	166,750
Finance costs capitalised in:			
- development properties*		**(22,433)**	(9,599)
- property, plant and equipment		**(4,438)**	(386)
Total finance costs		**204,691**	156,765
Net finance costs		**96,164**	93,940

* Relates to development properties for which revenue is recognised at a point in time. Borrowing costs on development properties where revenue is recognised over time is charged to profit or loss, as incurred.

32 PROFIT FOR THE YEAR (CONT'D)

	Group 2019 $'000	Group 2018 $'000
The above finance income and finance costs (including amounts capitalised) include the following interest income and expenses in respect of assets and liabilities not at FVTPL:		
- total interest income on financial assets	**70,230**	48,235
- total finance costs on financial liabilities	**172,340**	124,873

During the year, net finance costs of the Group have been capitalised at rates ranging from 0.35% to 5.00% (2018: 0.25% to 2.45%) per annum for development properties and 1.50% to 5.61% (2018: 2.73% to 3.05%) per annum for property, plant and equipment.

33 TAX EXPENSE

	Note	Group 2019 $'000	Group 2018 $'000
Current tax expense			
Current year		**111,425**	240,754
Over provision in respect of prior years		**(19,190)**	(18,700)
		92,235	222,054
Deferred tax credit			
Movements in temporary differences		**25,225**	(81,937)
Effect of changes in tax rates and legislation		**181**	194
Under provision in respect of prior years		**5,901**	15,406
	29	**31,307**	(66,337)
Land appreciation tax		**9,678**	57,795
Withholding tax		**7,496**	1,248
Total tax expense		**140,716**	214,760

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33 TAX EXPENSE (CONT'D)

Tax recognised in other comprehensive income

	2019 Before tax $'000	2019 Tax expense (note 29) $'000	2019 Net of tax $'000	2018 Before tax $'000	2018 Tax credit (note 29) $'000	2018 Net of tax $'000
Group						
Defined benefit plan remeasurements	**(2,637)**	**3**	**(2,634)**	8,293	(1,345)	6,948
Changes in fair value of equity instruments measured at FVOCI	**66,786**	**–**	**66,786**	(34,427)	–	(34,427)
Effective portion of changes in fair value of cash flow hedges	**(2,997)**	**–**	**(2,997)**	(2,399)	–	(2,399)
Exchange differences on hedges of net investments in foreign operations	**7,526**	**–**	**7,526**	(5,414)	–	(5,414)
Exchange differences on monetary items forming part of net investments in foreign operations	**15,627**	**–**	**15,627**	(3,460)	–	(3,460)
Exchange differences reclassified to profit or loss on liquidation and cessation of business of foreign operations	**58**	**–**	**58**	850	–	850
Share of translation differences of equity-accounted investees	**(11,530)**	**–**	**(11,530)**	(8,639)	–	(8,639)
Translation differences arising on consolidation of foreign operations	**(85,908)**	**–**	**(85,908)**	(41,593)	–	(41,593)
	(13,075)	**3**	**(13,072)**	(86,789)	(1,345)	(88,134)

Reconciliation of effective tax rate

	Group 2019 $'000	Group 2018 $'000
Profit before tax	**754,077**	875,538
Tax using the Singapore tax rate of 17% (2018: 17%)	**128,193**	148,842
Income not subject to tax	**(84,570)**	(35,396)
Expenses not deductible for tax purposes:		
- expenses	**80,078**	30,435
- write-back	**(4,426)**	(3,612)
Effect of changes in tax rates and legislation	**181**	194
Effect of different tax rates in other countries	**7,493**	25,453
Effect of share of results of associates and joint ventures	**5,028**	1,928
Land appreciation tax	**9,678**	57,795
Effect of tax deduction on land appreciation tax	**(2,420)**	(14,450)
Unrecognised deferred tax assets	**14,666**	11,407
Tax effect of losses not allowed to be set off against future taxable profits	**5,506**	8,487
Tax incentives	**(1,525)**	(484)
Utilisation of previously unrecognised deferred tax assets	**(3,877)**	(12,545)
Over provision in respect of prior years	**(13,289)**	(3,294)
	140,716	214,760

34 EARNINGS PER SHARE

Basic earnings per share is calculated based on:

	Group 2019 $'000	Group 2018 $'000
Profit attributable to owners of the Company	**564,576**	557,330
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	**551,672**	544,426

	Group 2019 Number of shares	Group 2018 Number of shares
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	**906,901,330**	909,301,330
Effect of treasury shares held	**–**	(719,726)
Weighted average number of ordinary shares during the year	**906,901,330**	908,581,604
Basic earnings per share	**60.8 cents**	59.9 cents

Diluted earnings per share is based on:

	2019 $'000	2018 $'000
Profit attributable to ordinary shareholders after adjustment for non-redeemable convertible non-cumulative preference dividends	**551,672**	544,426
Add:		
Dividends on non-redeemable convertible non-cumulative preference shares	**12,904**	12,904
Net profit used for computing diluted earnings per share	**564,576**	557,330

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.

34 EARNINGS PER SHARE (CONT'D)

The effect of the potential ordinary shares on the weighted average number of ordinary shares in issue is as follows:

	Group 2019 Number of shares	Group 2018 Number of shares
Weighted average number of ordinary shares issued used in the calculation of basic earnings per share	**906,901,330**	908,581,604
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 of preference shares	**951,900,228**	953,580,502
Diluted earnings per share	**59.3 cents**	58.4 cents

35 DIVIDENDS

	Company 2019 $'000	Company 2018 $'000
Final tax exempt (one-tier) ordinary dividend paid of 8.0 cents (2018: 8.0 cents) per ordinary share in respect of the previous financial year	**72,552**	72,744
Special final tax exempt (one-tier) ordinary dividend paid of 6.0 cents (2018: 6.0 cents) per ordinary share in respect of the previous financial year	**54,414**	54,558
Special interim tax exempt (one-tier) ordinary dividend paid of 6.0 cents (2018: 6.0 cents) per ordinary share in respect of the current financial year	**54,414**	54,527
Non-cumulative tax exempt (one-tier) preference dividend paid of 1.94 cents (2018: 1.94 cents) per preference share	**6,434**	6,434
Non-cumulative tax exempt (one-tier) preference dividend paid of 1.96 cents (2018: 1.96 cents) per preference share	**6,470**	6,470
	194,284	194,733

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

	Company 2019 $'000	Company 2018 $'000
Final tax exempt (one-tier) ordinary dividend of 8.0 cents (2018: 8.0 cents) per ordinary share	**72,552**	72,552
Special final tax exempt (one-tier) ordinary dividend of 6.0 cents (2018: 6.0 cents) per ordinary share	**54,414**	54,414
	126,966	126,966

36 LEASES

Leases as lessee (SFRS(I) 16)

The Group leases hotel properties and office facilities. The leases of hotel properties and office facilities run for periods ranging from 2 to 136 years, with options to renew after lease expiry dates. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The hotel properties leases were entered into many years ago as combined leases of land and buildings. Previously, these leases and the office facilities leases were classified as operating leases under SFRS(I) 1-17.

The Group leases IT equipment and motor vehicles under a number of leases, which were classified as finance leases under SFRS(I) 1-17.

Amounts recognised in profit or loss

	$'000
2019 – Lease under SFRS(I) 16	
Interest on lease liabilities	8,420
Income from sub-leasing right-of-use assets presented in 'revenue'	1,738
Expenses relating to short-term leases	3,275
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	942
2018 – Operating lease under SFRS(I) 1-17	
Lease expense	20,055

Amounts recognised in statement of cash flows

	2019 $'000
Payment of lease liabilities	**16,923**
Interest expenses	**8,420**
Total cash outflow for leases	**25,343**

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36 LEASES (CONT'D)

Leases as lessee (cont'd)

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of $1.2 million.

Leases as lessor

The Group leases out its investment property consisting of its owned properties as well as leased properties (see note 5). All leases are classified as operating leases from a lessor perspective.

Operating lease

The Group and the Company lease out some of their investment properties and development properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 5 sets out information about the operating leases of investment properties.

Rental income from investment properties and property subleases recognised by the Group during 2019 was $423,093,000 (2018: $344,072,000).

The following table sets out a maturity analysis of lease rental receivables, showing the undiscounted lease payments to be received after the reporting date.

	Group $'000	Company $'000
2019 – Operating leases under SFRS(I) 16		
Less than one year	304,368	52,392
One to two years	220,921	38,634
Two to three years	154,703	23,977
Three to four years	111,971	12,740
Four to five years	136,484	6,084
More than five years	347,499	678
Total	1,275,946	134,505
2018 – Operating leases under SFRS(I) 1-17		
Less than one year	272,928	47,661
Between one year to five years	583,922	65,438
More than five years	289,887	1,882
Total	1,146,737	114,981

Contingent rents, generally determined based on a percentage of tenants' revenue, of $7,208,000 (2018: $7,202,000) has been recognised as revenue by the Group, in profit or loss during the year.

36 LEASES (CONT'D)

Leases as lessor (cont'd)

Included in the non-cancellable operating lease rental receivables above are commitments with related parties which are set out below.

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Non-cancellable operating lease rentals receivable from:				
- joint ventures	**44,583**	49,751	**–**	–
- a fellow subsidiary	**600**	923	**600**	923
- an associate	**–**	43	**–**	–
- an associate of the ultimate holding company	**–**	186	**–**	–
- subsidiaries	**–**	–	**6,176**	5,965
	45,183	50,903	**6,776**	6,888

37 COMMITMENTS

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

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Development expenditure contracted but not provided for in the financial statements	**612,732**	414,749	**–**	–
Capital expenditure contracted but not provided for in the financial statements	**90,184**	135,213	**–**	591
Commitments in respect of purchase of properties for which deposits have been paid	**14,120**	42,603	**–**	–
Commitments in respect of investments in associates	**83,705**	37,867	**–**	–
Commitment in respect of an investment in a real estate developer in China*	**532,125**	–	**–**	–
Commitments in respect of capital contribution to investments in financial assets in:				
- related parties	**77,337**	86,520	**–**	–
- third parties	**15,463**	8,847	**–**	–

* The commitment represents the consideration payable for a 24% effective equity stake in Sincere Property Group (note 10), net of a loan already extended to Sincere Property Group.

37 COMMITMENTS (CONT'D)

In addition, the Group and the Company have the following commitments:

(a) The Group has 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 2018 $'000	Company 2018 $'000
Within 1 year	33,281	6,403
After 1 year but within 5 years	85,489	8,713
After 5 years	200,382	–
	319,152	15,116

At 31 December 2018, included in the non-cancellable operating lease rental payables above are commitments with associates and a joint venture amounting to $1,126,000 and $4,993,000 respectively.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short term and low-value leases, see note 2.5 and note 36 for further information.

(b) CDLHT's subsidiary, CDL HBT Cambridge City Hotel (UK) Ltd, holds a leasehold land, with a 125-year lease granted by the Cambridge City Council (Head Lease), commencing on 25 December 1990. The lease term may be extended for a further term of 50 years pursuant to the lessee's option to renew under the Head Lease. Lease payment under this lease is variable, being a percentage of gross revenue and subject to a minimum value that is itself a function of the aggregate rent paid over the previous three years. For the year ended 31 December 2018, the Group recorded a lease payment of $403,000 (£224,000).

On transition to SFRS (I) 16, lease liabilities and a corresponding right-of-use asset were recognised in the financial statements based on present value of the minimum lease payments.

38 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	
	2019 $'000	2018 $'000
Insurance premium paid and payable to an associate of the ultimate holding company	**(1,440)**	(1,118)
Management services fees received and receivable from:		
- fellow subsidiaries	**1,188**	1,209
- associates	**803**	2,672
- joint ventures	**8,751**	6,394
	10,742	10,275

38 RELATED PARTIES (CONT'D)

	Group 2019 $'000	2018 $'000
Maintenance services fees received and receivable from:		
- fellow subsidiaries	**279**	304
- associates	**337**	2,699
- joint ventures	**2,167**	3,834
	2,783	6,837
Rental and rental-related income received and receivable from:		
- fellow subsidiaries	**322**	320
- an associate	**5,349**	575
- an associate of the ultimate holding company	**188**	217
- joint ventures	**79**	78
	5,938	1,190
Management services fees paid and payable to a fellow subsidiary	**(2,167)**	(1,007)
Rental and rental-related expenses paid and payable to:		
- associates	**–**	(972)
- a joint venture	**(1,727)**	(1,724)
	(1,727)	(2,696)
Purchase of property, plant and equipment from an associate	**(711)**	–
Compensation paid and payable to key management personnel:		
- short-term employee benefits	**31,885**	34,234
- other long-term benefits	**559**	487
	32,444	34,721

During the year, certain key management personnel (including close family members) had entered into and subsequently exercised option to purchase agreements with a joint venture of the Group to purchase residential properties with total sales value amounting to $14,131,900 (2018: $Nil). Revenue from the sales will be recognised by the Group progressively based on percentage of completion of the residential project.

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39 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES, AND CHANGES IN INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL

(I) Acquisition of subsidiaries

__2019__

(a) In February 2019, the Group through its two indirect wholly-owned subsidiaries known as Highline Holdings Limited (Highline) and Whitehall Holdings Limited (Whitehall), acquired all units in ART Resi Unit Trust, which was subsequently renamed Highline Resi Unit Trust (Unit Trust) and 100% of the shares and voting interest in ART PRS Leeds GP Ltd, which was subsequently renamed Highline Investment GP Limited (Highline GP), for a total consideration of $27.5 million (£15.4 million). The Unit Trust, together with Highline GP, hold a 100% interest in ART Investments 2 Limited Partnership (which was subsequently renamed Highline Investments LP) which in turn owns a freehold site located at Monk Bridge in Leeds, United Kingdom.

The acquisition was accounted for as an acquisition of assets.

(b) In April 2019, the Group through its indirect wholly-owned subsidiary, Astoria Holdings Limited, acquired the remaining 34.25% of the PPS that relates to the non-residential properties owned by Sunbright, comprising W Hotel and Quayside Isle (Non-Residential Component) for a total consideration of S$77.9 million. Following the acquisition, the Group's effective interest in the Non-Residential Component increased from 65.75% to 100%. The Non-Residential Component was previously accounted for by the Group as an investment in associate, see note 44(a) for further information.

The acquisition provides the Group with the opportunity to enhance and create more value for its hotel operations as the properties are located on Sentosa Island which is poised to undertake new tourism attractions and improvements to its connectivity and attractiveness.

The acquisition was accounted for as a business combination.

From the date of acquisition to 31 December 2019, the Non-Residential Component contributed revenue of $38.8 million and loss before tax of $1.8 million to the Group's results. If the acquisition had occurred on 1 January 2019, management estimate the Group's revenue for the year would have been $3,441 million, with no significant change to the Group's share of profit before tax.

(c) On 22 October 2019, the Group through its indirect wholly-owned subsidiary, City Sceptre Holdings Limited, acquired 51% of the common units in Sceptre Hospitality Resources (SHR) for a total consideration of S$4.5 million (US$3.3 million) (Acquisition). On 28 November 2019, pursuant to the exercise of the conversion rights embedded in the convertible loans granted by the Group to a third party (Conversion), the convertible loans were converted into 24.1% of the common units in SHR.

As a consequence of the Conversion and the Acquisition, the Group owned 75.1% of the common units in SHR which became a subsidiary of the Group. The acquisition provides the Group with the opportunity to enhance its capability in providing customised solutions for the hospitality industry.

The acquisition was accounted for as a business combination.

The contribution of SHR to the Group's revenue and profit before tax for the period from the date of acquisition to 31 December 2019, and for the year had it been acquired on 1 January 2019, is insignificant.

As at 31 December 2019, the Group was committed to divest its investment in SHR, following an offer received from a third party. Accordingly, the assets and liabilities of SHR have been classified as "assets held for sale" and "liabilities directly associated with the assets held for sale" (see note 6).

(d) In November 2019, the Group through its two indirect wholly-owned subsidiaries known as CDL China (Shanghai) Consulting Co., Ltd. (CDL China) and Bridge North Limited (Bridge North), acquired 100% of the shares and voting interest in Chongqing Jungao Enterprise Management Co., Ltd. (Chongqing Jungao) and Shanghai Yulan Real Estate Development Co., Ltd (Shanghai Yulan) respectively for a total consideration of approximately $195 million (RMB1,005 million). Shanghai Yulan owns a commercial property known as Shanghai Hongqiao Sincere Centre (Phase 2) located in Shanghai's Hongqiao Central Business District.

The acquisition was accounted for as an acquisition of assets.

39 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES, AND CHANGES IN INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL (CONT'D)

(I) Acquisition of subsidiaries (cont'd)

2019 (cont'd)

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition dates.

	Note	Business combinations $'000	Acquisition of assets $'000	Recognised amounts $'000
Property, plant and equipment	4	320,586	7	320,593
Investment properties	5	75,000	371,772	446,772
Deferred tax assets	29	–	54	54
Other non-current assets		3,944	–	3,944
Development properties		–	23,956	23,956
Consumable stocks		156	–	156
Trade and other receivables		9,989	7,317	17,306
Cash at bank		14,905	44,046	58,951
Trade and other payables		(6,157)	(27,867)	(34,024)
Contract liabilities		(8,830)	–	(8,830)
Employee benefits		(289)	–	(289)
Provision for tax		(618)	(371)	(989)
Other non-current liabilities		(3,245)	(27,966)	(31,211)
Interest-bearing borrowings		(299,559)	(167,831)	(467,390)
Deferred tax liabilities	29	(72)	(296)	(368)
Non-controlling interests		(1,095)	45	(1,050)
Net identifiable assets acquired		104,715	222,866	327,581
Cash flows relating to the acquisitions				
Total consideration		99,349	222,866	322,215
Less: Cash acquired		(14,905)	(44,046)	(58,951)
Less: Consideration set off against convertible loans held		(21,448)	–	(21,448)
Add: Consideration paid for prior year's acquisition		–	2,482	2,482
Total net cash outflow		62,996	181,302	244,298

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired as part of business combinations were as follows:

Assets acquired	Valuation technique
Property, plant and equipment and investment properties	*Comparative and discounted cash flow methods*: The comparative method involved the analysis of comparable sales of similar assets and adjusting the sale prices to that reflective of the commercial properties. The discounted cash flow method involved forecasting the commercial properties' income stream for 10 years and discounting the income stream at 6.75%.
Interest-bearing borrowings	The fair value of term loans is estimated as the present value of future principal and interest cash flows, discounted at market rate of interest at acquisition date.

39 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES, AND CHANGES IN INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL (CONT'D)

(I) Acquisition of subsidiaries (cont'd)

2019 (cont'd)

Goodwill

Goodwill arising from the acquisitions of the Non-Residential Component and SHR has been recognised as follows:

	Non-Residential Component $'000	SHR $'000	Total $'000
Total consideration transferred	77,901	21,448	99,349
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	–	1,095	1,095
Fair value of the Group's existing 65.75% interest in the associate	23,512	–	23,512
Fair value of identifiable net assets	(101,413)	(4,397)	(105,810)
Goodwill	–	18,146	18,146

The remeasurement to fair value of the Group's existing 65.75% interest in the Non-Residential Component resulted in a gain of $6,608,000 which has been recognised in "other income" in the Group's profit or loss.

The goodwill arising from the acquisition of SHR is attributable mainly to synergies expected to be achieved from integrating the subsidiary into the Group's existing hotel operations. None of the goodwill recognised is expected to be deductible for tax purposes. The goodwill arising from the acquisition of SHR has been classified as "assets held for sale" as at 31 December 2019 (see note 6).

2018

(a) On 24 July 2018, the Group through its indirect wholly-owned subsidiary, Shanghai Tuo Cheng Enterprise Management Co., Ltd., acquired 100% of the shares and voting interest in Shanghai Meidao Investment Co., Ltd. (Shanghai Meidao) for a total consideration of approximately $65 million (RMB323 million). Shanghai Meidao owns a five-tower office project known as Hong Kong Plaza Hongqiao (formerly known as Meidao Business Plaza) located in Shanghai's Hongqiao Central Business District.

(b) On 13 September 2018, the Group through its two indirect wholly-owned subsidiaries known as Allsgate Properties Limited (Allsgate) and Androgate Properties Limited (Androgate), acquired all units in Aldgate House Unit Trust (Unit Trust) and 100% of the shares and voting interest in Aldgate House General Partner Limited (Aldgate GP) for a total consideration of $319 million (£177 million). The Unit Trust, together with Aldgate GP, hold 99.9% and 0.1% interest respectively in Aldgate House Limited Partnership which in turn owns a prime freehold Grade A commercial building known as Aldgate House in London, United Kingdom.

(c) On 4 October 2018, the Group through its wholly-owned subsidiary, Singapura Developments (Private) Limited, acquired 100% of the shares and voting interest in Bravogate Holdings S.à.r.l. (Bravogate) in Luxembourg. Bravogate subsequently entered into a purchase and sale agreement to acquire 100% of the shares and voting interest in BOP Luxembourg (125 OBS) 2 S.À R.L (BOP Lux) for a total consideration of $681 million (£384 million).

BOP Lux, together with BOP Lux's wholly-owned subsidiary, 125 OBS GP Limited, hold 99.9% and 0.1% interest respectively in 125 OBS Limited Partnership which in turn owns a prime freehold Grade A tower and ancillary retail space known as 125 Old Broad Street in London, United Kingdom.

(d) On 27 November 2018, the Group through its indirect non wholly-owned subsidiary, CDLHT, acquired 95.0% of the shares and voting interest in Event Hospitality Group III B.V., which wholly-owns Event Hospitality Group III Italy SRL, sole shareholder of NKS Hospitality III for a total consideration of $51.6 million (EUR33 million). NKS Hospitality III SRL is the legal owner of Hotel Cerretani Firenze - M Gallery by Sofitel and the fixture, furniture and equipment therein.

39 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES, AND CHANGES IN INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL (CONT'D)

(I) Acquisition of subsidiaries (cont'd)

2018 (cont'd)

(e) On 11 December 2018, the Group through its indirect wholly-owned subsidiary, Central Mall Pte. Ltd., acquired 100% of the shares and voting interest in Centro Investment Holding Pte. Ltd. (CIH) for a total consideration of $20 million from Golden Crest Holdings Pte. Ltd., an associate of the Group. CIH, together with CIH's wholly-owned subsidiary, Centro Property Holdings Pte. Ltd., owns an office tower known as Central Mall Office Tower in Singapore.

The above acquisitions were accounted for as acquisitions of assets.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition dates.

	Note	Recognised amounts $'000
Property, plant and equipment	4	60
Investment properties (including capitalised transaction costs)		1,302,835
Deferred tax assets	29	340
Development properties		195,216
Trade and other receivables		23,677
Cash at bank		7,670
Trade and other payables		(46,988)
Shareholders' loan		(226,927)
Interest-bearing borrowings		(117,432)
Provision for taxation		(113)
Deferred tax liabilities	29	(25)
Non-controlling interests		(2,302)
Net identifiable assets acquired		1,136,011
Shareholders' loan assumed		226,927
Total consideration		1,362,938
Less: Cash acquired		(7,670)
Less: Consideration not yet paid		(3,184)
Less: Consideration paid in prior year		(42,841)
Total net cash outflow		1,309,243

39 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES, AND CHANGES IN INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL (CONT'D)

(II) Changes in interests in subsidiaries without loss of control

There were the following changes in interests in subsidiaries without loss of control during the year:

2019

(a) The Group's indirect wholly-owned subsidiary, Agapier Investments Limited, acquired the remaining interests in M&C for a cash consideration of £778.9 million (approximately $1.33 billion), increasing its effective interest from 65% to 100%.

(b) A subsidiary of M&C, M&C REIT Management Limited (M&C REIT), being a REIT manager for CDLHT, received 6,799,933 units in CDLHT in lieu of management and performance fee income during the year. There was no significant change to the Group's effective interest in CDLHT.

(c) A subsidiary of M&C, M&C Business Trust Management Limited (MBTM), being a trustee manager for HBT, received 318,401 units in CDLHT in lieu of management fee income during the year. There was no significant change to the Group's effective interest in CDLHT.

(d) The Group's indirect wholly-owned subsidiary, CBM Solutions Pte Ltd, acquired the remaining interest in Ingensys Pte. Ltd. for a cash consideration of $2,000,000, increasing its effective interest from 70% to 100%.

2018

(a) M&C REIT received 6,540,031 units in CDLHT in lieu of management and performance fee income during the year. There was no significant change to the Group's effective interest in CDLHT.

(b) MBTM received 102,663 units in CDLHT in lieu of management fee income during the year. There was no significant change to the Group's effective interest in CDLHT.

(c) CDL Investments New Zealand Limited (CDLI), an indirect subsidiary of M&C, declared dividend in specie to its minority shareholders. There was no significant change to the Group's effective interest.

(d) An indirect subsidiary of M&C, Hong Leong International Hotel (Singapore) Pte. Ltd. (HLIHS), acquired an additional 0.02% equity interest in Hong Leong Hotel Development Limited for a cash consideration of $18,176. There was no significant change to the Group's effective interest.

(e) The Group's indirect wholly-owned subsidiary, CBM Pte Ltd, acquired additional interest in Systematic Holdings Pte Ltd for a cash consideration of $987,916, increasing its effective interest from 70% to 90%.

(f) M&C acquired 21,411 treasury shares via an employee benefit trust established by M&C Group at a weighted average cost of £5.27 per share, for a total consideration of $202,945.

The following summarises the effect of changes in the Group's ownership interests in the above subsidiaries:

	2019 $'000	2018 $'000
Consideration paid for acquisition of non-controlling interests	**(1,330,014)**	(1,208)
Net decrease in equity attributable to non-controlling interests	**1,424,756**	5,046
Net increase in equity attributable to owners of the Company	**94,742**	3,838
Represented by:		
Increase in capital reserve	**94,742**	3,838

40 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities						
	Interest-bearing borrowings (note 21) $'000	Interest payable* $'000	Other liabilities** $'000	Non-trade amounts owing to fellow subsidiaries* $'000	Non-trade amounts owing to associates* $'000	Non-trade amounts owing to joint ventures* $'000	Lease liabilities (note 26) $'000
Balance at 1 January 2018	5,021,682	23,456	24,302	123,838	–	22,727	–
Financing cash flows	1,189,903	(127,817)	(2,222)	105,298	–	–	–
Non-cash changes							
Changes arising from acquisition in subsidiaries	117,432	375	–	–	–	–	–
Effect of changes in foreign exchange rates	(8,400)	(3,143)	999	–	–	–	–
Liability-related							
Interest expense/capitalised	–	132,396	–	3,892	–	–	–
Others	6,635	–	–	–	–	–	–
Total non-cash changes	115,667	129,628	999	3,892	–	–	–
Balance at 31 December 2018	6,327,252	25,267	23,079	233,028	–	22,727	–
Balance at 1 January 2019	6,327,252	25,267	23,079	233,028	–	22,727	–
Financing cash flows	2,879,886	(178,680)	(926)	(12,061)	2,628	38,549	(25,442)
Non-cash changes							
Changes arising from acquisition in subsidiaries	467,390	461	–	–	–	–	–
Effect of changes in foreign exchange rates	26,836	(3,727)	(441)	–	–	(816)	(564)
Liability-related							
New leases	–	–	–	–	–	–	227,122
Interest expense/capitalised	–	196,089	–	4,484	–	–	8,420
Others	9,787	(1,273)	2,768	–	–	–	(2,336)
Total non-cash changes	504,013	191,550	2,327	4,484	–	(816)	232,642
Balance at 31 December 2019	9,711,151	38,137	24,480	225,451	2,628	60,460	207,200

* Included in "trade and other payables"
** Included in "trade and other payables" and "other liabilities"

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management is responsible for developing and monitoring the Group's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. 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. 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 & Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. It is, and has been throughout the current and previous financial years, 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.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and debt investments.

At the reporting date, the loan granted to and the bond subscribed from Sincere Property Group (note 10) amounting to $852 million (2018: $Nil), represent 14% of the Group's financial assets. In addition, the amounts owing by subsidiaries and joint ventures represent 87% of the Company's financial assets. Except as disclosed, there is no significant concentration of credit risk for the Group and the Company. The carrying amounts of financial assets and contract assets represent the Group's and the Company's maximum exposures to credit risk, before taking into account any collateral held.

Impairment losses on trade and other receivables recognised in profit or loss were as follows:

	2019 $'000	2018 $'000
Impairment loss on trade and other receivables	**6,547**	4,235

41 FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk (cont'd)

Trade and other receivables and contract assets

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.

The Group limits its exposure to credit risk from trade receivables by collecting deposits as collateral, where possible. For trade receivables and contract assets relating to sale of development properties, if a purchaser defaults on payments, the Group may enforce payments via legal proceedings or if the purchaser is assessed to be insolvent, the Group may take possession of the units, retain a portion of the sales consideration, and resell the property.

In monitoring customer credit risk, the Group considers the trade history of the customers with the Group, aging profile, maturity and existence of previous financial difficulties.

Exposure to credit risk

The maximum exposure to credit risk for trade and other receivables and contract assets at the reporting date by business segment is set out below:

	Group		Company	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Property development	**724,455**	672,247	**3,946,075**	3,189,141
Hotel operations	**142,414**	114,105	**159,479**	162,144
Investment properties	**90,702**	142,983	**288,582**	310,819
Others	**32,491**	47,727	**1,120,002**	806,484
	990,062	977,062	**5,514,138**	4,468,588

Expected credit loss assessment

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are based on actual credit loss experience over the past 3 years (2018: 3 years). These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The exposure to credit risk and ECL for trade receivables as at 31 December 2019 and 31 December 2018 is insignificant.

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FINANCIAL STATEMENTS
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41 FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at reporting date:

	Group		Company	
	Gross carrying amount $'000	**Impairment loss allowance $'000**	**Gross carrying amount $'000**	**Impairment loss allowance $'000**
2019				
Current (not past due)	96,052	91	–	–
1 – 30 days past due	29,953	28	609	–
31 – 60 days past due	9,129	37	22	–
61 – 90 days past due	4,286	143	3	–
More than 90 days past due	32,150	14,002	85	7
	171,570	14,301	719	7
2018				
Current (not past due)	79,207	6	263	–
1 – 30 days past due	32,995	40	4,776	6
31 – 60 days past due	7,967	96	235	86
61 – 90 days past due	3,706	189	15	13
More than 90 days past due	13,293	7,705	169	–
	137,168	8,036	5,458	105

Movements in allowance for impairment in respect of trade and other receivables

The movements in the allowance for impairment in respect of trade and other receivables during the year are as follows:

	Note	**Group Lifetime ECL $'000**	**Company Lifetime ECL $'000**
At 1 January 2018		11,482	1,550
Impairment loss recognised/(reversed)	32	4,235	(277)
Impairment loss utilised		(2,002)	(38)
Translation differences		18	–
At 31 December 2018		13,733	1,235
At 1 January 2019		13,733	1,235
Impairment loss in respect of subsidiary disposed		99	–
Impairment loss recognised/(reversed)	32	6,547	(83)
Impairment loss utilised		(699)	(15)
Transfer to assets held for sale		(23)	–
Translation differences		(65)	(1)
At 31 December 2019		19,592	1,136

Impairment losses recognised were included in "other operating expenses".

There is no impairment loss on contract assets.

41 FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk (cont'd)

Non-trade amounts due from subsidiaries, associates and joint ventures

The Company held non-trade receivables from its subsidiaries, associates and joint ventures which were lent to subsidiaries, associates and joint ventures to meet their funding requirements. Impairment on these balances has been measured on the 12-month and lifetime expected loss basis. The amount of the allowance on these balances is set out in note 7 and 9.

Debt investments

The Group limits its exposure to credit risk on investments held by investing only with counterparties that are of acceptable credit quality.

The exposure to credit risk for debt investments at the reporting date by geographic region was as follows:

	Group Carrying amount	
	2019 $'000	2018 $'000
China	**861,829**	–
Singapore	**142,318**	274,146
Australia	**31,919**	28,040
United States	**–**	16,078
Vietnam	**–**	27,391
	1,036,066	345,655

There is no impairment recognised on the debt investments as at 31 December 2019 and 31 December 2018.

Derivatives

Derivatives are only entered into with bank and financial institution counterparties with sound credit ratings. As at the reporting date, the Group has cross-currency swaps and forward exchange contracts with a total notional amount of $554,933,000 (2018: $614,868,000) and $604,663,000 (2018: $210,520,000) respectively. The Company has cross-currency swaps and forward exchange contracts with a total notional amount of $397,559,000 (2018: $441,255,000) and $578,613,000 (2018: $181,820,000) respectively.

Cash and cash equivalents

The cash and cash equivalents are held with bank and financial institution counterparties with sound credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents as at 31 December 2019 and 31 December 2018 was negligible.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

41 FINANCIAL INSTRUMENTS (CONT'D)

(ii) Liquidity risk (cont'd)

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 Group has contractual commitments to incur capital expenditure on its property, plant and equipment and investment properties, purchase properties and investments in joint ventures and investees (see note 37).

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude 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					
31 December 2019					
Non-derivative financial liabilities					
Interest-bearing borrowings	9,711,151	(10,291,138)	(2,217,281)	(7,849,768)	(224,089)
Lease liabilities	207,200	(387,251)	(22,913)	(50,224)	(314,114)
Trade and other payables*	1,134,439	(1,138,990)	(1,138,990)	–	–
Other liabilities*	108,469	(108,469)	–	(86,477)	(21,992)
	11,161,259	(11,925,848)	(3,379,184)	(7,986,469)	(560,195)
Derivative financial instruments					
Forward exchange contracts (gross-settled):	2,649				
- Outflow		(462,539)	(462,539)	–	–
- Inflow		458,852	458,852	–	–
Interest rate swaps (net-settled)	4,722	(4,431)	(2,830)	(1,601)	–
	7,371	(8,118)	(6,517)	(1,601)	–
Forward exchange contracts (gross-settled):	(1,817)				
- Outflow		(143,625)	(143,625)	–	–
- Inflow		144,953	144,953	–	–
Cross-currency swaps (gross-settled):	(16,616)				
- Outflow		(615,314)	(217,403)	(397,911)	–
- Inflow		637,522	225,617	411,905	–
Interest rate swaps (net-settled)	(199)	184	125	59	–
	(18,632)	23,720	9,667	14,053	–
	(11,261)	15,602	3,150	12,452	
	11,149,998	(11,910,246)	(3,376,034)	(7,974,017)	(560,195)

* Excluding derivatives (shown separately) and deferred income

41 FINANCIAL INSTRUMENTS (CONT'D)

(ii) 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
Group					
31 December 2018					
Non-derivative financial liabilities					
Interest-bearing borrowings	6,327,252	(6,754,750)	(1,378,433)	(4,895,783)	(480,534)
Trade and other payables*	1,253,455	(1,258,159)	(1,258,159)	–	–
Other liabilities*	86,015	(86,015)	–	(73,627)	(12,388)
	7,666,722	(8,098,924)	(2,636,592)	(4,969,410)	(492,922)
Derivative financial instruments					
Forward exchange contracts (gross-settled):	37				
- Outflow		(1,714)	(1,714)	–	–
- Inflow		1,656	1,656	–	–
Cross-currency swaps (gross-settled):	1,337				
- Outflow		(70,715)	(277)	(70,438)	–
- Inflow		72,046	1,910	70,136	–
Interest rate swaps (net-settled)	3,644	(2,233)	(975)	(1,258)	–
	5,018	(960)	600	(1,560)	–
Forward exchange contracts (gross-settled):	(8,727)				
- Outflow		(201,017)	(201,017)	–	–
- Inflow		208,865	208,865	–	–
Cross-currency swaps (gross-settled):	(18,040)				
- Outflow		(533,109)	(85,991)	(447,118)	–
- Inflow		563,093	90,812	472,281	–
	(26,767)	37,832	12,669	25,163	–
	(21,749)	36,872	13,269	23,603	–
	7,644,973	(8,062,052)	(2,623,323)	(4,945,807)	(492,922)

* Excluding derivatives (shown separately) and deferred income

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41 FINANCIAL INSTRUMENTS (CONT'D)

(ii) 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					
31 December 2019					
Non-derivative financial liabilities					
Interest-bearing borrowings	5,552,680	(5,843,475)	(1,427,121)	(4,258,531)	(157,823)
Lease liabilities	25,772	(27,332)	(6,403)	(20,929)	–
Trade and other payables*	2,799,267	(2,799,718)	(2,799,718)	–	–
Other liabilities	9,912	(9,912)	–	(9,785)	(127)
	8,387,631	(8,680,437)	(4,233,242)	(4,289,245)	(157,950)
Derivative financial instruments					
Forward exchange contracts (gross-settled):	2,462				
- Outflow		(456,660)	(456,660)	–	–
- Inflow		453,124	453,124	–	–
	2,462	(3,536)	(3,536)	–	–
Cross-currency swaps (gross-settled):	(10,453)				
- Outflow		(394,677)	(148,582)	(246,095)	–
- Inflow		401,421	153,782	247,639	–
Forward exchange contracts (gross-settled):	(995)				
- Outflow		(124,109)	(124,109)	–	–
- Inflow		125,489	125,489	–	–
Interest rate swaps (net-settled)	(199)	184	125	59	–
	(11,647)	8,308	6,705	1,603	–
	(9,185)	4,772	3,169	1,603	–
	8,378,446	(8,675,665)	(4,230,073)	(4,287,642)	(157,950)
31 December 2018					
Non-derivative financial liabilities					
Interest-bearing borrowings	2,630,510	(2,816,405)	(481,339)	(1,924,758)	(410,308)
Trade and other payables*	2,510,898	(2,513,405)	(2,513,405)	–	–
Other liabilities	8,847	(8,847)	–	(8,847)	–
	5,150,255	(5,338,657)	(2,994,744)	(1,933,605)	(410,308)
Derivative financial instruments					
Cross-currency swaps (gross-settled):	(14,080)				
- Outflow		(430,566)	(85,337)	(345,229)	–
- Inflow		448,658	88,114	360,544	–
Forward exchange contracts (gross-settled):	(8,509)				
- Outflow		(174,110)	(174,110)	–	–
- Inflow		181,820	181,820	–	–
	(22,589)	25,802	10,487	15,315	–
	5,127,666	(5,312,855)	(2,984,257)	(1,918,290)	(410,308)

* Excluding derivatives (shown separately) and deferred income

41 FINANCIAL INSTRUMENTS (CONT'D)

(ii) Liquidity risk (cont'd)

The maturity analyses show the contractual undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement e.g. forward exchange contracts. Net-settled derivative financial assets are included in the maturity analyses as they are held to hedge the cash flow variability of the Group's floating rate loans.

The interest payments on variable interest rate loans and bonds and notes in the table above reflect market forward interest rates at the period end and these amounts may change as market interest rates changes. It is not expected that the cash flows in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(iii) 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 exposure 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.

Derivative financial instruments are used to manage interest rate risk, to the extent that the perceived cost of variable rate borrowings is considered to outweigh the benefits of their flexibility, and the Group actively monitors the need and timing for such derivatives.

The Group enters into interest rate swap agreements to hedge the interest rate risk exposure arising from its SGD variable rate term loan. As at the end of the financial year, the Group has interest rate swap agreements with notional amount totalling $573,151,000 (2018: $450,000,000) whereby it receives variable rate equal to SOR/LIBOR and pays fixed rates of between 0.54% and 2.15% (2018: 2.08% and 2.15%) on the notional amount.

Fair value sensitivity analysis for fixed rate instruments

The Group has fixed rate debt instruments measured at FVTPL. A change in interest rates at the reporting date would not have a material impact on the Group.

Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

41 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Interest rate risk (cont'd)

	Group		Company	
	31 December 2019 $'000	31 December 2018 $'000	31 December 2019 $'000	31 December 2018 $'000
100 bp increase				
(Reduction)/Increase in profit before tax	(57,987)	(39,333)	(13,302)	272

A 100bp decrease in interest rates at the reporting date would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

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, Hong Kong Dollar, Australian Dollar, Sterling Pound, Renminbi, Japanese Yen and Euro.

The Group has a decentralised approach to the management of foreign currency risk. The Group manages its foreign currency exposure by adopting a natural hedge 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. In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. Where feasible, the Group may put in place certain financial derivative instruments including forward exchange contracts and cross-currency swaps to minimise the Group's exposure to movements in exchange rates on firm commitments and specific transactions.

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41 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (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	Hong Kong Dollar $'000	Australian Dollar $'000	Sterling Pound $'000	Renminbi $'000	Japanese Yen $'000	Euro $'000	Others $'000
Group									
31 December 2019									
Other non-current assets	–	–	–	–	–	–	–	48,220	–
Financial assets	325,800	–	–	–	–	582,384	–	–	–
Trade and other receivables*	847	1,214	–	139	76	2,078	–	–	390
Cash and cash equivalents (net of cash pool overdrafts)	30,911	1,234	400	55,006	879	53,645	40	3,201	2,570
Amounts owing by/(to) subsidiaries (net)***	350,016	(190,436)	26,187	71,649	3,289,563	357,929	148,495	60,547	2,104
Interest-bearing borrowings	(1,118,374)	–	(19,855)	(40,858)	(3,059,454)	(294,484)	(51,474)	(236,340)	–
Trade and other payables**	(8,369)	319	(85)	(39)	(3,063)	(434)	(3)	(4)	(12)
Net statement of financial position exposure	(419,169)	(187,669)	6,647	85,897	228,001	701,118	97,058	(124,376)	5,052
Forward exchange contracts	(290)	18,363	–	(1,878)	(650)	(456,660)	(84,753)	(40,822)	(3,200)
Cross-currency swaps	226,594	–	–	–	(295,562)	(14,356)	(26,596)	(208,094)	–
Net exposure	(192,865)	(169,306)	6,647	84,019	(68,211)	230,102	(14,291)	(373,292)	1,852
31 December 2018									
Financial assets	41,124	–	–	–	–	–	–	–	–
Trade and other receivables*	364	799	–	–	–	1,988	–	48,839	362
Cash and cash equivalents (net of cash pool overdrafts)	49,739	4,626	371	55,850	2,777	138,149	1,657	2,852	3,492
Amounts owing by/(to) subsidiaries (net)***	261,231	(223,254)	27,142	43,114	(202,722)	(63,405)	(121,158)	53,587	3,795
Interest-bearing borrowings	(718,695)	–	(20,580)	(12,400)	(1,370,373)	(19,143)	(92,272)	(235,177)	–
Trade and other payables**	(5,190)	(331)	(64)	(20)	(1,365)	(509)	(24)	–	(12)
Net statement of financial position exposure	(371,427)	(218,160)	6,869	86,544	(1,571,683)	57,080	(211,797)	(129,899)	7,637
Forward exchange contracts	(577)	18,363	–	(1,978)	(175,968)	–	(802)	–	(3,499)
Cross-currency swaps	173,613	–	–	–	(292,505)	(14,786)	(70,335)	(227,416)	–
Net exposure	(198,391)	(199,797)	6,869	84,566	(2,040,156)	42,294	(282,934)	(357,315)	4,138

* Excluding prepayments and derivative financial assets
** Excluding deferred income and derivative financial liabilities
*** Excluding amounts owing by/(to) subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future

NOTES TO THE
FINANCIAL STATEMENTS
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41 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Foreign currency risk (cont'd)

	United States Dollar $'000	Hong Kong Dollar $'000	Japanese Yen $'000	Sterling Pound $'000	Renminbi $'000	Australian Dollar $'000	Euro $'000	Others $'000
Company								
31 December 2019								
Trade and other receivables*	–	–	–	16	–	–	–	56
Cash and cash equivalents	1	15	–	68	4,397	–	–	237
Amounts owing by/(to) subsidiaries (net)	263,362	22,900	124,103	3,148,532	872,670	57,123	98,536	(5)
Interest-bearing borrowings	(172,038)	(19,855)	(10,994)	(2,847,206)	(294,484)	(40,858)	(8,043)	–
Trade and other payables**	(361)	(67)	(3)	(3,033)	(403)	(39)	(4)	(12)
Net statement of financial position exposure	90,964	2,993	113,106	298,377	582,180	16,226	90,489	276
Forward exchange contracts	–	–	(83,859)	–	(456,660)	–	(40,047)	–
Cross-currency swaps	–	–	(26,596)	(295,562)	(14,356)	–	(50,720)	–
Net exposure	90,964	2,993	2,651	2,815	111,164	16,226	(278)	276
31 December 2018								
Trade and other receivables*	–	–	–	–	5	–	–	56
Cash and cash equivalents	535	21	–	–	10,046	–	–	267
Amounts owing by/(to) subsidiaries (net)	10,373	23,116	121,853	1,729,396	131,031	28,964	52,412	(5)
Interest-bearing borrowings	(10,590)	(20,580)	(51,663)	(1,254,538)	(19,143)	(12,400)	–	–
Trade and other payables**	(18)	(13)	(24)	(854)	(96)	(20)	–	(14)
Net statement of financial position exposure	300	2,544	70,166	474,004	121,843	16,544	52,412	304
Forward exchange contracts	–	–	–	(174,110)	–	–	–	–
Cross-currency swaps	–	–	(70,335)	(292,505)	(14,786)	–	(52,724)	–
Net exposure	300	2,544	(169)	7,389	107,057	16,544	(312)	304

* Excluding prepayments and derivative financial assets
** Excluding deferred income and derivative financial liabilities

41 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis

A 5% 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 (decrease)/increase profit and other components of equity before any tax effect by the amounts shown below. Similarly, a 5% weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2019		2018	
	Profit before tax $'000	Equity $'000	Profit before tax $'000	Equity $'000
Group				
United States Dollar	**11,762**	**(21,406)**	3,444	(13,364)
Singapore Dollar	**(9,383)**	**918**	(10,909)	918
Hong Kong Dollar	**332**	**–**	344	–
Australian Dollar	**4,200**	**–**	4,229	–
Sterling Pound	**7,190**	**(10,599)**	(96,217)	(5,788)
Renminbi	**10,132**	**1,374**	2,855	(739)
Japanese Yen	**1,309**	**(2,023)**	(12,117)	(2,029)
Euro	**(7,805)**	**(10,860)**	(11,794)	(8,514)
Company				
United States Dollar	**4,548**	**–**	15	–
Hong Kong Dollar	**150**	**–**	127	–
Japanese Yen	**133**	**–**	(8)	–
Sterling Pound	**141**	**–**	369	–
Renminbi	**5,558**	**–**	5,353	–
Australian Dollar	**811**	**–**	827	–
Euro	**(14)**	**–**	(16)	–

Equity price risk

The Group and the Company are exposed to equity price changes arising from quoted equity investments at FVOCI and FVTPL. A change in the underlying equity prices of the investments at the reporting date by 5% (2018: 10%) and 5% (2018: 5%) for the Group and the Company, respectively, would impact profit and other components of equity (before any tax effect) by the amounts shown below. Similarly, a change in the revalued net asset values or dividend rate of unquoted equity investments at FVOCI and FVTPL at the reporting date by 5% (2018: 10%) and 5% (2018: 5%) for the Group and the Company, respectively, would impact profit and other components of equity (before any tax effect) by the amounts shown below.

This analysis assumes that all other variables remain constant.

41 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Equity price risk (cont'd)

Equity investments

	Increase by 5% Group $'000	Increase by 5% Company $'000	Decrease by 5% Group $'000	Decrease by 5% Company $'000
2019				
Quoted equity investments at FVOCI and FVTPL				
Equity	4,643	1,217	(4,643)	(1,217)
Profit before tax	2,127	53	(2,127)	(53)
Unquoted equity investments at FVOCI and FVTPL				
Equity	19,620	17,528	(19,620)	(17,528)
Profit before tax	2,955	–	(2,955)	–

	Increase by 10% Group $'000	Increase by 5% Company $'000	Decrease by 10% Group $'000	Decrease by 5% Company $'000
2018				
Quoted equity investments at FVOCI and FVTPL				
Equity	10,498	1,162	(10,498)	(1,162)
Profit before tax	5,827	102	(5,827)	(102)
Unquoted equity investments at FVOCI and FVTPL				
Equity	32,901	16,377	(32,901)	(16,377)
Profit before tax	4,355	–	(4,355)	–

(iv) Hedge accounting

Net investment hedges

At the reporting date, the Group has designated certain foreign currency denominated interest-bearing borrowings and cross-currency swaps to hedge against the currency risk arising from the Group's net investments in certain subsidiaries in the United States of America, Europe, China, Australia, Germany, Maldives and Japan.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the carrying amount of the debt that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method). The Group's policy is to hedge the net investment only to the extent of the debt principal.

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41 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Hedge accounting (cont'd)

At 31 December 2019, the Group held the following instruments to hedge exposures to changes in foreign currencies:

	Notional amount	Carrying amount – Assets/ (Liabilities) $'000	Line item in the statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI $'000	Hedge ineffectiveness recognised in profit or loss $'000	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from reserve to profit or loss $'000	Hedged foreign exchange rate	Year of maturity
Group									
Cash flow hedges									
Foreign exchange risk									
- Forward exchange contract to hedge foreign currency borrowings	$18,362,000	743	Trade and other receivables	121	–	Not applicable	–	KRW/SGD 823.15	2020
Net investment hedges									
Foreign exchange risk									
- Borrowings to hedge net investments in foreign operations	$694,987,000 equivalent	(694,987)	Interest-bearing borrowings	7,069	(245)	Finance costs	–	Not applicable	2020 to 2024
- Cross-currency swaps to hedge net investments in foreign operations	RMB74,190,000	197	Other non-current assets	457	–	Not applicable	–	SGD/RMB 5.09	2021

	Change in value used for calculating hedge ineffectiveness $'000	Foreign currency translation reserve $'000	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied $'000
Net investments in certain foreign subsidiaries whose functional currencies are denominated in United States Dollar, Euro, Renminbi, Japanese Yen and Sterling Pound	(7,526)	20,741	–

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41 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Hedge accounting (cont'd)

At 31 December 2018, the Group held the following instruments to hedge exposures to changes in foreign currencies:

	Notional amount	Carrying amount – Assets/ (Liabilities) $'000	Line item in the statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI $'000	Hedge ineffectiveness recognised in profit or loss $'000	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from reserve to profit or loss $'000	Hedged foreign exchange rate	Year of maturity
Group									
Cash flow hedges									
Foreign exchange risk									
- Forward exchange contract to hedge foreign currency borrowings	$18,362,000	23	Trade and other receivables	(54)	–	Not applicable	–	KRW/SGD 816.96	2019
- Cross-currency swaps to hedge foreign currency borrowings	EUR 45,000,000	(1,337)	Other liabilities	(2,345)	–	Not applicable	–	USD/EUR 0.891	2020
Net investment hedges									
Foreign exchange risk									
- Borrowings to hedge net investments in foreign operations	$494,315,000 equivalent	(494,315)	Interest-bearing borrowings	(5,833)	(4,141)	Finance costs	3,411	Not applicable	2019 to 2022
- Cross-currency swaps to hedge net investments in foreign operations	RMB74,190,000	219	Trade and other receivables	419	–	Not applicable	–	SGD/RMB 4.92	2019

	Change in value used for calculating hedge ineffectiveness $'000	Foreign currency translation reserve $'000	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied $'000
Net investments in certain foreign subsidiaries whose functional currencies are denominated in United States Dollar, Euro, Renminbi, Japanese Yen and Sterling Pound	5,414	28,267	–

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41 FINANCIAL INSTRUMENTS (CONT'D)

(v) Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Trade and other receivables and trade and other payables classified as held for sale are not included in the table below (see note 6). Further, for the current year, the fair value disclosure of lease liabilities is also not required.

	Note	Mandatorily at FVTPL - others $'000	FVOCI – equity investments $'000	Fair value – hedging instruments $'000	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Group											
31 December 2019											
Financial assets measured at fair value											
Unquoted debt investments – mandatorily at FVTPL	10	724,462	–	–	–	–	724,462	–	142,318	582,144	724,462
Unquoted equity investments – at FVOCI	10	–	392,395	–	–	–	392,395	–	–	392,395	392,395
Unquoted equity investments – mandatorily at FVTPL	10	59,086	–	–	–	–	59,086	–	–	59,086	59,086
Quoted equity investments – at FVOCI	10	–	92,874	–	–	–	92,874	92,874	–	–	92,874
Quoted equity investments – mandatorily at FVTPL	10	42,552	–	–	–	–	42,552	42,552	–	–	42,552
Derivative financial assets		–	–	18,632	–	–	18,632	–	18,632	–	18,632
		826,100	485,269	18,632	–	–	1,330,001				
Financial assets not measured at fair value											
Unquoted debt investments – amortised costs	10	–	–	–	311,604	–	311,604	–	303,740	–	303,740
Other non-current assets^	11	–	–	–	641,256	–	641,256				
Trade and other receivables#	15	–	–	–	748,014	–	748,014				
Cash and cash equivalents	17	–	–	–	2,797,652	–	2,797,652				
		–	–	–	4,498,526	–	4,498,526				
Financial liabilities measured at fair value											
Derivative financial liabilities		–	–	7,371	–	–	7,371	–	7,371	–	7,371
Financial liabilities not measured at fair value											
Interest-bearing borrowings	21	–	–	–	–	9,711,151	9,711,151	–	9,764,627	–	9,764,627
Other liabilities*	27	–	–	–	–	108,469	108,469				
Trade and other payables*	30	–	–	–	–	1,134,439	1,134,439				
		–	–	–	–	10,954,059	10,954,059				

^ Excluding derivative financial assets, prepayments, intangible assets and deferred tax assets
# Excluding prepayments and derivative financial assets
* Excluding deferred income and derivative financial liabilities

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41 FINANCIAL INSTRUMENTS (CONT'D)

(v) Accounting classifications and fair values (cont'd)

	Note	Mandatorily at FVTPL – others $'000	FVOCI – equity investments $'000	Fair value – hedging instruments $'000	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Group											
31 December 2018											
Financial assets measured at fair value											
Unquoted debt investments – mandatorily at FVTPL	10	345,655	–	–	–	–	345,655	–	274,146	71,509	345,655
Unquoted equity investments – at FVOCI	10	–	329,013	–	–	–	329,013	–	–	329,013	329,013
Unquoted equity investments – mandatorily at FVTPL	10	43,548	–	–	–	–	43,548	–	–	43,548	43,548
Quoted equity investments – at FVOCI	10	–	104,977	–	–	–	104,977	104,977	–	–	104,977
Quoted equity investments – mandatorily at FVTPL	10	58,272	–	–	–	–	58,272	58,272	–	–	58,272
Other financial asset – mandatorily at FVTPL	10	17,214	–	–	–	–	17,214	–	–	17,214	17,214
Derivative financial assets		–	–	26,767	–	–	26,767	–	26,767	–	26,767
		464,689	433,990	26,767	–	–	925,446				
Financial assets not measured at fair value											
Other non-current assets^	11	–	–	–	234,414	–	234,414				
Trade and other receivables#	15	–	–	–	869,821	–	869,821				
Cash and cash equivalents	17	–	–	–	2,289,247	–	2,289,247				
		–	–	–	3,393,482	–	3,393,482				
Financial liabilities measured at fair value											
Derivative financial liabilities		–	–	5,018	–	–	5,018	–	5,018	–	5,018
Financial liabilities not measured at fair value											
Interest-bearing borrowings	21	–	–	–	–	6,327,252	6,327,252	–	6,342,815	–	6,342,815
Other liabilities*	27	–	–	–	–	86,015	86,015				
Trade and other payables*	30	–	–	–	–	1,253,455	1,253,455				
		–	–	–	–	7,666,722	7,666,722				

^ Excluding derivative financial assets, prepayments, intangible assets and deferred tax assets
# Excluding prepayments and derivative financial assets
* Excluding deferred income and derivative financial liabilities

NOTES TO THE FINANCIAL STATEMENTS
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41 FINANCIAL INSTRUMENTS (CONT'D)

(v) Accounting classifications and fair values (cont'd)

	Note	Mandatorily at FVTPL – others $'000	Fair value – hedging instruments $'000	Amortised cost $'000	FVOCI – equity investments $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Company											
31 December 2019											
Financial assets measured at fair value											
Unquoted equity investments – at FVOCI	10	–	–	–	350,561	–	350,561	–	–	350,561	350,561
Quoted equity investments – at FVOCI	10	–	–	–	24,339	–	24,339	24,339	–	–	24,339
Quoted equity investments – mandatorily at FVTPL	10	1,064	–	–	–	–	1,064	1,064	–	–	1,064
Derivative financial assets		–	11,647	–	–	–	11,647	–	11,647	–	11,647
		1,064	11,647	–	374,900	–	387,611				
Financial assets not measured at fair value											
Other non-current assets^	11	–	–	5,129,083	–	–	5,129,083				
Trade and other receivables#	15	–	–	5,514,138	–	–	5,514,138				
Cash and cash equivalents	17	–	–	1,269,235	–	–	1,269,235				
		–	–	11,912,456	–	–	11,912,456				
Financial liabilities measured at fair value											
Derivative financial liabilities	30	–	2,462	–	–	–	2,462	–	2,462	–	2,462
Financial liabilities not measured at fair value											
Interest-bearing borrowings	21	–	–	–	–	5,552,680	5,552,680	–	5,587,884	–	5,587,884
Other liabilities	27	–	–	–	–	9,912	9,912				
Trade and other payables*	30	–	–	–	–	2,796,805	2,796,805				
		–	–	–	–	8,359,397	8,359,397				

^ Excluding derivative financial assets
# Excluding prepayments and derivative financial assets
* Excluding deferred income and derivative financial liabilities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41 FINANCIAL INSTRUMENTS (CONT'D)

(v) Accounting classifications and fair values (cont'd)

	Note	Mandatorily at FVTPL – others $'000	Fair value – hedging instruments $'000	Amortised cost $'000	FVOCI – equity investments $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Company											
31 December 2018											
Financial assets measured at fair value											
Unquoted equity investments – at FVOCI	10	–	–	–	327,544	–	327,544	–	–	327,544	327,544
Quoted equity investments – at FVOCI	10	–	–	–	23,240	–	23,240	23,240	–	–	23,240
Quoted equity investments – mandatorily at FVTPL	10	2,047	–	–	–	–	2,047	2,047	–	–	2,047
Derivative financial assets		–	22,589	–	–	–	22,589	–	22,589	–	22,589
		2,047	22,589	–	350,784	–	375,420				
Financial assets not measured at fair value											
Other non-current assets^	11	–	–	3,606,618	–	–	3,606,618				
Trade and other receivables#	15	–	–	4,416,784	–	–	4,416,784				
Cash and cash equivalents	17	–	–	727,373	–	–	727,373				
		–	–	8,750,775	–	–	8,750,775				
Financial liabilities not measured at fair value											
Interest-bearing borrowings	21	–	–	–	–	2,630,510	2,630,510	–	2,646,658	–	2,646,658
Other liabilities	27	–	–	–	–	8,847	8,847				
Trade and other payables*	30	–	–	–	–	2,510,898	2,510,898				
		–	–	–	–	5,150,255	5,150,255				

^ Excluding derivative financial assets
# Excluding prepayments and derivative financial assets
* Excluding deferred income

41 FINANCIAL INSTRUMENTS (CONT'D)

(v) Accounting classifications and fair values (cont'd)

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at Level 3 fair value

Type	Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Unquoted debt investments – mandatorily at FVTPL	Discounted cash flows: The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate.	Discount rate: 2019: 0% to 6.2% 2018: 5.4% to 8.3%	The estimated fair value would increase/(decrease) if the discount rate was lower (higher).
Unquoted debt investments – mandatorily at FVTPL	Option pricing model: The fair value is estimated based on present value techniques and reflect both the time value and the intrinsic value of an option.	Discount rate: 2019: 25.2% 2018: 25%	The estimated fair value would increase/(decrease) if the discount rate was lower (higher).
Unquoted equity investments – at FVOCI Unquoted equity investments – mandatorily at FVTPL	The fair value is calculated using the net asset value (NAV) of the investee entity adjusted for the fair value of the underlying properties, where applicable. A discount is applied to take into consideration the non-marketable nature of the investment, where applicable.	Discount rate: 2019: 0% to 30% 2018: 0% to 30%	The estimated fair value would increase/(decrease) if the discount rate was lower (higher).

Financial instruments measured at Level 2 fair value

Financial derivatives

The fair values of forward exchange contracts and cross-currency swaps are based on banks' quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Unquoted debt investments – mandatorily at FVTPL

The fair value of unquoted debt investments are calculated based on the present value of the expected future payments, discounted using a risk-adjusted discount rate.

41 FINANCIAL INSTRUMENTS (CONT'D)

(v) Accounting classifications and fair values (cont'd)

Measurement of fair values (cont'd)

Valuation techniques and significant unobservable inputs (cont'd)

Financial instruments not measured at fair value

Interest-bearing borrowings

The fair value of borrowings which reprice after six months 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.

Unquoted debt investment at amortised cost

The fair value of unquoted debt investment at amortised cost determined for disclosure purposes are calculated based on the present value of future principal and interest cash flows, discounted at market rate of interest at the reporting date.

Transfers between levels in the fair value hierarchy

The Group and Company have not reclassified any investments between various levels in the fair value hierarchy during the year.

Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Group				Company
	Unquoted equity investments at FVOCI $'000	Unquoted equity investments mandatorily at FVTPL $'000	Unquoted debt investments mandatorily at FVTPL $'000	Other financial asset mandatorily at FVTPL $'000	Unquoted equity investments at FVOCI $'000
At 1 January 2019	329,013	43,548	71,509	17,214	327,544
Additions	–	22,287	571,184	–	–
Release of obligations	–	–	–	(17,214)	–
Distribution of income	–	(1,944)	(41,257)	–	–
Conversion of exchange rights	–	–	(25,170)	–	–
Return of capital	–	(5,219)	–	–	–
Reclassification to investment in joint venture	–	–	(27,391)	–	–
Total loss recognised in profit or loss					
- finance expense	–	1,039	34,148	–	–
Total loss for the period included in other comprehensive income					–
- net change in fair value of equity investments at FVOCI	63,382	–	–	–	23,017
Translation differences on consolidation	–	(625)	(879)	–	–
At 31 December 2019	392,395	59,086	582,144	–	350,561

41 FINANCIAL INSTRUMENTS (CONT'D)

(v) Accounting classifications and fair values (cont'd)

Measurement of fair values (cont'd)

Valuation techniques and significant unobservable inputs (cont'd)

Level 3 fair values (cont'd)

	Group				Company
	Unquoted equity investments at FVOCI $'000	Unquoted equity investments mandatorily at FVTPL $'000	Unquoted debt investments mandatorily at FVTPL $'000	Other financial asset mandatorily at FVTPL $'000	Unquoted equity investments at FVOCI $'000
At 1 January 2018	370,222	49,741	30,186	27,999	368,888
Additions	–	11,223	43,469	–	–
Redemption	–	(16,419)	–	–	–
Release of obligations	–	–	–	(10,785)	–
Total loss recognised in profit or loss					
- finance expense	–	(1,582)	–	–	–
Total loss for the period included in other comprehensive income					
- net change in fair value of equity investments at FVOCI	(41,209)	–	–	–	(41,344)
Translation differences on consolidation	–	585	(2,146)	–	–
At 31 December 2018	329,013	43,548	71,509	17,214	327,544

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42 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*
- Investment properties – *develops and purchases investment properties for lease*

Others comprises mainly investment in shares, management and consultancy services, and provision of laundry services. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2019 and 2018.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before 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	Investment properties $'000	Total $'000	Others $'000	Total $'000
2019						
Total revenue (including inter-segment revenue)	1,136,730	1,725,067	532,518	3,394,315	198,572	3,592,887
Inter-segment revenue	–	(20,052)	(94,375)	(114,427)	(49,735)	(164,162)
External revenue	1,136,730	1,705,015	438,143	3,279,888	148,837	3,428,725
Profit from operating activities	277,154	60,698	311,630	649,482	4,452	653,934
Share of after-tax profit/(loss) of associates and joint ventures	153,643	(16,758)	45,790	182,675	13,632	196,307
Finance income	38,125	8,815	10,657	57,597	50,930	108,527
Finance costs	(90,847)	(59,331)	(35,171)	(185,349)	(19,342)	(204,691)
Net finance (costs)/income	(52,722)	(50,516)	(24,514)	(127,752)	31,588	(96,164)
Reportable segment profit/(loss) before tax	378,075	(6,576)*	332,906	704,405	49,672	754,077
Depreciation and amortisation	3,657	134,366	117,109	255,132	20,855	275,987

* Hotel operations for 2019 comprise revenue and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) attributable to hotel rooms owned by the Group amounting to $1,154.2 million and $144.4 million respectively.

42 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development $'000	Hotel operations $'000	Investment properties $'000	Total $'000	Others $'000	Total $'000
2019						
Other material non-cash items						
Impairment losses (made)/ reversed on property, plant and equipment and investment properties (net)	–	(58,236)	2,414	(55,822)	(2,150)	(57,972)
Allowance reversed for foreseeable losses on development properties	6,524	–	–	6,524	–	6,524
Investments in associates and joint ventures	514,202	484,084	407,371	1,405,657	349,675	1,755,332
Other segment assets	8,043,989	5,448,600	6,154,976	19,647,565	1,774,309	21,421,874
Reportable segment assets	8,558,191	5,932,684	6,562,347	21,053,222	2,123,984	23,177,206
Deferred tax assets						23,051
Total assets						23,200,257
Reportable segment liabilities	5,679,210	2,135,931	2,584,539	10,399,680	1,176,923	11,576,603
Deferred tax liabilities						107,592
Provision for taxation						249,506
Total liabilities						11,933,701
Additions to non-current assets*	42,279	179,726	160,858	382,863	153,552	536,415

* Non-current assets include property, plant and equipment, investment properties, investments in associates and joint ventures, and intangible assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

42 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development $'000	Hotel operations $'000	Investment properties $'000	Total $'000	Others $'000	Total $'000
2018						
Total revenue (including inter-segment revenue)	2,045,309	1,700,201	453,844	4,199,354	187,667	4,387,021
Inter-segment revenue	–	(20,783)	(95,610)	(116,393)	(48,065)	(164,458)
External revenue	2,045,309	1,679,418	358,234	4,082,961	139,602	4,222,563
Profit from operating activities	619,829	73,870	197,928	891,627	12,948	904,575
Share of after-tax profit of associates and joint ventures	37,405	1,227	11,048	49,680	15,223	64,903
Finance income	28,217	15,422	14,392	58,031	4,794	62,825
Finance costs	(62,093)	(50,542)	(34,366)	(147,001)	(9,764)	(156,765)
Net finance costs	(33,876)	(35,120)	(19,974)	(88,970)	(4,970)	(93,940)
Reportable segment profit before tax	623,358	39,977*	189,002	852,337	23,201	875,538
Depreciation and amortisation	444	117,001	94,242	211,687	7,153	218,840

* Hotel operations for 2018 comprise revenue and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) attributable to hotel rooms owned by the Group amounting to $1,136.9 million and $143.0 million respectively.

	Property development $'000	Hotel operations $'000	Investment properties $'000	Total $'000	Others $'000	Total $'000
2018						
Other material non-cash items						
Impairment losses on property, plant and equipment	–	(94,099)	–	(94,099)	–	(94,099)
Allowance made for foreseeable losses on development properties	(19,256)	–	–	(19,256)	–	(19,256)
Investments in associates and joint ventures	568,230	507,746	433,175	1,509,151	226,340	1,735,491
Other segment assets	8,182,315	4,843,863	5,328,539	18,354,717	739,076	19,093,793
Reportable segment assets	8,750,545	5,351,609	5,761,714	19,863,868	965,416	20,829,284
Deferred tax assets						56,408
Total assets						20,885,692
Reportable segment liabilities	4,490,973	1,513,208	1,846,885	7,851,066	261,515	8,112,581
Deferred tax liabilities						113,778
Provision for taxation						385,393
Total liabilities						8,611,752
Additions to non-current assets*	17,522	145,275	122,019	284,816	41,215	326,031

* Non-current assets include property, plant and equipment, investment properties, lease premium prepayment, investments in associates and joint ventures, and intangible assets.

42 OPERATING SEGMENTS (CONT'D)

Geographical segments

	Singapore $'000	United States $'000	United Kingdom $'000	China $'000	Other countries $'000	Total $'000
2019						
Revenue	1,549,193	553,875	454,053	153,600	718,004	3,428,725
Non-current assets*	3,916,338	1,439,832	2,227,368	1,308,409	2,737,800	11,629,747
Reportable segment assets	10,969,975	1,660,205	3,363,035	3,001,504	4,182,487	23,177,206
2018						
Revenue	2,162,908	545,276	346,236	356,581	811,562	4,222,563
Non-current assets*	3,812,647	1,430,982	2,090,213	806,110	2,453,523	10,593,475
Reportable segment assets	10,269,888	1,561,281	3,221,937	1,865,474	3,910,704	20,829,284

* Include property, plant and equipment, investment properties, lease premium prepayment, investments in associates and joint ventures, prepayment (non-current portion) and intangible assets.

43 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES

The following are the Group's significant investments in subsidiaries:

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
	Direct/Indirect subsidiaries of the Company				
*	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
*	Adelanto Investments Pte. Ltd.	Investment holding	Singapore	**100**	100
*	Aquarius Properties Pte. Ltd.	Property owner and developer	Singapore	**80**	80
^	Beaumont Properties Limited	Property owner and developer	Jersey	**100**	100
*	Bloomsville Investments Pte Ltd	Property owner, developer and investment holding	Singapore	**100**	100
*	Bellevue Properties Pte. Ltd.	Property owner and developer	Singapore	**100**	100
^	Busy Bee Ventures Limited	Investment holding	British Virgin Islands	**100**	100

43 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
*	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, civil, construction and electrical works related to parking systems and related services	Singapore	**100**	100
*	CBM International Pte. Ltd.	Investment holding and provision of consultancy services	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.	Provision of consultancy and facilities management services	Singapore	**100**	100
**	CBM (Taiwan) Co., Ltd.	Carpark management services	Taiwan	**100**	100
*	CDL Land Pte Ltd	Property owner and developer	Singapore	**100**	100
*	CDL Management Services Pte. Ltd.	Provision of project and property management and consultancy services	Singapore	**100**	100
*	CDL Properties Ltd	Property owner and investment holding	Singapore	**100**	100
*	CDL Regulus Pte. Ltd.	Property owner and developer	Singapore	**100**	100
*	CDL Pegasus Pte. Ltd.	Property owner and developer	Singapore	**100**	100
*	Central Mall Pte Ltd	Property owner	Singapore	**100**	100
*	Centro Property Holding Pte. Ltd.	Property owner	Singapore	**100**	100
*	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 Serviced Offices Pte. Ltd.	Operating serviced offices	Singapore	**100**	100
*	City Sunshine Holdings Pte. Ltd.	Property owner and developer	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
*	CDL Real Estate Asset Managers Pte. Ltd.	Asset Management	Singapore	**100**	-

43 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
*	City REIT Management Pte. Ltd.	Investment holding	Singapore	**100**	-
*	City Strategic Equity Pte. Ltd.	Investment holding	Singapore	**100**	-
*	City Lux Pte. Ltd.	Investment holding	Singapore	**100**	-
*	City Boost Pte. Ltd.	Investment holding	Singapore	**100**	-
*	Cityview Place Holdings Pte. Ltd.	Property owner and developer	Singapore	**100#**	-
*	Crescent View Developments Pte. Ltd.	Property owner and developer	Singapore	**60**	60
^	Darien Properties Investment Limited	Property owner and developer	Jersey	**100**	100
**	Educado Company Limited	Investment holding and share dealing	Hong Kong	**100**	100
*	Ellinois Management Services Pte. Ltd.	Asset/portfolio management	Singapore	**100**	100
*	Empire City Consultant Pte Ltd	Management of properties	Singapore	**100**	100
^	Finite Properties Investment Limited	Property owner and developer	Jersey	**100**	100
*	Glades Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	**100**	100
*	Gemini One Pte. Ltd.	Hotel operator	Singapore	**100**	-
^^	Gemini One Trust	Property owner and developer	Singapore	**100**	-
*	Grange 100 Pte. Ltd.	Property owner	Singapore	**100**	100
*	Guan Realty (Private) Limited	Property owner and developer	Singapore	**100**	100
^	Hoko Mina Pty Ltd	Property owner and developer	Australia	**100**	-
*	Hong Leong Properties Pte. Limited	Property owner	Singapore	**100**	100
**	Highline Investments LP	Property owner	United Kingdom	**100**	-
**	Iconique Tokutei Mokuteki Kaisha	Asset management	Japan	**100**	100
*	Ingensys Pte. Ltd.	Systems integration activities	Singapore	**100**	70
^	Jayland Properties Limited	Property owner and developer	Jersey	**100**	100
^	Landco Properties Limited	Property owner	Jersey	**100**	100
*	Land Equity Development Pte Ltd	Property owner	Singapore	**100**	100
**	Lingo Enterprises Limited	Property holding and property investment	Singapore/ Hong Kong	**100**	100
^	Melvale Holdings Limited	Investment holding and property developer	Jersey	**100**	100
**	Millennium & Copthorne Hotels Limited (formerly known as Millennium & Copthorne Hotels plc)	Investment holding	United Kingdom	**100**	65
**	125 OBS Limited Partnership	Property holding	United Kingdom	**100**	100

43 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
*	Novel Developments Pte. Ltd.	Property owner and developer	Singapore	**100**	100
*	Pavo Properties Pte. Ltd.	Property owner and developer	Singapore	**60**	60
**	Phuket Square Co., Ltd.	Retail and hotel business	Thailand	**49##**	49##
^	Pinenorth Properties Limited	Property owner and developer	Jersey	**100**	100
*	Redvale Investments Pte. Ltd.	Asset/portfolio management	Singapore	**100**	100
^	Reselton Properties Limited	Property owner and developer	Jersey	**100**	100
*	Republic Plaza City Club (Singapore) Pte Ltd	Owner and operator of clubs	Singapore	**100**	100
**	Shanghai Anting Waratah Real Estate Development Co., Ltd.	Property owner	People's Republic of China	**100**	100
**	Shanghai Fusion Enterprise Management Co., Ltd.	Property owner	People's Republic of China	**100**	100
**	Shanghai Galaxy Enterprise Management Co., Ltd.	Property owner	People's Republic of China	**100**	100
***	Shanghai Jingwen Zhaoxiang Real Estate Limited	Property owner and developer	People's Republic of China	**100**	100
***	Shanghai Meidao Investment Co., Ltd.	Property owner and developer	People's Republic of China	**100**	100
**	Shanghai Rainbow Enterprise Management Co., Ltd.	Property owner	People's Republic of China	**100**	100
**	Shanghai Star Enterprise Management Co., Ltd.	Property owner	People's Republic of China	**100**	100
**	Shanghai Yulan Real Estate Development Co., Ltd.	Property owner and developer	People's Republic of China	**100**	-
*	Singapura Developments (Private) Limited	Property owner, developer and investment holding	Singapore	**100**	100
*	Sunshine Plaza Pte Ltd	Property owner, developer and investment holding	Singapore	**100**	100
**	Suzhou Global City Genway Properties Co., Ltd.	Property owner and developer	People's Republic of China	**100**	100
*	Systematic Laundry & Healthcare Services Pte. Ltd.	Laundry and dry cleaning services, washing and other cleaning preparations	Singapore	**90**	90
*	Systematic Laundry & Uniform Services Pte. Ltd.	Laundry and dry cleaning services	Singapore	**90**	90
**	Tempus Platinum Investments Tokutei Mokuteki Kaisha	Property owner and developer	Japan	**100**	100
**	The Aldgate House Unit Trust	Property investment	Jersey	**100**	100
^	Trentworth Properties Limited	Property owner and developer	Jersey	**100**	100
*	Trentwell Management Pte. Ltd.	Asset management and consultancy services	Singapore	**100**	100
^	Wideachieve Holdings Limited	Investment holding	British Virgin Islands	**100**	100

43 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
	Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels Limited (formerly known as Millennium & Copthorne Hotels plc)				
**	Anchorage-Lakefront Limited Partnership	Hotel owner	USA	**100**	65
^	Archyield Limited	Hotel owner and operator	United Kingdom	**100**	65
**	Avon Wynfield LLC	Hotel owner	USA	**100**	65
**	Beijing Fortune Hotel Co., Ltd.	Hotel owner and operator	People's Republic of China	**70**	46
**	Bostonian Hotel Limited Partnership	Hotel owner	USA	**100**	65
**	Buffalo RHM Operating LLC	Hotel owner	USA	**100**	65
*	CDL Hospitality Trusts	See ### below	Singapore	**37**	24
**	CDL (New York) LLC	Hotel owner	USA	**100**	65
^	CDL Hotels (Chelsea) Limited	Hotel owner and operator	United Kingdom	**100**	65
**	CDL Hotels (Korea) Ltd.	Hotel owner and operator	Republic of Korea	**100**	65
**	CDL Hotels (Malaysia) Sdn. Bhd.	Hotel owner and operator	Malaysia	**100**	65
^	CDL Hotels (UK) Limited	Hotel owner and operator	United Kingdom	**100**	65
**	CDL Hotels USA, Inc.	Hotel investment holding company	USA	**100**	65
**	CDL Investments New Zealand Limited	Investment and property management company	New Zealand	**50**	33
**	CDL West 45th Street LLC	Hotel owner	USA	**100**	65
**	Chicago Hotel Holdings, Inc.	Hotel ownership	USA	**100**	65
*	City Hotels Pte. Ltd.	Hotel operator and investment holding company	Singapore	**100**	65
**	Copthorne Aberdeen Limited	Hotel management	United Kingdom	**83**	54
^	Copthorne Hotel (Birmingham) Limited	Hotel owner and operator	United Kingdom	**100**	65
^	Copthorne Hotel (Cardiff) Limited	Hotel owner and operator	United Kingdom	**100**	65
^	Copthorne Hotel (Effingham Park) Limited	Hotel owner and operator	United Kingdom	**100**	65
^	Copthorne Hotel (Gatwick) Limited	Hotel owner and operator	United Kingdom	**100**	65
^	Copthorne Hotel (Manchester) Limited	Hotel owner and operator	United Kingdom	**100**	65
^	Copthorne Hotel (Merry Hill) Limited	Hotel owner and operator	United Kingdom	**100**	65
**	Copthorne Hotel (Newcastle) Limited	Hotel owner and operator	United Kingdom	**96**	62
^	Copthorne Hotel (Plymouth) Limited	Hotel owner and operator	United Kingdom	**100**	65
^	Copthorne Hotel (Slough) Limited	Hotel owner and operator	United Kingdom	**100**	65
**	Copthorne Hotel Holdings Limited	Investment holding company	United Kingdom	**100**	65

43 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
**	Copthorne Hotels Limited	Hotel investment holding company	United Kingdom	**100**	65
**	Copthorne Orchid Penang Sdn. Bhd.	Hotel owner	Malaysia	**100**	65
**	Durham Operating Partnership L.P.	Hotel ownership	USA	**100**	65
**	Gateway Regal Holdings LLC	Hotel owner and operator	USA	**100**	65
**	Grand Plaza Hotel Corporation	Hotel owner and operator and investment holding company	Philippines	**66**	43
*	Harbour View Hotel Pte Ltd	Hotel operator	Singapore	**100**	65
**	Hong Leong Ginza TMK	Property owner	Japan	**100**	76
**	Hong Leong Hotel Development Limited	Hotel owner and operator	Taiwan	**84**	55
*	Hospitality Holdings Pte. Ltd.	Investment holding company	Singapore	**100**	65
^	Hotel Liverpool Limited	Property letting	United Kingdom	**100**	65
^	Hotel Liverpool Management Limited	Operating company	United Kingdom	**100**	65
*	King's Tanglin Shopping Pte. Ltd.	Property owner	Singapore	**100**	65
**	Lakeside Operating Partnership L.P.	Hotel ownership	USA	**100**	65
^	London Britannia Hotel Limited	Hotel owner and operator	United Kingdom	**100**	65
^	London Tara Hotel Limited	Hotel owner and operator	United Kingdom	**100**	65
**	M&C Crescent Interests, LLC	Property owner	USA	**100**	65
**	M&C Hotel Interests, Inc.	Hotel management services company	USA	**100**	65
**	M&C Hotels France SAS	Hotel owner	France	**100**	65
**	M&C New York (Times Square) EAT II LLC	Hotel owner	USA	**100**	65
**	M&C New York (Times Square), LLC	Investment holding	USA	**100**	65
*	M&C REIT Management Limited	REIT investment management services	Singapore	**100**	65
****	Millennium & Copthorne Hotels Management (Shanghai) Limited	Provision of hotel management and consultancy services	People's Republic of China	**100**	65
**	Millennium & Copthorne Hotels New Zealand Limited	Hotel investment holding company	New Zealand	**76**	49
*	Millennium & Copthorne International Limited	Hotels and resorts management	Singapore	**100**	65
**	Millennium CDG Paris SAS	Hotel operator	France	**100**	65
**	Millennium Hotels Italy Holdings S.r.l	Holding company	Italy	**100**	65
**	Millennium Hotels Palace Management S.r.l	Hotel operator	Italy	**100**	65
**	Millennium Hotels Property S.r.l	Hotel owner and operator	Italy	**100**	65

43 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
^	Millennium Hotels (West London) Limited	Property letting	United Kingdom	**100**	65
^	Millennium Hotels (West London) Management Limited	Hotel operator	United Kingdom	**100**	65
**	Millennium Opera Paris SAS	Hotel operator	France	**100**	65
**	PT. Millennium Sirih Jakarta Hotel	Hotel owner	Indonesia	**100**	65
*	Republic Hotels & Resorts Limited	Hotel operator and investment holding company	Singapore	**100**	65
*	Republic Iconic Hotel Pte. Ltd.	Hotel operator	Singapore	**100**	65
**	RHH Operating LLC	Hotel owner	USA	**100**	65
**	RHM Aurora LLC	Hotel ownership	USA	**100**	65
**	RHM Management LLC	Hotel ownership	USA	**100**	65
**	RHM Ranch LLC	Hotel owner	USA	**100**	65
**	RHM-88, LLC	Hotel owner and operator	USA	**100**	65
**	Sunnyvale Partners Ltd.	Hotel ownership	USA	**100**	65
**	Trimark Hotel Corporation	Hotel owner and operator	USA	**100**	65
**	WHB Biltmore LLC	Hotel owner and operator	USA	**100**	65

* Audited by KPMG LLP Singapore

** Audited by other member firms of KPMG International

*** Audited by Shanghai Xiao Tian Cheng Certified Public Accountant Co., Ltd

**** Audited by Shanghai Certified Public Accountants

^ Not subject to audit by law of country of incorporation

^^ Auditors have not been appointed as at 31 December 2019

\# Relates to non-residential component. Please refer to note (a) under note 44 of the financial statements.

\#\# Phuket Square Co., Ltd is considered a subsidiary of the Group as the Group is exposed to variable returns from the company and has the ability to affect those returns through the management's control over the financial and operating policies of the company.

\#\#\# 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 currently acts as master lessee, asset owner and hotel operator. HBT may also undertake certain hospitality and hospitality-related development projects, acquisition and investments which may not be suitable for H-REIT.

Although the Group owns less than half of the ownership interest and voting power of H-REIT and HBT, management has determined that the Group has control over H-REIT and HBT. The activities of H-REIT and HBT are managed by the Group's subsidiaries, M&C REIT Management Limited (H-REIT Manager) and M&C Business Trust Management Limited (HBT Trustee-Manager) respectively. H-REIT Manager has decision-making authority over H-REIT, subject to oversight by the trustee of H-REIT. HBT Trustee-Manager has dual responsibility of safeguarding the interests of the HBT unitholders and decision-making authority over HBT. The Group's overall exposure to variable returns, both from H-REIT Manager's and HBT Trustee-Manager's remuneration and the interests in H-REIT and HBT respectively, is significant and any decisions made by H-REIT Manager and HBT Trustee-Manager affect the Group's overall exposure.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

44 ASSOCIATES AND JOINT VENTURES

The following are the Group's significant investments in associates and joint ventures:

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
	Associates				
	Associates of the Company				
*	Cityview Place Holdings Pte. Ltd.	Property owner and developer	Singapore	**33**[(a)]	42[(a)]
*	NovaSims Development Pte. Ltd.	Property developer	Singapore	**40**	–
*	T-Grande Property Holding Pte. Ltd.	Property owner	Singapore	**–**[(b)]	80[(b)]
*	Victorian Property Holding Pte. Ltd.	Property owner	Singapore	**–**[(b)]	80[(b)]
**	Suzhou Dragonrise Pan- Artificial Intelligence High-Tech Fund	Venture capital investment and management	People's Republic of China	**50**	73
***	IREIT Global	REIT investment management services	Singapore	**12.6**[(c)]	–
	Associate of Millennium & Copthorne Hotels Limited (formerly known as Millennium & Copthorne Hotels plc)				
*	First Sponsor Group Limited	Investment holding company	Singapore/ Cayman Islands	**36**	23
	Joint Ventures				
	Joint Ventures of the Company				
^	ACC Smith Street Pty Limited	Trustee	Australia	**50**	–
*	Aster Land Development Pte Ltd	Property development and investment dealing	Singapore	**30**	30
*	Branbury Investments Ltd	Property owner	Singapore	**43**	43
**	CBM Qatar LLC	Provision of facilities management services	State of Qatar	**49**	49
**	CBM Facilities & Security Management (Thailand) Co. Ltd.	Provision of integrated facilities management services in Thailand	Thailand	**49**	49
****	Chongqing Eling Property Development Co., Ltd.	Property owner and developer	People's Republic of China	**50**	50
****	Chongqing Huang Huayuan Property Development Co., Ltd.	Property owner and developer	People's Republic of China	**30**	30
*****	Emerging Markets Affordable Housing Fund Pte. Ltd.	Investment in affordable housing projects in emerging markets	Singapore	**69**[(d)]	69[(d)]

44 ASSOCIATES AND JOINT VENTURES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
	Joint Ventures				
	Joint Ventures of the Company				
^	FSCT DE Property 1 Real Estate GmbH & Co. KG	Property investment	Germany	**43**	36
*	Granmil Holdings Pte Ltd	Property owner and developer	Singapore	**40**	40
**	Krungthep Rimnam Limited	Hotel business	Thailand	**49**	49
*	Legend Quay Pte. Ltd.	Property owner and developer	Singapore	**50**	–
*	Legend Commercial Trust	Property owner and developer	Singapore	**50**	–
^	Macaulay North Melbourne Pty Ltd	Trustee	Australia	**50**	–
**	Merivale JV Pty Limited	Trustee	Australia	**33**	33
******	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
*******	Shanghai Distrii Technology Development Co., Ltd.	Operator of co-working spaces	People's Republic of China	**24**	22
********	Shanghai CF Enterprise Group Co., Ltd (formerly known as Shanghai Mamahome Co., Ltd.)	Operator of online apartment rental platform	People's Republic of China	**21**	19
*	Serangoon Green Pte. Ltd.	Property owner and developer	Singapore	**50**	50
*	South Beach Consortium Pte. Ltd.	Property owner, developer and investment holding	Singapore	**50.1**(e)	50.1(e)
*	Siena Residential Development Pte. Ltd.	Property owner and developer	Singapore	**50**	50
*	Siena Commercial Trust	Property owner and developer	Singapore	**50**	50
^	Spencer West Melbourne Pty Ltd	Trustee	Australia	**50**	–
*	Tomlinson Hotel Pte. Ltd.	Hotel owner	Singapore	**33**	33
*	Tripartite Developers Pte. Limited	Property developer	Singapore	**33**	33
***	IREIT Global Group Pte. Ltd.	Property fund management	Singapore	**50**(f)	–
	Joint Venture of Millennium & Copthorne Hotels Limited (formerly known as Millennium & Copthorne Hotels plc)				
^	New Unity Holdings Ltd.	Investment holding company	British Virgin Islands	**50**	33

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

44 ASSOCIATES AND JOINT VENTURES (CONT'D)

* Audited by KPMG LLP Singapore

** Audited by other member firms of KPMG International

*** Audited by Deloitte & Touche LLP

**** Audited by Pan-China Certified Public Accountants LLP, Chongqing Branch

***** Audited by Ernst & Young LLP

****** Audited by BDO Unicorn Inc

******* Audited by Ruihua Certified Public Accountants

******** Audited by BDO China Shu Lun Pan Certified Public Accountants LLP

^ Not subject to audit by law of country of incorporation

(a) Although the Group is the legal owner of the entire equity interests in Cityview Place Holdings Pte. Ltd. (Cityview), the Group has determined that it does not have control over Cityview upon the sale of cash flows in Cityview as described below. The Group has significant influence in Cityview through Sunbright Holdings Limited (Sunbright). Accordingly, Cityview is reclassified as an associate of the Group.

i. Sale and purchase agreement

On 15 December 2014, Baynes Investment Pte. Ltd. (Baynes), a wholly-owned subsidiary of the Group, sold the Dividends (as defined in the sale and purchase agreement) in its wholly-owned subsidiary, Cityview, to Sunbright.

ii. Profit participation securities

On 22 December 2014, the Group through its wholly-owned subsidiary, Astoria Holdings Limited (Astoria), subscribed for 37.5% interest in a capital instrument called profit participation securities (PPS) issued by Sunbright. The PPS has a tenor of 5 years and will expire upon final payment of the cash flows arising from the Dividends. The PPS carries a fixed payout amount (the Fixed Payout) at the rate of 5% per annum, which is payable on a semi-annual basis or, at the election of the PPS holders, payable upfront in one lump sum on the date of issue of the PPS.

Astoria, together with other investors (the Third Party Investors), (collectively, the PPS Holders), elected to receive the Fixed Payout upfront and the total Fixed Payout of $187.5 million was offset against the consideration payable by the PPS holders for the subscription of the PPS.

The Group will receive from Sunbright the cash flows purchased from Baynes (after satisfying certain senior ranking liabilities, including capital contributions from the Third Party Investors) in accordance with a pre-agreed order of priority as set out under the terms of the PPS.

In addition, shares of Baynes with a carrying value of $1,502,000 (2018: $1,502,000) was pledged to Sunbright.

iii. Investment Committees

On 22 December 2014, the Group entered into an Investors' Agreement with the Third Party Investors and Sunbright. Under the Investors' Agreement, the management of the affairs of Sunbright and its subsidiaries are delegated to the Investment Committees where the Group has the right to appoint 5 out of 12 members. Taken as a whole, the Group does not have power over the relevant activities of Cityview.

The Group has determined that it has significant influence over Sunbright because of its representation on the Investment Committees. Accordingly, Sunbright is considered an associate of the Group.

In April 2019, the Group, through its indirect wholly-owned subsidiary, Astoria, acquired the remaining PPS units in the non-residential component of Sunbright, which holds W Hotel and Quayside Isle (Non-Residential Component) (note 39). Following the acquisition, the Group has power over the relevant activities of the Non-Residential Component which became a wholly-owned subsidiary of the Group.

44 ASSOCIATES AND JOINT VENTURES (CONT'D)

(b) These companies were indirect wholly-owned subsidiaries of Golden Crest Holdings Pte. Ltd. (Golden Crest). In December 2015, the Group entered into an agreement with a third party investor to create a joint office investment platform through Golden Crest, a special purpose vehicle incorporated to enter into sale and purchase agreements for the acquisition of the leasehold interests in three investment properties (the Properties) from the Group. Golden Crest financed the acquisition of the Properties partly through the issuance of equity shares to the Group and the third party investor and partly through a five-year loan obtained from In-V Asset Holding Pte. Ltd. (In-V), a financing vehicle. In-V issued $332.5 million in aggregate value of junior fixed rate bonds, which carries a fixed rate of 5% per annum for a period of five years, to the Group and the third party investor. The Group and the third party investor co-financed the acquisition of the Properties in the ratio of 40:60. The remaining financing for the acquisition is funded through senior loan facilities of an aggregate value of $750.1 million from two financial institutions.

Further, under the shareholders' agreement entered, the payouts shall be in accordance with a distribution waterfall such that when the assets are divested, the first priority will be to repay the senior loans, followed by repaying the third party investor's $200.2 million capital, then a preferred return to the third party investor amounting to a total internal rate of return of up to 12.6% per annum (inclusive of the 5% annual coupon payment). The Group will then be repaid its $133.3 million capital investment. Thereafter, whatever cash flows remain will be split between the Group and third party investor in the proportion of 60:40 respectively.

Although the Group owned 80% of the ordinary shares in the share capital of Golden Crest, it did not have control over Golden Crest and its subsidiaries (collectively Golden Crest Group). The management of the affairs of Golden Crest Group was delegated to the board of directors of Golden Crest. In accordance with the Shareholders' Agreement entered among the Group, Golden Crest and the third party investor, the Group had the right to appoint 2 out of 5 directors. Accordingly, Golden Crest Group was classified as an associate of the Group.

(c) During 2019, the Group through its indirect wholly-owned subsidiary, City Strategic Equity Pte. Ltd., acquired 12.6% of total issued units in IREIT Global.

Although the Group owns less than 20% of the ownership interest and voting power of the investee, the Group has determined that it has significant influence over IREIT Global because of its board representation in IREIT Global Group Pte. Ltd. (the IREIT Manager), the governing body of IREIT Global, which is a joint venture of the Group. The IREIT Manager has decision-making authority over IREIT Global, subject to oversight by the trustee of the investee. Accordingly, IREIT Global is accounted for as an associate of the Group.

(d) Although the Group holds more than 50% ownership interest in Emerging Markets Affordable Housing Fund Pte. Ltd. (the Fund), pursuant to a contractual agreement between the Group and its joint venture partner in the Fund, joint control is exercised by both parties over the relevant activities of the Fund. Accordingly, the Fund is accounted for as a joint venture of the Group.

(e) Although the Group holds more than 50% ownership interest in South Beach Consortium Pte. Ltd. (South Beach), pursuant to a contractual agreement between the Group and its joint venture partner in South Beach, joint control is exercised by both parties over the relevant activities of South Beach. Accordingly, South Beach is accounted for as a joint venture of the Group.

(f) During 2019, the Group through its indirect wholly-owned subsidiary, City REIT Management Pte. Ltd., acquired 50% of shares and 49.5% of voting interest in the IREIT Manager.

Although the Group holds less than 50% voting interest in the IREIT Manager, pursuant to a contractual agreement between the Group and its joint venture partner in the IREIT Manager, joint control is exercised by both parties over the relevant activities of the IREIT Manager. Accordingly, the IREIT Manager is accounted for as a joint venture of the Group.

The Group does not consider the above associates and joint ventures to be individually material to the Group under the context of SFRS(I) 12 *Disclosure of Interests in Other Entities*.

45 NON-CONTROLLING INTERESTS

The following subsidiary had material non-controlling interests.

Name	Principal place of business/ Country of incorporation	Ownership interests held by non-controlling interests 2019 %	2018 %
M&C	United Kingdom	–	35

On 27 September 2019, the Group's equity interest in M&C increased from 65% to 100% (see note 39). Accordingly, the financial information relating to M&C below is only for the period from 1 January 2019 to 27 September 2019.

The following summarises the consolidated financial results and financial position of M&C, its subsidiaries and its interests in associates and joint ventures, prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The financial information presented below represents the amounts before any inter-company eliminations with other companies in the Group.

	2019* $'000	2018 $'000
Revenue	**1,292,751**	1,794,104
Profit after tax	**76,405**	143,528
Other comprehensive income	**(69,084)**	(45,219)
Total comprehensive income	**7,321**	98,309
Attributable to non-controlling interests:		
- Profit	**47,641**	97,351
- Total comprehensive income	**14,336**	59,957
Non-current assets		5,761,032
Current assets		1,044,694
Non-current liabilities		(1,508,141)
Current liabilities		(976,914)
Net assets		4,320,671
Net assets attributable to non-controlling interests		2,233,720
Cash flows from operating activities		228,422
Cash flows used in investing activities		(165,471)
Cash flows used in financing activities[1]		(39,569)
Net increase in cash and cash equivalents		23,382

[1] Included in cash flows used in financing activities for 2018 was dividend paid to non-controlling interests of $91,204,000.

* Relates to the financial information for the period from 1 January 2019 to 27 September 2019.

STATISTICS OF ORDINARY SHAREHOLDINGS
AS AT 28 FEBRUARY 2020

Class of Shares	:	Ordinary Shares
No. of Issued Ordinary Shares	:	909,301,330
No. of Issued Ordinary Shares (excluding Treasury Shares)	:	906,901,330
No. of Treasury Shares	:	2,400,000 (representing 0.264% of the total number of issued shares, excluding treasury shares)
No. of Subsidiary Holdings#	:	Nil
Voting Rights	:	One vote for one Ordinary Share. The Company cannot exercise any voting rights in respect of the shares held as treasury shares.

Subject to the Companies Act, Chapter 50 of Singapore, subsidiaries cannot exercise any voting rights in respect of shares held by them as subsidiary holdings#.

Range of Ordinary Shareholdings	No. of Ordinary Shareholders	%	No. of Ordinary Shares	%
1 – 99	262	2.36	8,492	0.00
100 – 1,000	4,734	42.70	3,692,227	0.41
1,001 – 10,000	5,326	48.03	18,716,321	2.06
10,001 – 1,000,000	740	6.67	29,105,527	3.21
1,000,001 and above	26	0.24	855,378,763	94.32
	11,088	100.00	906,901,330	100.00

Based on information available to the Company as at 28 February 2020, approximately 51.31% of the issued Ordinary Shares (excluding treasury shares) 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 28 February 2020

No.	Name	No. of Ordinary Shares Held	%*
1	Hong Leong Holdings Limited	148,787,477	16.41
2	Hong Leong Investment Holdings Pte. Ltd.	138,169,335	15.24
3	Citibank Nominees Singapore Pte Ltd	127,654,801	14.07
4	DBS Nominees Pte Ltd	114,250,563	12.60
5	DBSN Services Pte Ltd	53,668,020	5.92
6	HSBC (Singapore) Nominees Pte Ltd	47,610,602	5.25
7	Hong Realty (Private) Limited	29,088,799	3.21
8	Raffles Nominees (Pte.) Limited	28,025,128	3.09
9	Euroform (S) Pte. Limited	19,603,045	2.16
10	BNP Paribas Nominees Singapore Pte Ltd	19,131,777	2.11
11	Hong Leong Corporation Holdings Pte Ltd	18,584,760	2.05
12	BPSS Nominees Singapore (Pte.) Ltd	18,223,518	2.01
13	SGI Investment Holdings Pte Ltd	15,752,414	1.74
14	NIN Investment Holdings Pte Ltd	15,161,490	1.67
15	Garden Estates (Pte.) Limited	14,152,365	1.56
16	Gordon Properties Pte. Limited	9,304,616	1.03
17	UOB Nominees (2006) Private Limited	6,381,460	0.70
18	Interfab Private Limited	5,648,781	0.62
19	United Overseas Bank Nominees Pte Ltd	5,406,507	0.59
20	Hong Leong Enterprises Pte Ltd	4,524,530	0.50
	TOTAL	**839,129,988**	**92.53**

"Subsidiary Holdings" is defined in the Listing Manual of Singapore Exchange Securities Trading Limited to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50 of Singapore.
* The percentage of Ordinary Shares held is based on the total number of issued Ordinary Shares, excluding treasury shares as at 28 February 2020.

Substantial Shareholders
(As shown in the Register of Substantial Shareholders as at 28 February 2020)

	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	6.900
Hong Leong Holdings Limited	148,787,477	19,546,445 (2)	168,333,922	18.561
Hong Leong Investment Holdings Pte. Ltd.	140,169,335	300,146,809 (3)	440,316,144	48.552
Davos Investment Holdings Private Limited	-	440,316,144 (4)	440,316,144	48.552
Kwek Holdings Pte Ltd	-	440,316,144 (4)	440,316,144	48.552

* The percentage of Ordinary Shares held is based on the total number of issued Ordinary Shares, excluding treasury shares as at 28 February 2020.

Notes

(1) Hong Realty (Private) Limited ("HR") is deemed under Section 4 of the Securities and Futures Act, Chapter 289 of Singapore ("SFA") 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 4 of the SFA 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 4 of the SFA 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 4 of the SFA 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.

STATISTICS OF PREFERENCE SHAREHOLDINGS

AS AT 28 FEBRUARY 2020

Class of Shares	:	Non-Redeemable Convertible Non-Cumulative Preference Shares ("Preference Shares")
No. of Preference Shares issued	:	330,874,257
Voting Rights	:	Entitled to attend, speak and vote at any class meeting of the Holders of Preference Shares. One 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 six 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 – 99	25	1.04	1,212	0.00
100 – 1,000	907	37.60	718,588	0.22
1,001 – 10,000	1,089	45.15	4,406,153	1.33
10,001 – 1,000,000	375	15.55	28,971,686	8.76
1,000,001 and above	16	0.66	296,776,618	89.69
	2,412	100.00	330,874,257	100.00

MAJOR PREFERENCE SHAREHOLDERS LIST – Top 20 as at 28 February 2020

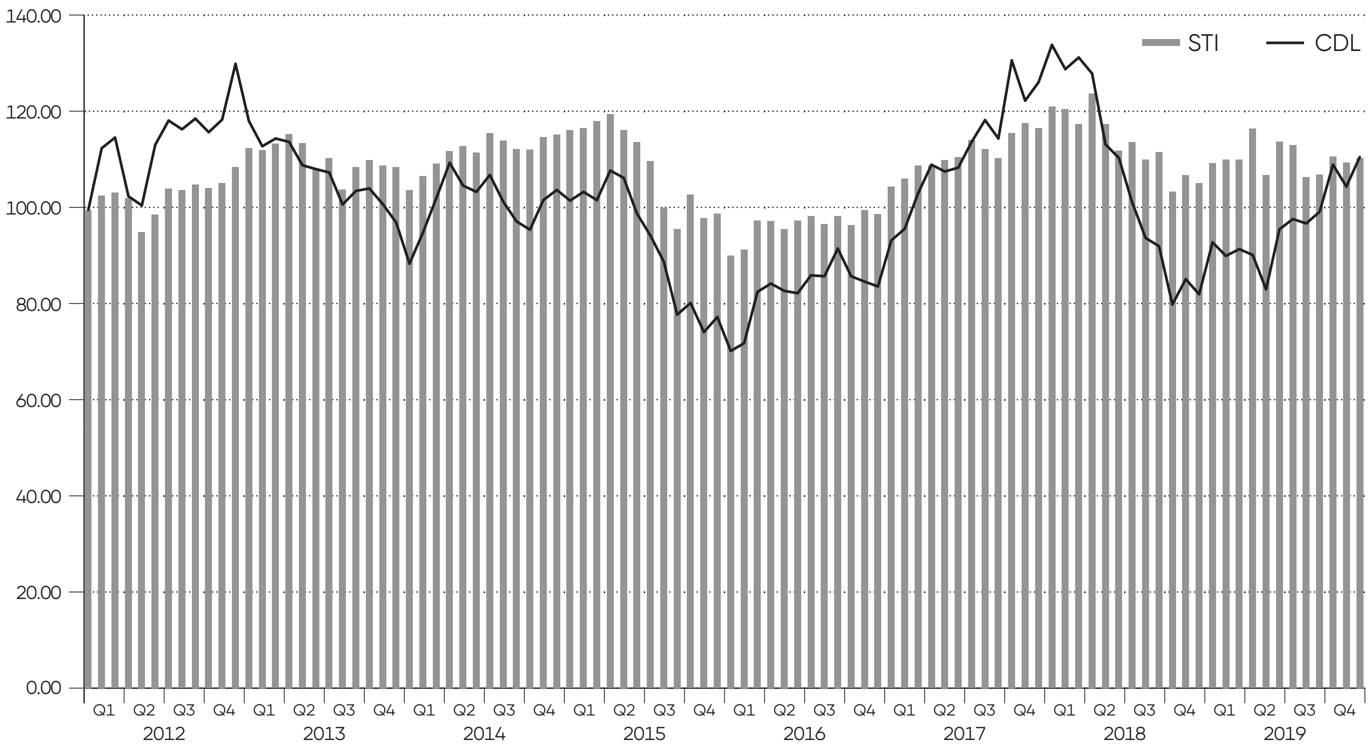
No.	Name	No. of Preference Shares Held	%*
1	Raffles Nominees (Pte.) Limited	97,562,731	29.49
2	Mandai Properties Pte Ltd	64,931,000	19.62
3	Citibank Nominees Singapore Pte Ltd	45,148,267	13.64
4	Aster Land Development Pte Ltd	26,913,086	8.13
5	CGS-CIMB Securities (Singapore) Pte Ltd	25,003,047	7.56
6	Fairmount Development Pte Ltd	7,000,000	2.12
7	HSBC (Singapore) Nominees Pte Ltd	5,758,597	1.74
8	Guan Hong Plantation Private Limited	5,000,000	1.51
9	DBS Nominees Pte Ltd	4,693,646	1.42
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	Hong Leong Finance Nominees Pte Ltd	1,830,000	0.55
14	Chiam Toon Chew	1,605,000	0.49
15	Freddie Tan Poh Chye	1,370,000	0.41
16	United Overseas Bank Nominees Pte Ltd	1,343,104	0.40
17	Maybank Kim Eng Securities Pte. Ltd.	973,800	0.29
18	Sun Yuan Overseas Pte Ltd	972,000	0.29
19	Morgan Stanley Asia (Singapore) Securities Pte Ltd	945,386	0.29
20	Song Cheng Miang	650,000	0.20
	TOTAL	**300,317,804**	**90.76**

* The percentage of Preference Shares held is based on the total number of issued Preference Shares as at 28 February 2020.

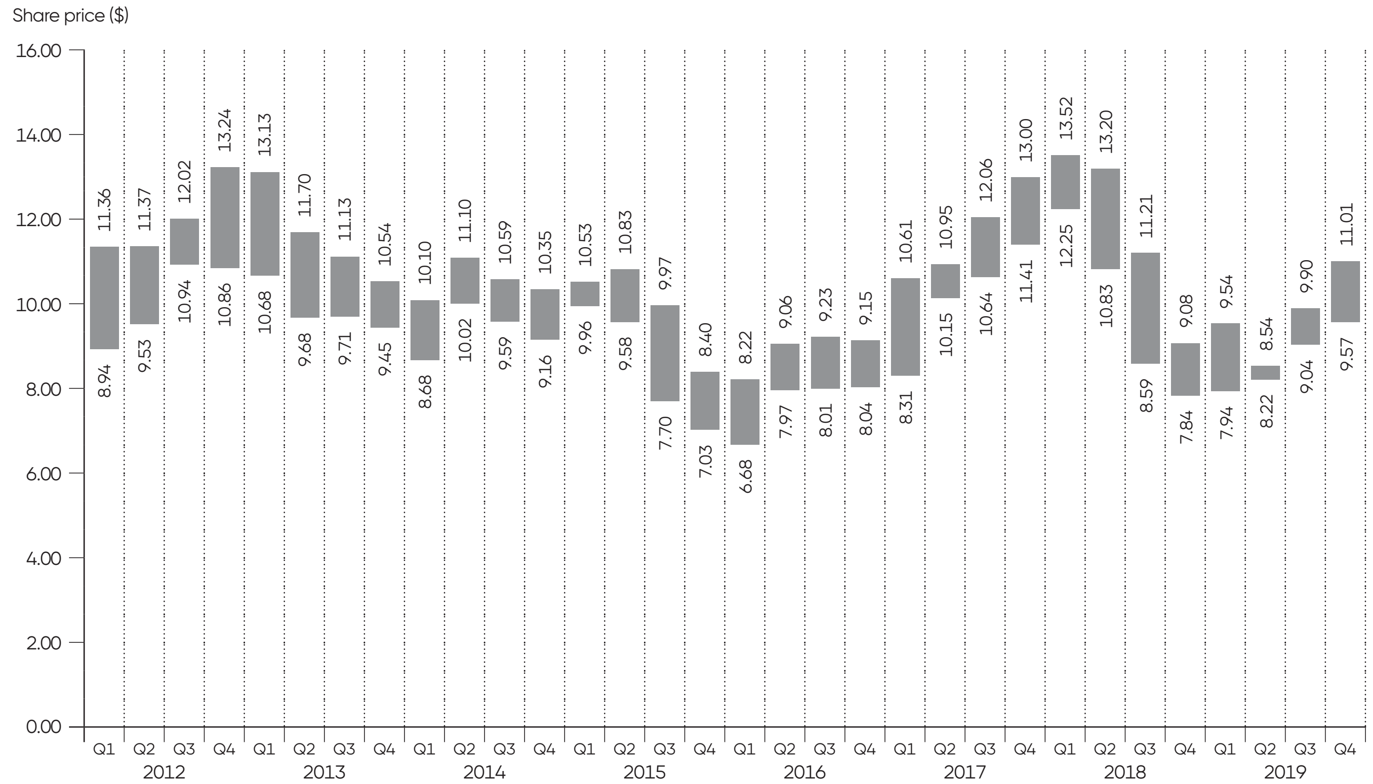
SHARE TRANSACTION STATISTICS

YEAR ENDED 31 DECEMBER 2019

8-Year Share Price Performance



8-Year Share Price High-Low by Quarter



ADDITIONAL INFORMATION
ON DIRECTORS SEEKING RE-ELECTION AT THE 57TH ANNUAL GENERAL MEETING

Name of Director	MR KWEK LENG BENG	MS TAN YEE PENG	MR KOH THIAM HOCK	MR SHERMAN KWEK EIK TSE
Age	79	46	69	44
Date of appointment	1 October 1969	7 May 2014	5 September 2016	15 May 2019
Job Title	Executive Director Chairman of the Board and a member of the Board Committee ("BC") and Nominating Committee ("NC")	Non-Executive and Independent Director Chairman of the Board Sustainability Committee ("BSC") and a member of the BC, Audit & Risk Committee ("ARC") and NC	Non-Executive and Independent Director A member of the BC, ARC and Remuneration Committee	Executive Director and Group Chief Executive Officer A member of the BSC
Date of last re-election as Director (if applicable)	25 April 2018	25 April 2017	25 April 2017	N.A.
Country of principal residence	Republic of Singapore	Republic of Singapore	Republic of Singapore	Republic of Singapore
The Board's comments on the re-appointment (including rationale, selection criteria, and the search and nomination process)	The NC reviews the nomination of the relevant Directors for re-election as well as the independence of Directors. When considering the nomination of these Directors, the NC took 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/or other principal commitments, and also reviews their independence. The recommendation of the NC on the annual nomination of the Directors for re-election is submitted to the Board for decision and thereafter tabled at the AGM for consideration and approval by shareholders. The NC and the Board recommend the re-election of Mr Kwek Leng Beng, Ms Tan Yee Peng, Mr Koh Thiam Hock and Mr Sherman Kwek Eik Tse as Directors.			
Whether appointment is executive, and if so, the area of responsibility	Yes Executive Chairman	No	No	Yes Group Chief Executive Officer
Professional qualification and working experience and occupation(s) during the past 10 years	Law degree, LL.B. (London) and a Fellow of The Institute of Chartered Secretaries and Administrators <u>January 1995 - Present</u> Executive Chairman, CDL	First Class Honours degree in Accountancy from Nanyang Business School (NTU) <u>2010 - 2011</u> Principal Advisor, KPMG <u>2009 - 2018</u> Adjunct Associate Professor of NTU	Bachelor of Business Administration from the University of Hawaii <u>2009 – 2011</u> Country Executive of the merged Singapore operations for both Bank of America (Singapore Branch) and Merrill Lynch Singapore <u>2012 – April 2016</u> Vice Chairman and General Manager of Bank of America NT & SA Singapore Branch (BOA)	Bachelor of Science in Business Administration, majoring in Finance and Marketing with a minor in Psychology from Boston University <u>January 2018 - Present</u> Group CEO, CDL <u>2016 - Present</u> Executive Chairman, CDL China Limited <u>August 2017 – December 2017</u> CEO-Designate, CDL <u>April 2016 – August 2017</u> Deputy CEO, CDL <u>April 2014 – April 2016</u> Chief Investment Officer, CDL <u>August 2010 – April 2016</u> CEO, CDL China Limited <u>November 2008 – March 2015</u> CEO, City e-Solutions Limited, a subsidiary of CDL which is listed on Hong Kong Stock Exchange and subsequently divested by CDL in 2016
	Please also refer to additional information provided on each of these Directors from pages 26 to 29 of the Annual Report.			

ADDITIONAL INFORMATION
ON DIRECTORS SEEKING RE-ELECTION AT THE 57TH ANNUAL GENERAL MEETING

Name of Director	MR KWEK LENG BENG	MS TAN YEE PENG	MR KOH THIAM HOCK	MR SHERMAN KWEK EIK TSE
Shareholding interest in the Company and its subsidiaries	Please refer to the Directors' Statement on page 99	Nil	Nil	Nil
Relationship (including immediate family relationship) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	Cousin of Mr Kwek Leng Peck, non-executive Director of the Company. Father of Mr Sherman Kwek Eik Tse, Executive Director and Group Chief Executive Officer of the Company. Director and shareholder of Hong Leong Holdings Limited, Hong Realty (Private) Limited, Hong Leong Investment Holdings Pte. Ltd. ("HLIH") and Kwek Holdings Pte Ltd ("KH"), all of which are substantial shareholders of the Company.	No	No	Son of Mr Kwek Leng Beng, Executive Chairman of the Company. Nephew of Mr Kwek Leng Peck, non-executive Director of the Company. Shareholder of HLIH and director and shareholder of KH, both of which are substantial shareholders of the Company.
Conflict of interest (including any competing business)	No	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to City Developments Limited	Yes	Yes	Yes	Yes
Other Principal Commitments including directorships	Hong Leong Finance Limited ^ (Chairman/Managing Director) Hong Leong Investment Holdings Pte. Ltd. (Executive Chairman) Millennium & Copthorne Hotels Limited (Executive Chairman)	Nil	Nil	CDL China Limited (Executive Chairman)

ADDITIONAL INFORMATION
ON DIRECTORS SEEKING RE-ELECTION AT THE 57TH ANNUAL GENERAL MEETING

Name of Director	MR KWEK LENG BENG	MS TAN YEE PENG	MR KOH THIAM HOCK	MR SHERMAN KWEK EIK TSE
Directorships				
• Past (for the last 5 years):	• 14 subsidiaries of City Developments Limited^ • Hong Leong Asia Ltd^ and 1 subsidiary • Hong Leong Corporation Holdings Pte Ltd and 1 subsidiary • Hong Leong International Property Investments (Singapore) Ltd. • Secura Singapore Pte. Ltd.	Hwa Chong International School	Nil	• 16 subsidiaries of City Developments Limited^ • 2 joint venture companies of HL Global Enterprises Limited^
• Present:	• City Developments Limited^ and 28 of its subsidiaries and associated companies • Hong Leong Finance Limited^ and 2 of its subsidiaries • Hong Leong Holdings Limited and 3 of its subsidiaries • Hong Realty (Private) Limited and 3 of its subsidiaries and associated company • Hong Leong Investment Holdings Pte. Ltd. and 6 of its subsidiaries and associated company • Hong Leong Company (Malaysia) Berhad and 2 of its subsidiaries • Fairmont Limited • Guan Hong Plantation Private Limited • Hong Leong Foundation^^ • Hong Leong Nominees (Private) Limited • Kwek Holdings Pte Ltd • Kwek Hong Png Investment Pte. Ltd.	• City Developments Limited^ • Dutech Holdings Limited^ • Vanguard Health Fund Limited^^ • L'Risco Advisory Pte. Ltd. • 1FSS Pte Ltd • Hercules Pte Ltd	• City Developments Limited^	• City Developments Limited^ and 70 of its subsidiaries and associated companies • 6 subsidiaries of Hong Leong Investment Holdings Pte. Ltd. • Kwek Holdings Pte Ltd • Shanghai Hengshan Equatorial Hotel Management Co., Ltd
Responses to questions (a) to (k) under Appendix 7.4.1 of the Listing Manual of SGX-ST	Negative confirmation	Negative confirmation	Negative confirmation	Negative confirmation

^ Listed company
^^ Public Company Limited by guarantee

Information as at 16 March 2020.

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Co. Reg. No. 196300316Z

CITY DEVELOPMENTS LIMITED

(Co. Reg. No. 196300316Z)
(Incorporated in the Republic of Singapore)

PUBLICATION OF ANNUAL REPORT 2019

The Board of Directors of City Developments Limited (the "**Company**") wishes to announce that the Company's Annual Report for the financial year ended 31 December 2019 ("**Annual Report 2019**") is now available for download from the Company's corporate website from the date of this Announcement at the URL www.cdl.com.sg/annualreport2019.

We encourage all Shareholders to access the online version of the Annual Report 2019. An internet browser and PDF reader will be required to view the Annual Report 2019.

For Shareholders who still wish to receive a printed copy of the Annual Report 2019, they may submit their request(s) through the online Request Form at the URL www.cdl.com.sg/annualreports no later than **8 June 2020**.

As announced by the Company on 1 April 2020, the Company has obtained approvals from the relevant authorities for an extension of time to 29 June 2020 for the Company to hold its 57th annual general meeting ("**2020 AGM**"). Accordingly, the online version of the Annual Report 2019 does not contain the Notice for the 2020 AGM or the Proxy Form for use in relation to the 2020 AGM. Shareholders will be informed once the date of the 2020 AGM is finalised, and the Company will issue the Notice of AGM and Proxy Form at a later date when the date for holding the 2020 AGM is determined, and appropriate measures have been put in place for the conduct of the 2020 AGM in accordance with any applicable directives or guidelines from government agencies or regulatory authorities, including from the Ministry of Health.

Shareholders will also be informed on the procedures for participation in the 2020 AGM and are requested to check the Company's website (www.cdl.com.sg/agm) and the Company's announcements on SGXNET for further updates on the 2020 AGM.

The Company regrets any inconvenience which may be caused to Shareholders and seeks your understanding and cooperation to minimise the risk of community spread of COVID-19.

By Order of the Board

Enid Ling Peek Fong
Company Secretary
Date: 9 April 2020

CITY DEVELOPMENTS LIMITED
(Co. Reg. No. 196300316Z)

EXTENSION OF TIME TO HOLD THE COMPANY'S 57th AGM AND REVISION TO THE RECORD DATE AND PAYMENT DATE FOR PROPOSED FINAL ORDINARY DIVIDEND AND SPECIAL FINAL ORDINARY DIVIDEND

The Board of Directors (the "**Board**") of City Developments Limited (the "**Company**") wishes to inform all Shareholders on the following matters pertaining to the Company's 57th Annual General Meeting (the "**57th AGM**") and the proposed final dividends for FY 2019:

1. In a press release on 24 March 2020, the Ministry of Health ("**MOH**") announced tighter measures to minimise the spread of COVID-19, which include, *inter alia*, the requirement that all events and mass gatherings be deferred or cancelled, regardless of size, and any gatherings outside of work and school be limited to 10 persons or fewer. These measures took effect from 26 March 2020, 2359 hours and apply until 30 April 2020, which date may be extended if the situation does not improve.

2. As the COVID-19 situation is a rapidly evolving one, the Company is determined to play its part in minimising the risk of community spread of COVID-19 and to ensure the safety and well-being of our Shareholders, Directors, management and all persons assisting in the logistics of the Company's 57th AGM.

<u>EXTENSION OF TIME TO HOLD THE 57th AGM</u>

3. The Company applied to the Accounting and Corporate Regulatory Authority ("**ACRA**") to seek an extension of time of two months until 29 June 2020 to hold the Company's 57th AGM and to Singapore Exchange Regulation ("**SGX RegCo**") for a waiver to comply with Rule 707(1) of the Listing Manual for the holding of the Company's 57th AGM on a date no later than 29 June 2020 (the "**Waiver**").

4. On 31 March 2020, the Company received the approval from ACRA to hold the AGM by 29 June 2020. On the same date, the Company also received confirmation from SGX RegCo that it has no objection to the Company's application for the Waiver, subject to the following:
   a. the Board's confirmation that the Company has fulfilled the criteria for the Waiver as set out in SGX RegCo's regulatory announcement dated 27 February 2020, which criteria comprises ("**Criteria**"):
      i. the Company's financial year end is 31 December 2019; and
      ii. the approval of a similar application for extension of time by ACRA or other relevant regulatory authorities (where applicable);
   b. the Board's confirmation that the Waiver will not be in contravention of any laws and regulations governing the Company and its constitution (or the equivalent in the Company's country of incorporation); and
   c. issuance of the Company's annual report for the financial year ended 31 December 2019 ("**FY2019**") to its shareholders and the Singapore Exchange Securities Trading Limited ("**SGX-ST**") by 15 April 2020,

   (the "**Waiver Conditions**").

<u>BOARD CONFIRMATION</u>

5. The Board confirms the following:
   a. the Company has fulfilled the Criteria;
   b. the Waiver will not be in contravention of any laws and regulations governing the Company and its constitution; and

c. the Company will issue its annual report for FY2019 ("**Annual Report 2019"**) to its shareholders and the SGX-ST by 15 April 2020.

COMPLIANCE WITH WAIVER CONDITIONS

6. The Company intends to issue its Annual Report 2019 on or around 9 April 2020. Accordingly, the Company confirms compliance with the Waiver Conditions.

RECORD DATE AND PAYMENT DATE FOR FINAL DIVIDENDS

7. The Company also refers to the announcements dated 26 February 2020 ("**Previous Record Date Announcements**") issued by the Company giving notice of the record date for the proposed final tax-exempt (one-tier) dividend of 8 Singapore cents per ordinary share and proposed special final tax-exempt (one-tier) dividend of 6 Singapore cents per ordinary share for FY2019 (collectively, the "**Final Dividends**").

   a. In the Previous Record Date Announcements, it was stated, among other things, that (1) the Share Transfer Books and Register of Members of the Company would be closed at 5.00 p.m. on 5 May 2020 for the purpose of determining shareholders' entitlements to the Final Dividends for FY2019 (the "**Record Date**"); and (2) the Final Dividends, if approved by Shareholders at the 57th AGM, would be paid on or about 21 May 2020 ("**Final Dividends Payment Date**").

   b. Given that the extension of time granted for the Company to hold the 57th AGM, the above Record Date and Final Dividends Payment Date will no longer apply.

   c. Assuming that the Company holds the 57th AGM on or around 29 June 2020, the revised Final Dividends Payment Date is likely to be fixed on or around 16 July 2020. Shareholders are to note that the Company has not finalised the actual date of the 57th AGM in June 2020. The Company will inform Shareholders in due course of the revised date of the 57th AGM, and accordingly the revised Record Date and Final Dividends Payment Date.

FURTHER UPDATES

8. The Company will provide further updates to Shareholders as soon as possible on the revised date of the 57th AGM, the revised Record Date and Final Dividends Payment Date, as well as its plans for the conduct of the 57th AGM. Shareholders may check for such updates on the Company's website at https://ir.cdl.com.sg/ and the Company's announcements on SGXNET.

9. The Company seeks the understanding and cooperation of all Shareholders to minimise the risk of community spread of COVID-19.

By Order of the Board

Enid Ling Peek Fong
Company Secretary
Date: 1 April 2020