A Greater Affinity

City Developments Limited
Annual Report 2008

Contents

A Greater Affinity

At CDL, our larger existence extends beyond our core business of building spaces. We believe that a successful corporation is not only founded on financial and business achievements, but is also shaped by the positive contributions it can make to society and towards environmental sustainability.

This approach has remained a guiding principle by which we conduct our business and engage with our stakeholders and the larger community.

We believe in making a difference to the lives of people around us, and embracing the connections we create with everyone we meet. Be it our investors, business partners, customers, employees or beneficiaries, we value each encounter, every affinity.

As we continue to redefine cityscapes, we remain steadfast in establishing greater affinities beyond business, with the community and the environment in which we operate.

10-Year Financial Highlights

Year	1999	2000[3]	2001[3]	2002
Revenue	$2,015m	$2,626m	$2,227m	$2,289m
Profit before tax	$513m	$546m	$139m	$243m
Profit for the year attributable to equity holders of the Company	$383m	$287m	$54m	$151m
Net gearing ratio	0.54	0.76	0.86	0.80
Return on equity	11.1%	7.3%	1.4%	3.9%
Net asset value per share	$4.28	$4.86	$4.71	$4.82
Basic earnings per share	47.8 cents	35.8 cents	6.7 cents	18.9 cents

Dividends				
a) Ordinary dividend (gross) per share				
- final	7.5 cents	7.5 cents	7.5 cents	7.5 cents
- special interim	-	-	-	-
- special final	-	-	-	-
b) Preference dividend (net) per share	-	-	-	-

Notes:

[1] Dividends declared were tax exempt (one-tier).

[2] Final tax exempt (one-tier) ordinary dividend proposed for financial year ended 31 December 2008 will be subject to the approval of the ordinary shareholders at the forthcoming Annual General Meeting.

[3] Certain accounting policies or accounting standards had changed in the financial years 2001, 2002 and 2005. Only the financial information presented above for each of the years immediately preceding 2001, 2002 and 2005 had been restated to reflect the relevant changes in accounting policies or accounting standards.

2003	2004[3]	2005	2006	2007	2008
$2,326m	$2,380m	$2,374m	$2,547m	$3,106m	**$2,945m**
$214m	$503m	$404m	$692m	$955m	**$834m**
$152m	$227m	$200m	$352m	$725m	**$581m**
0.64	0.55	0.50	0.40	0.48	**0.48**
3.3%	5.2%	4.4%	7.4%	13.9%	**10.7%**
$5.56	$4.99	$5.12	$5.21	$5.72	**$5.97**
18.8 cents	25.3 cents	20.8 cents	37.0 cents	78.3 cents	**62.5 cents**

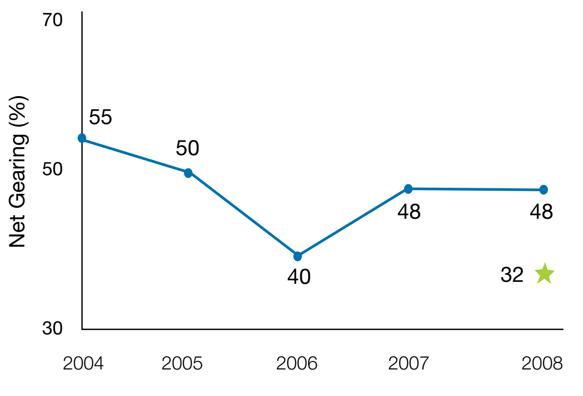
7.5 cents	7.5 cents	7.5 cents	7.5 cents	7.5 cents[1]	**7.5 cents[2]**
-	-	-	7.5 cents	10.0 cents	**-**
50.0 cents	-	5.0 cents	10.0 cents	12.5 cents [1]	**-**
-	2.19 cents	3.90 cents	3.90 cents	3.90 cents	**3.90 cents[1]**

CapitalManagement

	As at 31/12/08	As at 31/12/07
Cash flows from operating activities	$448m	$260m
Cash and cash equivalents	$776m	$712m
Net borrowings	$3,378m	$3,328m
Net gearing ratio[a]	0.48	0.48
Net gearing ratio if fair value gains on investment properties are taken in	0.32	0.31
Interest cover ratio	11.0 times	10.5 times

[a] Excludes fair value gains on investment properties as the Group's accounting policy is to state its investment properties at cost less accumulated depreciation and impairment losses.

NetGearing



★ If fair value gains on investment properties are taken in.

Building Sustainability Into Our Business

As the property pioneer in Singapore, we pride ourselves in going beyond just delivering product quality and service excellence, but also championing innovative initiatives in the industry. We believe that success should be measured not just by financial achievements, but an organisation's strategic, long-term vision and enduring growth.

For over 45 years, we have maintained our financial prowess and market leadership position by being nimble and innovative in our business ethos. We continue to personify iconic spaces and define tomorrow's landscape – setting new benchmarks for innovation and laying the foundation for a sustainable organisation.

We remain focused on exploring emerging avenues for growth, resulting in first-mover advantage. In August 2008, we broke new ground in announcing the pioneer issuance of Singapore's first Sukuk-Ijarah unsecured financing arrangement, under a proposed S$1 billion Islamic Multi-Currency Medium Term Notes (MTN) Programme.

Representing a milestone for Singapore as the city develops Islamic Financing, the issuance will extend our reach to investors in the international Islamic capital markets; connecting us with an alternative and fast-growing liquidity pool, thus ensuring that we have access to a ready war-chest.

Harmonising Green Efforts

Renewing the environment is part of the way we breathe, think and do our business. We believe that every green effort makes a difference in bringing our business closer to one with the environment we live in.

For more than a decade, we have been raising the bar for green buildings in Singapore, taking bold steps towards mitigating the impact of our operations on the environment, and striving to apply environmentally-friendly practices throughout all aspects of our business.

We are an honoured recipient of the inaugural Green Mark Champion Award conferred by the Building and Construction Authority in recognition of our industry captaincy in sustainable developments. This new Award recognises developers with strong Corporate Social Responsibility (CSR) and who have achieved an outstanding track record in environmental sustainability, including the sharing of best practices and successful stakeholder engagement programmes.

Together with our long-standing community partners, Singapore Environment Council and Nature Society (Singapore), CDL also hosted the "Green Heart Gala Dinner" in May 2008 and through the support of the business community, raised over $300,000 to further the conservation and educational work of these two worthy non-governmental organisations in Singapore.

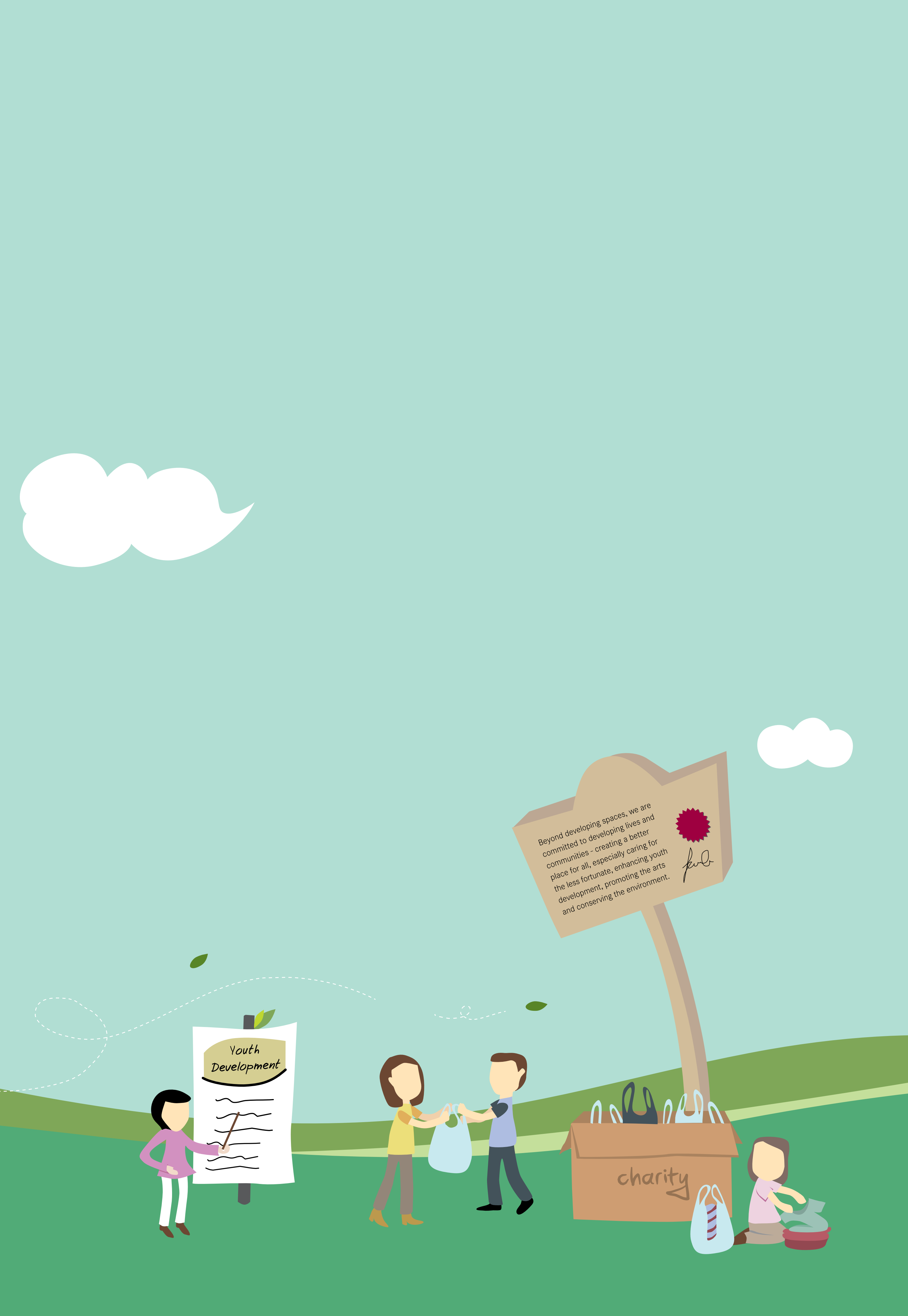
Inspiring Hearts and Enlivening Dreams

At CDL, we view our role as more than just a builder of living spaces, but also a developer of lives and communities.

Stemming from a strong tradition of giving back to society, our CSR philosophy has resulted in sustained community outreach programmes that empower lives and inspire hearts; mindful that respect for our community and environment will ensure a better tomorrow.

In this endeavour, we have committed to four key areas – the needy and less fortunate, the environment, youth development and the arts. We have grown CDL signature platforms to complement these commitments such as our City Sunshine Club which cultivates a spirit of volunteerism among our employees; Project Eco-Office, which promotes eco-friendly habits at the workplace; the CDL Singapore Sculpture Award and the CDL Young Architectural Photographer Award which unearth and nurture budding talents and promote greater appreciation for the arts.

Beyond philanthropy, we draw on our resources and expertise to contribute meaningfully. Our dynamic employees embody the heart and soul of our community engagement efforts, volunteering more than 2,600 hours towards key community activities in 2008.



Beyond developing spaces, we are committed to developing lives and communities - creating a better place for all, especially caring for the less fortunate, enhancing youth development, promoting the arts and conserving the environment.
Youth Development
charity

Chairman's Statement

On behalf of the Board of Directors, I am pleased to report a profitable year for the City Developments Group. Despite the challenging economic conditions, the Group achieved a credible performance; recording the second highest earnings since inception in 1963.

GROUP PERFORMANCE

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

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

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

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

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

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

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

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

Property

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

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

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

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

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

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

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

Hotel

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

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

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

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

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

CURRENT YEAR PROSPECTS

Property

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

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

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

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

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

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

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

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

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

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

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

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

Hotel

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

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

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

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

GROUP PROSPECTS

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

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

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

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

APPRECIATION

On behalf of the Board, I wish to express our sincere appreciation to Mr Chow Chiok Hock, who will be retiring from the Board at the forthcoming Annual General Meeting, for his invaluable contribution to the Group over the last 30 years. I would also like to thank the Management and staff for their unstinting dedication and hard work in the past year. We are also deeply appreciative of the continued support of our stakeholders, including our investors, customers, business associates and community.

Kwek Leng Beng
Executive Chairman
26 February 2009

董事主席报告

本人谨代表董事部同仁，欣然呈报城市发展有限公司集团取得盈利的一年业绩报告。尽管面对严峻经济形势的挑战，集团依然表现卓越，创造了自1963年公司创立以来的第二高盈利纪录。

集团业绩

截至2008年12月31日，城市发展有限公司营业额达到29.452亿新元(2007年为31.061亿新元)，公布的股东税后利润为5.809亿新元(2007年为7.25亿新元)，集团的核心收入净利润显示出，尽管面临严峻的经济形势，集团2008年的经营依然表现卓越，创造了自1963年公司创立以来的第二高盈利纪录。

收入减少的主要因素是集团的子公司 – 千禧国尊酒店(M&C)的贡献较低，酒店业绩因新元表现强劲尤其是在与相逆表现的英镑兑换率上，这在集团合并账目时造成重大影响。同时M&C也纳入了北京、曼谷的合资投资以及在亚洲、英国和美国一些资产的减值准备。

集团的房地产业物依然是其盈利的主要贡献部分。但其预售住宅所得尚未完全显现在目前利润当中，因这些项目还处于早期建设阶段。这些收益将按工程建设进度逐步落实。

盈利排行第三的租赁产业部分，依然在去年获得利润的基础上，取得2.0%的增长。而且2007年的盈利还填补了一笔7,500万元的减值准备。今年的利润从Commerce Point的销售和较高的租用率中获得收益。

集团是取保守的会计政策核算其投资产业，包括其合资投资和联营公司如CDL Hospitality Trusts，既以成本扣除累计折旧及减值损耗。因此其利润不受当前经济衰退而导致资产估价走低的影响。

虽然信贷市场紧缩，集团继续保持健全的资产负债表，净负债率为48.0%(2007年为48.0%)，利息偿付比率为11.0倍(2007年为10.5倍)。集团若采用重新估值政策，净负债率将降到32.0%。

集团是年率先在新加坡设立首个10亿新元无担保的伊斯兰信托凭证项目。这项目能够吸引新的投资者和发掘多样化的融资管道，乃由于集团拥有一个多元化的投资资产组合并有能力选择符合这个项目的资产。与此同时，集团于2008年12月29日也把其现有的中期贷款，从7亿新元增加到15亿新元。这提升了本集团的财政实力，扩展了其运营空间，使其在适当的时机能够把握潜在的投资机会。

尽管往后的信贷市场依然艰难，集团董事局仍然提议派发每股7.5分(2007年为7.5分)的年终股息，这与其过去几年所宣布的股息保持一致，额外特别股息和优惠股息除外。

产业

2008年最后一个季度全球金融危机恶化，促使新加坡的国内生产总值在08年四季度下降3.7%。2008年全年国内生产总值的增长估计只有1.2%，而年初预计的增长额介于4.5%至6.5%。

如预料，2008年对于新加坡房地产市场是充满挑战的一年，交易量和销售价格在经过之前两年的飙涨后，受全球金融危机的影响下而呈现下滑趋势。

据政府官方统计数据，2008年住宅产业价格下跌4.7%，2007年则上涨31.2%。大众市场产业价格略有下降，高端产业市场则出现严重下滑之势。新住宅单位交易量从2007年的14,811个单位陡然下跌到4,264个单位，相较于2007年跌幅高达71%。

鉴于疲弱的市场条件，集团于6月份将小型发展项目清风雅筑推向市场，但没有达到预期反应。在重新评估战略后，集团从其土地储备中选取并于08年第三季度发售较符合大众需求的莉雅苑。这次虽然没有延期付款计划(DPS)和利息吸纳计划，仍获得销售率极高的反应。近期，另外有30个单位重新发售，其中一半已经售出。迄今，集团在莉雅苑440个发售单位中已售出超过350个单位。

在本年度，集团利润包含了以下预售项目，诸如城市雅居、珊顿一号、翠碧家、宝绿居、汇吉楼和凯林豪庭。同时这也包括合资投资如滨海舫、瑞吉雅居、柏绿园、升涛舫、Parc Emily和Ferraria Park Condominium。

最后一个季度的金融市场动荡造成许多公司搁浅了业务扩张计划或精简人手而导致办公空间需求缩小，这种收缩影响了办公楼市场。据物业顾问的数据，仅08年第四季度顶极办公楼租金就下降了12.5%。虽然租用率相对保持健全状态，但预计随着经济收缩也会缓慢下降。

本审查年度，集团管理的办公楼物业部分的租用率已达到约94%的水平。

酒店

2008年，集团占有53.5%股权的千禧国尊酒店(M&C)继续保持强劲的资产负债表和16.4%的低负债率(2007年为18.3%)，利息偿付比率为12.4倍(2007年为8.5倍)。截至2008年12月31日，M&C拥有现金2.121亿英镑以及未动用的协议银行融资总额为1.886亿英镑。

尽管经济形势艰难，M&C在报告中显示2008年的营业额仍取得5.0%的增长达7.029亿英镑(2007年为6.696亿英镑)。其客房平均出售收益(RevPAR)在报告中显示增长7.6%达57.19英镑(2007年为53.16英镑)，同时税前利润(headline profit before tax)增长6.4%达1.259亿英镑(2007年为1.183亿英镑)。

2008年M&C开设了7家新酒店，一家在北京，另外两家在中国以特许经营方式管理，四家则在中东地区以运营管理合同式运行。此外，位于英国谢菲尔德的一家新管理酒店已经开业，一份管理两家酒店的管理合同已在利物浦签署。截至2008年12月31日，M&C共拥有102家酒店业务和17家正在筹备中的酒店。

在2008年发生全球金融危机之前，高资金流动性和容易获取信贷的因素，提高了房地产市场包括酒店的需求。同时也助长了许多国家资产价格的攀升。在此期间，M&C采取保守的策略，选择投资于亚洲市场，尤其是增长中的主要城市。因此相对于其他投资者，M&C在全球市场的整体投资风险并不很显著。

2008年6月，M&C签署了一份合约以出售CDL Hotels (Korea) Limited的全部股权。因购买者未能完成交易，M&C从买家手中收取了3,140万英镑的不可退还的保证金，这促使M&C获取了2,730万英镑的额外现金收益。

今年展望

产业

新加坡经济在08年第四季度的严重收缩，促使政府大幅度调低其国内生产总值的预计为-2%至-5%，这是新加坡迄今为止最为悲观的预测。

因意识到经济衰退形势的严重性，政府将2009年财政预算案提前到一月，宣布了总值205亿元的应对配套，并首次动用49亿元的政府储备金。

至于房地产部分，政府暂时冻结国有土地标售政策，这将有助于控制未来新开发项目的土地供应量。政府还采取新措施以便缓解发展商的流动现金，给予他们更大的灵活性来根据市场情况销售和建造产业项目。这些措施其中包括了延迟缴付土地税和提供更长的周期以完成新项目。政府也将提供产业税回扣以协助业主和租户度过这一段艰难时期。

鉴于市场状况，集团已经暂缓发售两个住宅项目即位于汤申路的The Arte和位于升涛湾的The Quayside Collection (分别有336个和228个单位)。但是集团仍然继续建造这两个项目，因为集团有信心市场可以在项目完工之前得到复苏。随着市场观点继续改善，集团可能会尽快启动这些项目。当项目发售之时，集团将能够基于项目在建造阶段发售而即刻获得更多的利润。

当高端住宅产业市场疲弱之时，最近成功发售出中端和大众市场的新项目都重新激起市场兴趣，到示范单位参观的来访者增加，销售率良好。这主要是由于开发商根据市场期望调整了售价来促进销售，以达到资金充足而无需贷款。良好的发售回响表明买方观点正在改善，购买者尤其是中端和大众市场部分具有供资能力进行房地产投资是因为银行依然愿意对房屋贷款进行放贷，只是放贷总额更谨慎。许多投资者倾向于拥有不动产和将投资转向于房地产部分，因这种投资不会象债券和股票一样在短期内出现暴跌。因此，从中长期看来，新加坡的房地产极可能超越其他类别的资产。集团相信房地产市场将更加活跃，信心的增加也将会成为经济复苏的重要因素。

目前集团已发售项目中的未售出部分处于低库存。据估计在已发售项目中只剩余142个单位，这些单位少于10%属高端市场，其余均属中端和大众市场。

集团也对买家进行了广泛的分析，了解谁会在条件具备时会选择延期付款计划(DPS)，结果显示仅有有限的30%售出单位选择这付款计划。集团对选择延期付款计划的买家收取了20%的首期付款，相较于其他发展商可能要求的较低。集团没有将延期付款计划扩展到转售市场。销售和购买协议是一项具有法律约束力的文件，买方不能违反合同规定的责任。集团相信，对于在2007年之前，购买单位并选择延期付款计划的买主对有关履行契约条款的义务几乎不具任何风险，甚至于2007年下半年的预售单位，集团面对的风险也相对较低。基于当前的市场状况，并考虑到这些预售项目的土地成本，集团相信任何有关延期付款计划买家违约的担忧并没有出现。

如2008年第三季度报告所述，集团在征询其合作伙伴的意见后已推迟South Beach项目的建造工程。因为集团认为随着时间的推移建筑成本将进一步下降，更何况成本现在已经开始下降。当市场情况改善时本项目将更具有吸引力。目前合资合作伙伴正与银行对延长土地贷款进行洽谈。值得注意的是，South Beach项目是通过激烈的公开竞标才获得的，集团依靠具创新构思的生态设计，即使不是出价最高，仍然最终胜出。截至2008年12月31日最新的一次外部估价，此项目无需减值准备。

集团还推行节约的措施，以控制运营成本和开支。对那些尚未开发的项目，集团已决定延迟土地储备的进一步开发计划。过去的经验显示，未开发的土地储备的价值在疲弱期不会随着建筑环境的变化而贬值，相反随着时间的推移还会增值。此外，集团也能够在适当的时期更有效的发展这片土地。在必要时，它也可以根据需求选择利用其丰厚的土地储备，而且其中大部分的成本都较低。丰厚的土地储备和酒店与商业产业的投资组合为集团扩展业务及获取投资回报提供了一个可持续发展模式。

集团的办公楼组合租用率保持良好状态，与2003年艰难时期的83%相比，目前租用率达到94%。集团也竭尽所能以在更新租赁合约时保持高租金，同时吸引新租户，集团多样化的办公楼组合能够满足不同租户的需求。集团已经调高大部分更新租赁合约的租金并将其锁定。鉴于目前的经济形势，即使办公楼租赁市场趋向缓和，集团在大部分主要租户的合约更新时仍将调高租金，因为之前的低租金率是在疲弱期签定的。

集团的大型零售购物中心 – 城市广场 – 按计划将于2009年最后一个季度开业。由于购物中心位于市中心边缘，与花拉公园地铁站相连，这吸引了那些开始从市中心转移到稍边缘市场的零售业者。凭借优良的地理位置，加之周围新的住宅项目如910个单位的城市雅居带来相当大数量的居民入住该区域，购物中心预计能每月吸引至少130万人次。超过75%的零售空间已经找到租户，一旦获得临时入伙证，购物中心将准备好开业迎宾。

位于淡滨尼的两座郊区办公楼 9 Tampines Grande 和 Tampines Concourse 的租赁进展顺利，剩余空间的招租商谈正在积极进行之中。

酒店

尽管削减能源和油料价格，目前航空公司的载客率仍然在下降，休闲和商务旅行也受到巨大制约，全球酒店服务市场也不会在这个艰难时刻得以幸免。

2009年首五个星期，千禧国尊酒店的客房平均出售收益下降了21.2%，主要是因为纽约及其他美国地区市场的贡献分别下降为41%和23%。纽约酒店所受影响最大，特别是 Millenium Hilton Hotel因面对其客源大多从事金融行业而出现陡降之势。位于波士顿和芝加哥的酒店装修也刚刚在2008年第四季度完成(大堂除外)。M&C已经重整美国部分的管理结构，并密切关注以改善其运营。虽然M&C涉及经营的整个地区需求疲弱，仍需要注意的重要一点是，一般情况下，2009年首五个星期的低迷表现不是一个好的指示性指标，因为M&C的基本收入进帐通常集中在下半年。

总体而言，酒店服务市场在出现好转之前预计还会进一步下降。虽然后几个季度商贸形势依然严峻，但由于因为缺乏融资的缘故全球新建酒店客房供应量将有限，预计情况会部分缓和。此外，M&C拥有广阔的酒店组合，地理位置多样化，有许多四星级定位的酒店，其中一些更达到五星级标准，它们提供了非常有竞争力的价格和高标准。在这低迷的市场，估计许多精打细算的旅客将会降低标准，进而选择实而优惠的四星级酒店。因此M&C受益于其中，将取得比其他酒店经营者更优异的表现。M&C将继续关注现金持有及利润保护计划，以减轻全球金融危机造成的影响。

M&C近几年已经作出了一些艰难的决策，包括替换高层管理人员，采取谨慎的收购及剥离资产方针，保持财政平衡。虽然其中一些决策非传统并可能不受落，但M&C负责任的行动有助于提高其实力，应对当前的经济危机。只要继续实行坚韧的政策、审慎的态度和分析管理，M&C将能够闯过惊涛骇浪。当世界经济恢复平静时，M&C将确保拥有令人称羡的竞争优势，能够发掘最好的商业机会并可充分把握。

集团前景展望

集团意识到有许多挑战摆在面前。

接下来，集团将采取一种“3P”做法。它将审慎管理费用和保持节俭。集团将采纳务实的策略以管理其风险和时机，并努力竭尽所能，排除障碍以确保盈利的持续。它将精简其业务活动，为今后的复苏和繁荣做好准备。最后，集团将以坚韧的态度度过这一艰难时期。集团坚信，如同过去经历的那样，集团将以长远之计，巩固基础，在风暴过后能够再次取得优异的业绩。

虽然全球经济衰退无法控制，集团仍对新加坡前景保持乐观。近期政府特别预算案所显现出的强大基础，使人相信新加坡有能力成为从经济衰退中首先复苏的经济体之一。虽然政府已经通过预算案推行激励措施，但这种挑战全球的金融海啸不可能轻易地因当局的单独行动就得以解决。此纠缠全球的挑战，促使全体人民应树立“黑暗的尽头必有曙光”的信心。整合的社会能帮助市场恢复信心，这是任何经济复苏的基石。集团相信，新加坡仍然是一个生活、工作、娱乐和投资集一体的卓越城市。

取决于全球经济复苏的步伐，集团相信，良好的管理战略、坚强的毅力和坚韧的精神将有助于帮助集团顺利度过今年。集团预计将继续保持盈利。

致谢

我谨代表董事部，对即将在本次常年大会卸下董事职务的蒋石福先生过去30年来对本集团的宝贵贡献表示感谢。我也感谢管理层和职员们过去一年的无私奉献和辛勤工作。我们亦对我们的股东、投资者、客户、商业伙伴及社会各界一如既往的支持，致以深深的谢意。

郭令明
执行主席
2009年2月26日

Corporate Structure as at 28 February 2009

Hong Leong Group Singapore

City Developments Limited*
104 Subsidiary Companies
28 Associated Companies
8 Limited Liability Corporations

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

54%
Millennium & Copthorne Hotels plc*

99%
Target Realty Limited
5 Subsidiary Companies

Asia

- Republic Hotels & Resorts Limited (100%)
  20 Subsidiary Companies
  1 Associated Company
- Grand Plaza Hotel Corporation* (66%)[1]
  1 Associated Company
- 25 Subsidiary Companies
  11 Associated Companies

New Zealand/Australia

- 1 Subsidiary Company
- CDL Hotels Holdings New Zealand Limited (100%)
  1 Subsidiary Company
- Millennium & Copthorne Hotels New Zealand Limited* (70%)
  - KIN Holdings Limited (61%)
    - Kingsgate International Corporation Limited (100%)
      9 Subsidiary Companies
  - CDL Investments New Zealand Limited* (65%)
    1 Subsidiary Company
  - 10 Subsidiary Companies
  - MCHNZ Investments Limited (100%)
    32 Associated Companies

Europe and Middle East

- 43 Subsidiary Companies
- 1 General Partnership

North America

- 33 Subsidiary Companies
- 17 Limited Liability Corporations
- 15 Limited Partnerships
- 2 General Partnerships

Notes: [1] Held through a 60% subsidiary company of Millennium & Copthorne Hotels plc and a wholly-owned subsidiary company of Republic Hotels & Resorts Limited

* Listed Companies

Board of Directors

Kwek Leng Beng

Kwek Leng Joo

Chee Keng Soon

Chow Chiok Hock

Kwek Leng Beng, 68
Appointed as Director and Executive Chairman of City Developments Limited (CDL) since 1 October 1969 and 1 January 1995 respectively, Mr Kwek was re-elected on 26 April 2007. He also sits on the Nominating Committee of CDL.

Mr Kwek is the Chairman of Hong Leong Asia Ltd. (HLA) and London-listed Millennium & Copthorne Hotels plc (M&C). He is also the Chairman and Managing Director of Hong Leong Finance Limited (HLF) and Hong Kong-listed City e-Solutions Limited (CES).

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

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

Kwek Leng Joo, 55
Appointed as Director and Managing Director of CDL since 8 February 1980 and 1 January 1995 respectively, Mr Kwek also sits on the City Developments Share Options Scheme 2001 Committee (Scheme Committee).

He is also an Executive Director of CES and sits on the boards of HLF and M&C.

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

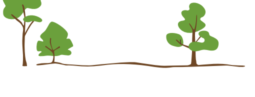
Mr Kwek contributes actively to the business community through several public appointments including Honorary President of the Singapore Chinese Chamber of Commerce and Industry, Chairman of the Board of Trustees of National Youth Achievement Award Council, and Chairman of the Chinese Language & Culture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

Chee Keng Soon, 76
Appointed a Director of CDL since 29 March 1995, Mr Chee was last re-appointed a Director on 24 April 2008 pursuant to Section 153(6) of the Companies Act, Chapter 50. He is also the Chairman of the Audit, Nominating, Remuneration and Scheme Committees of CDL.

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

Chow Chiok Hock, 70
Appointed a Director of CDL since 1 October 1969, Mr Chow was last re-elected on 24 April 2008. He also sits on the Remuneration and Scheme Committees of CDL. Mr Chow will not be seeking re-appointment as a Director pursuant to Section 153(6) of the Companies Act, Chapter 50, at the forthcoming Annual General Meeting of CDL.

Mr Chow has extensive experience in real estate and was actively involved in the management and development of the Grand Hyatt Taipei. He presently sits on the boards of Hong Leong Holdings Limited and other companies in the Hong Leong Group.



Foo See Juan

Kwek Leng Peck

Han Vo-Ta

Tang See Chim

Foo See Juan, 68
Appointed a Director of CDL since 2 June 1986, Mr Foo was last re-elected on 26 April 2007. He also sits on the Audit, Nominating and Scheme Committees of CDL.

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

Kwek Leng Peck, 52
Appointed a Director of CDL since 1 August 1987, Mr Kwek was last re-elected on 26 April 2006. He is an Executive Director of HLA and CES and also sits on the boards of HLF, M&C, New York-listed China Yuchai International Limited and Malaysia-listed Tasek Corporation Berhad.

Mr Kwek holds a Diploma in Accountancy and has over 28 years of experience in trading, manufacturing, property investment and development, hotel operations, corporate finance and management.

Han Vo-Ta, 60
Appointed a Director of CDL since 20 September 1988, Mr Vo-Ta was last re-elected on 24 April 2008. He also sits on the Audit Committee of CDL.

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

Tang See Chim, 76
Appointed a Director of CDL since 28 August 1995, Mr Tang was last re-appointed a Director on 24 April 2008 pursuant to Section 153(6) of the Companies Act, Chapter 50. He also sits on the Audit, Remuneration and Scheme Committees of CDL.

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

Mr Tang also sits on the boards of G.K. Goh Holdings Limited, HupSteel Limited, New Toyo International Holdings Ltd and Dutech Holdings Limited. His other appointments include honorary legal adviser to Ren Ci Community Hospital, Singapore Hospice Council and Nanyang Girls' High School.

Senior Management

Chia Ngiang Hong | Goh Ann Nee | Tan Seng Chee | Eddie Wong | Lim Tow Fok

Chia Ngiang Hong, Group General Manager
Mr Chia Ngiang Hong joined City Developments Limited (CDL) in 1981 and has about 30 years of experience in the real estate industry in Singapore and the region. He holds a degree in Bachelor of Science in Estate Management (Honours) from the University of Singapore and a Masters in Business Administration with distinction from University of Hull, UK. Mr Chia is a Fellow of the Singapore Institute of Surveyors & Valuers (SISV) and the current First Vice President of Real Estate Developers' Association of Singapore. He is alo a Certified Property Manager with Institute of Real Estate Management (USA).

Goh Ann Nee, Chief Financial Officer
Appointed as CDL's Chief Financial Officer in 2005, Ms Goh Ann Nee was formerly the Vice President (Finance) at Millennium & Copthorne International Limited. Ms Goh graduated from the University of Glasgow and started her career with Coopers & Lybrand (now known as Pricewaterhouse Coopers) based in London. She has had an international financial management career in multinational companies from industries including chemicals, logistics and process controls automation. A Chartered Accountant, Ms Goh is a member of the Institute of Chartered Accountants in England and Wales and is also a member of the Institute of Certified Public Accountants of Singapore.

Tan Seng Chee, Chief Information Officer
Trained as an engineer, Mr Tan Seng Chee has more than 25 years of experience in the IT industry. He graduated from the University of Singapore with a Bachelor of Engineering (Mechanical) degree, Master of Science (Industrial Engineering) and a post graduate diploma in Computer Science from the British Computer Society.

Eddie Wong, General Manager (Projects)
Mr Eddie Wong has been in the construction industry for nearly 30 years and joined CDL in 1981. He has a Masters degree in International Environmental Management from The University of Adelaide and a Diploma in Building from Singapore Polytechnic. Mr Wong is a Fellow of the Society of Project Managers and an Associate Member of the Institute of Environmental Management and Assessment (IEMA), UK. He is also a Steering Committee Member of the Energy Sustainability Unit (Partner of the Economic Development Board), and a member of the Construction Industry IT Standards Committee.

Lim Tow Fok, General Manager (Property & Facilities Management)
Mr Lim Tow Fok joined CDL in 2008 and has more than 20 years experience in property and facilities management. He holds a Master degree in Business Administration from the University of Adelaide. Trained in the field of Building Maintenance and Management, his area of expertise includes setting strategic directions on property and facilities management matters, establishing policy standards and ensuring the efficient operation of commerical, industrial and residental buildings.

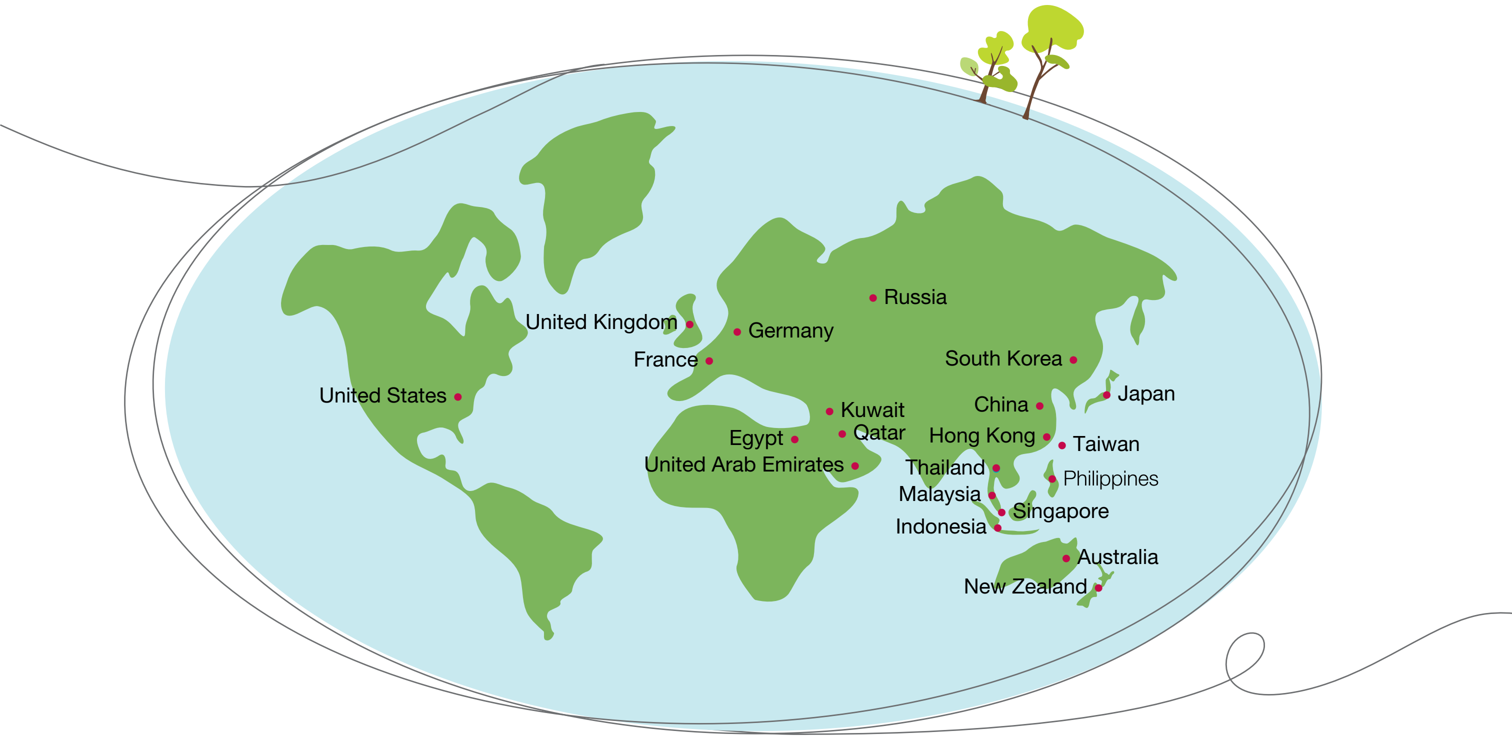
Heads of Department

Deputy General Managers
Esther An, Corporate Affairs
Anthony Chia, Design & Projects
Anthony Goh, Investment Property
Lee Mei Ling, Marketing
Lim Whee Kong, Treasury
Catherine Loh, Corporate Secretarial Services
Sharifah Shakila Shah, Legal
Sim Boon Hwee, Business Development & Asset Management (S'pore)
Kelly Tan, Projects
Corinne Yap, Leasing

Assistant General Managers
Allen Ang, Projects (Commercial)
Ng Mui Siang, Internal Audit
Ong Siew Toh, Group Accounts
George Tan, Administration
Tay Cheow Chuan, Development Property
Sherine Toh, Human Resource
Jacqueline Wong, Development & Investment Property
Yiong Yim Ming, Group Accounts

Senior Managers
Foo Chui Mui, Customer Relationship Management
Belinda Lee, Corporate Communications
Wong Chung Jeu, Projects (Residential)

CorporateNetwork



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

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

In Singapore, CDL holds an impressive track record of over 22,000 luxurious and quality homes to its name. As one of the biggest landlords in Singapore, CDL owns over 4 million square feet of lettable office, industrial, retail and residential space. The Group also owns one of the largest land banks amongst private developers, with over 4 million square feet that has the potential of being developed into over 8 million square feet of gross floor area.

Beyond establishing a distinctive imprint on the Singapore cityscape, CDL's local presence is matched by the strategic growth of its international business.

The Group's global presence is led by its diversification into hospitality management and the acquisition of hotel assets through CDL's London-listed subsidiary, Millennium & Copthorne Hotels plc (M&C). As one of the world's largest hotel groups, M&C owns, asset manages and/or operates 102 hotels in 18 countries around the world. The Hong Kong-listed City e-Solutions Limited is another subsidiary of CDL that is dedicated towards providing management services and technology solutions for the hospitality industry, as well as making investments in the global real estate sector.

Note: Information as at 26 February 2009.

Corporate Directory

Board of Directors

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

Non-Executive
Chee Keng Soon, Independent
Chow Chiok Hock
Foo See Juan, Independent
Kwek Leng Peck
Han Vo-Ta, Independent
Tang See Chim, Independent

Board Committee

Kwek Leng Beng
Kwek Leng Joo
Chow Chiok Hock
Kwek Leng Peck
Han Vo-Ta

Audit Committee

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

Nominating Committee

Chee Keng Soon, Chairman
Kwek Leng Beng
Foo See Juan

Remuneration Committee

Chee Keng Soon, Chairman
Chow Chiok Hock
Tang See Chim

City Developments Share Option Scheme 2001 Committee

Chee Keng Soon, Chairman
Kwek Leng Joo
Chow Chiok Hock
Foo See Juan
Tang See Chim

Secretaries

Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong

Registrars and Transfer Office

M & C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906
Tel: 6227 6660

Registered Office

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

Auditors

KPMG LLP
Public Accountants and
Certified Public Accountants, Singapore
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
(Partner-in-charge:
Tham Sai Choy,
appointment commenced from the
audit of the financial statements
for the year ended
31 December 2005)

Principal Bankers

Australia and New Zealand Banking Group Limited
BNP Paribas
Bank of China Limited
Calyon
CIMB Bank Berhad
Citibank, N.A.
Commerzbank Aktiengesellschaft
Crédit Industriel et Commercial
DBS Bank Ltd.
Deutsche Bank AG
DZ Bank AG
Industrial and Commercial Bank of China Limited
KASIKORNBANK Public Company Limited
Mizuho Corporate Bank, Ltd.
Norddeutsche Landesbank Girozentrale
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank
Société Générale
Sumitomo Mitsui Banking Corporation
The Bank of Nova Scotia Asia Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
The Hongkong and Shanghai Banking Corporation Limited
The Royal Bank of Scotland plc
United Overseas Bank Limited

Corporate Governance

City Developments Limited ("CDL" or the "Company") is committed to maintaining good corporate governance in accordance with the principles and guidelines set out in the Code of Corporate Governance released by the Council on Corporate Disclosure and Governance in 2005 ("CCDG Code") and has adopted a set of internal guidelines on corporate governance ("Internal CG Guidelines") aligned with the CCDG Code.

The following describes the Company's corporate governance policies and practices which include, *inter alia*, specific references to the principles and guidelines as set out in the CCDG Code.

BOARD MATTERS

CCDG Code Principle 1: The Board's Conduct of Affairs

The Board oversees the Company's business. Its primary functions are to set corporate policy, provide guidance and approval of strategic plans and direction for the Company, review management performance, establish and oversee the framework for internal controls and risk management, and assume responsibility for good corporate governance. These functions are either carried out directly by the Board or through committees established by the Board, namely, the Board Committee ("BC"), the Audit Committee ("AC"), the Nominating Committee ("NC"), the Remuneration Committee ("RC"), and the City Developments Share Option Scheme 2001 Committee ("Scheme Committee"), all collectively referred to hereafter as the "Committees". The composition of each Committee can be found under the corporate directory section in this Annual Report 2008.

The delegation of authority by the Board to the Committees enables the Board to achieve operational efficiency by empowering these Committees to decide on matters within their respective written terms of reference and/or limits of delegated authority and yet maintain control over major policies and decisions.

The Company conducts regular scheduled Board meetings on a quarterly basis. Additional meetings are convened as and when circumstances warrant. The Company's Articles of Association allow for the meetings of its Board and Committees to be held via teleconferencing.

The attendance of the Directors at meetings of the Board and Committees, as well as the frequency of such meetings, are disclosed on page 24. Notwithstanding such disclosure, the Board is of the view that the contribution of each Director should not be focused only on his attendance at meetings of the Board and/or Committees. A Director's contribution may also extend beyond the confines of the formal environment of such meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company.

The BC, which comprises 5 Directors with the majority of its members being non-executive, assists the Board in the discharge of its duties by deliberating on operational matters requiring Board review that may arise between the full Board meetings. It assists the Board, in particular, in approving banking-related matters such as the opening, closing and maintenance of banking accounts of the Company and the acceptance of banking facilities up to certain limits extended to the Company, operational matters relating to property development and other matters determined by the Board from time to time. The Board has also adopted an internal guide wherein certain key matters are specifically reserved for approval by the Board such as the setting of strategic decisions or policies or financial objectives which are, or may be significant, in terms of future profitability or performance of the Group and decisions to commence, discontinue or modify significantly any business activity or to enter or withdraw from a particular market sector.

Every newly appointed Director receives a formal letter, setting out his general duties and obligations as a director pursuant to the relevant legislations and regulations. Newly appointed Directors are also welcome to meet with the management and be briefed by them on the Company's business and governance practices. The Company encourages the Directors to keep updated with the latest changes to the relevant laws and regulations affecting the Company and to receive further relevant training of their choice in connection with the discharge of their duties. Such relevant courses include programmes conducted by the Singapore Institute of Directors and Singapore Exchange Securities Trading Limited ("SGX-ST"). Each Director also receives a manual containing information on a director's duties and responsibilities, corporate information of the Group, and Company and Board policies including the Internal CG Guidelines which also cover the internal code of business and ethical conduct, internal code on securities trading, whistle-blowing procedure, and a schedule of matters specifically reserved for the Board's approval. Directors are also provided regular updates and briefings from time to time by professional advisers, auditors, management and the company secretaries on new laws, rules, regulations, listing requirements, governance practices, changes in accounting standards and business and risk management issues applicable or relevant to the performance of their duties and obligations as directors.

The Company and its Board of Directors are committed to conducting business with integrity and consistent with the highest standards of business ethics, and in compliance with all applicable laws and regulatory requirements. In line with this commitment, during the year under review the Board adopted a revised Code of Business Conduct and Ethics which sets out the ethical values and business standards of the Company and to assist Company employees in resolving ethical questions that may arise in the course of their work for the Company. The Code provides a communicable and understandable framework for staff 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, competitors and amongst employees, including situations where there are potential conflicts of interests.

Directors' Attendance at Board and Committee Meetings in 2008

	Board	AC	NC	RC
	Number of Meetings held: 4	Number of Meetings held: 8	Number of Meetings held: 1	Number of Meetings held: 2
Name of Directors	Meetings attended	Meetings attended	Meetings attended	Meetings attended
Kwek Leng Beng	4	N.A.	1	N.A.
Kwek Leng Joo	4	N.A.	N.A.	N.A.
Chee Keng Soon	4	8	1	2
Chow Chiok Hock*	2	N.A.	N.A.	0
Foo See Juan	4	7	1	N.A.
Kwek Leng Peck	4	N.A.	N.A.	N.A.
Han Vo-Ta	4	8	N.A.	N.A.
Tang See Chim	4	8	N.A.	2

The Scheme Committee did not schedule nor hold any meetings in 2008.

* Absence due to Mr Chow's ill health during the latter half of the year.

CCDG Code Principle 2: Board Composition and Guidance

The Board currently comprises 8 members. All members of the Board except for the Chairman and the Managing Director are non-executive Directors. Of the 6 non-executive Directors, the Board considers 4 of them, being half of the Board, to be independent, thus providing for a strong and independent element on the Board capable of exercising objective judgment on corporate affairs of the Group. No individual or small group of individuals dominates the Board's decision-making.

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

Having diligently served on, and contributed to, the Board over the past 30 years, Mr Chow has indicated to the Board his intention not to seek re-appointment as a Director at the forthcoming Annual General Meeting of the Company. The Nominating Committee will review and identify at the appropriate time suitable candidates with the right qualifications, expertise and experience to fill the vacated Board position.

The Board comprises business leaders and professionals with financial, banking, legal and business management backgrounds. The Board has reviewed its composition, taking into account the scope and nature of the operations of the Group, and is satisfied that the current size of the Board is appropriate and allows for effective decision-making. The standing of the members of the Board in the business and professional communities, and their combined business, management and professional experience, knowledge and expertise provide the necessary core competencies to meet the Group's needs and to allow for diverse and objective perspectives on the Group's strategic direction and growth. Non-executive Directors of the Company are encouraged to participate actively in Board meetings in the development of the Company's strategic plans and direction, and in the review and monitoring of management's performance against set targets.

CCDG Code Principle 3: Chairman and Chief Executive Officer

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

Mr Kwek Leng Beng is the Executive Chairman of the Company and the Chairman of the Board. The holding of these dual roles by the same Director, together with the strengths brought to these roles by a person of Mr Kwek Leng Beng's stature and experience has been considered by the Board. There are internal controls in place to allow effective oversight by the Board to ensure appropriate balance and authority for the Board to exercise objective decision-making. In view of the management structure detailed in the following paragraphs, the Board is of the view that it is currently unnecessary to effect a separation of the role of the Chairman of the Board from that of the Executive Chairman to facilitate the Group's decision-making and implementation process.

As Chairman of the Board, Mr Kwek Leng Beng bears primary responsibility for the workings of the Board, by ensuring its effectiveness on all aspects of its role, exercising control over the quality, quantity and timeliness of information flow between the Board and management, ensuring effective communication with shareholders, facilitating the effective contribution of non-executive Directors, and overseeing the Group's corporate governance and conduct. As Executive Chairman, Mr Kwek Leng Beng is the most senior executive in the Company and provides overall leadership and strategic vision for the Group.

He is assisted by his brother, Mr Kwek Leng Joo, the Managing Director of the Company, in charting broad direction, strategies and policies of the Group. The Managing Director oversees the management team for the effective implementation of corporate and business strategies and policies. He is supported by the senior management of the Company in the day to day operations of the Group.

A key management staff, Group General Manager Mr Chia Ngiang Hong is not related to the Chairman or the Managing Director. Mr Chia, who joined the Group in 1981, holds a Bachelor of Science (Hons) degree in Estate Management from the University of Singapore and a Distinction in Masters in Business Administration from the University of Hull, United Kingdom, and is also a Fellow of the Singapore Institute of Surveyors & Valuers and a Certified Property Manager with the Institute of Real Estate Management, USA.

With the establishment of various Committees with power and authority to perform key functions beyond the authority of, or without undue influence from, the Chairman and/or the Managing Director, and the putting in place of various internal controls to allow for effective Board oversight, the Board is of the view that there are adequate accountability safeguards to enable the Board to exercise objective decision-making and to ensure an appropriate balance of power and authority within the spirit of good corporate governance.

CCDG Code Principle 4: Board Membership

The NC's main role as set out in its written terms of reference is to recommend all Board and Committee appointments and re-appointments, determine independence of each Director, and identify new directors who have the appropriate knowledge, experience and skills to contribute effectively to the Board. 2 out of the 3 members of the NC, including the NC chairman, are independent.

When considering the re-nomination and re-election of Directors, the NC takes into account their contribution to the effectiveness of the Board and the competing time commitments faced by Directors with multiple board representations. Notwithstanding that some of the Directors have multiple board representations, the NC is satisfied that each Director is able to carry and has been adequately carrying out his duties as a Director of the Company. The Directors submit themselves for re-nomination or re-election at regular intervals and the Articles of Association of the Company provide that at least one-third of the Directors for the time being, other than the Managing Director, shall retire as Directors at each Annual General Meeting of the Company. The Managing Director is appointed by the Board for such period (except that where an appointment is for a fixed term, such term shall not exceed five years) and upon such terms as the Board thinks fit.

In reviewing and recommending to the Board any new Director appointments, the NC takes into consideration the current Board size and its mix, the additional skills and experience that will bolster the core competencies of the Board, the search process for the identification of suitable candidates and once identified, the appropriate knowledge, experience and skills of the candidates who in its opinion, are fit and proper and qualified for office.

Key information regarding the Directors is set out on pages 18 to 19 of this Annual Report 2008.

CCDG Code Principle 5: Board Performance

The Company has in place a formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board. The NC assesses each Director's performance and evaluates the Board's performance as a whole annually, using objective and appropriate quantitative and qualitative criteria which were recommended by the NC and approved by the Board. Quarterly performance indicators which include a comparison of the Company's performance (including segmental performance) for the financial period under review against the Company's performance for the corresponding period in previous years and also *vis-à-vis* industry peers and industry averages, and other indicators such as the Company's share price performance over a historical period and *vis-à-vis* industry peers, are furnished to the Board.

Assessment parameters for Directors' performance include their level of participation at Board and Committee meetings and the quality of their contribution to Board processes and the business strategies and performance of the Group. The NC's evaluation of the individual Directors for the financial year ended 31 December 2008 ("FY 2008") was facilitated this year with feedback from individual Directors on areas relating to the Board's competencies and effectiveness. The results of the evaluation process would be used by the NC, in its consultation with the Chairman of the Board, to effect continuing improvements on Board processes.

CCDG Code Principle 6: Access to Information

Prior to each meeting, the respective members of the Board and the Committees are provided with the meeting agenda and the relevant papers submitted by the management, containing complete, adequate and timely information to enable full deliberation on the issues to be considered at the respective meetings. Management staff and the Company's auditors, who can provide additional insight into the matters for discussion, are also invited from time to time to attend such meetings. The company secretaries attend all Board meetings and ensure that all Board procedures are followed. The company secretaries, together with other management staff of the Company, also ensure that the Company complies with all applicable statutory and regulatory rules.

On an ongoing basis, the Directors have separate and independent access to the Company's senior management and the company secretaries. The Directors, whether as a group or individually, are entitled to take independent professional advice at the expense of the Company, in furtherance of their duties and in the event that circumstances warrant the same.

REMUNERATION MATTERS

CCDG Code Principle 7: Procedures for Developing Remuneration Policies

The RC comprises 3 non-executive Directors, majority of whom including the chairman of the RC are independent. The RC's principal responsibilities as set out in its written terms of reference are to review and recommend for the endorsement of the Board, a framework of remuneration and the specific remuneration packages for each Board member, including the Executive Chairman, the Managing Director and also for the Group General Manager. In setting remuneration packages, the RC also ensures that the remuneration policies are in line with the strategic objectives and corporate values of the Company.

CCDG Code Principle 8: Level and Mix of Remuneration

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

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

The remuneration of the non-executive Directors are set at a level appropriate to their degree of contribution, taking into account attendance and time spent, and their respective responsibilities. No Director is involved in deciding his own remuneration.

Longer term incentive schemes are encouraged, as and when appropriate.

CCDG Code Principle 9: Disclosure of Remuneration

The total compensation packages for employees including the Executive Chairman, the Managing Director and the Group General Manager comprise a fixed component (in the form of a base salary and fixed allowances) and a variable component (which includes year-end and variable bonuses, and benefits-in-kind, where applicable), taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices. The breakdown (in percentage terms) of the Directors' remuneration for FY 2008 is set out below.

Directors' Remuneration for FY 2008

	Base Salary* %	Variable Bonuses/ Allowances* %	Board/ Committee Fees** %	Other Benefits %	Total %
Above $7,500,000 and up to $7,750,000					
Kwek Leng Bengˆ	13	76	4	7	100
Above $6,250,000 and up to $6,500,000					
Kwek Leng Jooˆ	15	81	2	2	100
Above $250,000 and up to $500,000					
Chow Chiok Hockˆ	-	87	13	-	100
$250,000 and below					
Chee Keng Soon	-	-	100	-	100
Foo See Juanˆ	-	-	100	-	100
Kwek Leng Peckˆ	-	-	100	-	100
Han Vo-Ta	-	-	100	-	100
Tang See Chim	-	-	64	36	100

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

** These fees comprise Board and Committee fees for FY 2008, which are subject to approval by shareholders as a lump sum at the 2009 Annual General Meeting as well as Audit Committee fees for FY 2008 that have already been approved by shareholders at the last Annual General Meeting.

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

No options were granted by the Company to subscribe for unissued shares in the Company during FY 2008.

The remuneration of the top 5 key executives (who are not Directors) is not disclosed in this Annual Report 2008 as such disclosure does not appear to be standard industry practice currently, given the highly competitive industry conditions. The RC will continue to review the practice of the industry in this regard, weighing the advantages and disadvantages of such disclosure.

During FY 2008, none of the Directors had immediate family members not disclosed above who were employees of the Company and whose personal annual remuneration exceeded $150,000.

ACCOUNTABILITY AND AUDIT

CCDG Code Principle 10: Accountability

The Board provides shareholders with quarterly and annual financial results. Results for the first 3 quarters are released to shareholders within 45 days of the end of each quarter whilst annual results are released within 60 days from the financial year end. In presenting the Company's annual and quarterly results, the Board aims to provide shareholders with a balanced and understandable assessment of the Company'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.

The management provides the Executive Directors and members of the AC with monthly financial summary of the Group's performance.

The Directors recognise that they have overall responsibility to ensure accurate financial reporting for the Group and for the Group's system of internal controls. The Board confirms that, with the assistance of the AC, it reviews the effectiveness of the Group's financial reporting and internal controls system, which are monitored through a programme of internal audits, and is satisfied with the adequacy of such internal controls system.

CCDG Code Principle 11: Audit Committee

The AC comprises 4 non-executive Directors, all of whom including the chairman of the AC are independent. The AC has sufficient financial management expertise and experience amongst its members to discharge its functions within its written terms of reference. The AC is authorised by the Board to investigate any matters it deems appropriate within its terms of reference and has full access to and co-operation of management. It may invite any Director, executive officer or employee of the Company to attend its meetings and is also authorised to seek external professional advice to enable it to discharge its functions.

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

- to review with management and, where appropriate, with the external auditors on the quarterly and full year financial statements issued by the Group before their submission to the Board to ensure their completeness, accuracy and fairness;
- to review, on an annual basis, the scope and results of the audit and its cost-effectiveness and the independence and objectivity of the external auditors;
- to review the effectiveness of the internal audit function;
- to make recommendations to the Board on the appointment, re-appointment and removal of external auditors, and to approve the remuneration and terms of engagement of the external auditors; and
- to review interested person transactions.

The AC held 8 meetings during the year and carried out its duties as set out within its terms of reference. It also met with the internal and external auditors, each separately without the presence of management. Having reviewed the nature and extent of the non-audit services provided to the Group by the external auditors for FY 2008, the AC is of the opinion that the provision of such non-audit services would not affect the independence and objectivity of the external auditors. The AC has recommended to the Board the nomination of KPMG for re-appointment as external auditors.

CDL has in place a whistle-blowing procedure where staff of the Company can raise in confidence concerns on possible improprieties relating to accounting, financial reporting, internal controls and auditing matters. Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow up action to be taken.

INTERESTED PERSON TRANSACTIONS

On 29 May 2003, the Company obtained shareholders' approval for the Company, its subsidiaries and its associated companies not listed on the SGX-ST or an approved exchange, over which the Company, its subsidiaries and/or interested persons have control, to enter into transactions within the categories of Interested Person Transactions set out in the Company's circular to shareholders dated 28 April 2003, with such persons within the class or classes of Interested Persons as described in the said circular, provided that such transactions are entered into in accordance with the review procedures set out in the said circular (the "IPT Mandate"). The IPT Mandate was last renewed by the shareholders on 24 April 2008 and given that such Interested Person Transactions are expected to occur with some degree of frequency and may arise at any time, and to allow the Group to undertake such transactions in an expeditious manner, shareholders' approval will be sought at the coming Annual General Meeting of the Company for the renewal of the IPT Mandate.

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

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

Interested Persons	Aggregate value of all interested person transactions in FY 2008 (excluding transactions less than $100,000 and transactions conducted under the IPT Mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted in FY 2008 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
Hong Leong Investment Holdings Pte. Ltd. group of companies	$23,157,401*	Property-related: (a) provision to interested persons of (i) carpark operation and management services, (ii) property management and maintenance services, (iii) managing agent's services, (iv) security services, (v) cleaning services, and (vi) project management services; and (b) leases of premises to and from interested persons	$6,889,885
		Management and Support Services: (provision of financial services to interested persons)	$357,800
		TOTAL	**$7,247,685**
Director	$120,000**		Nil

* The figure comprises the aggregate value of shareholders' loans extended to joint ventures involving interested persons, and where applicable, interest accrued on shareholders' loans, in FY 2008, which were announced on 26 February 2009 pursuant to Rule 916(3). The shareholders' loans referred herein have been extended by all the joint venture parties or shareholders in proportion to their equity interest in the respective joint ventures and on the same terms and conditions, including the interest rate, if any, accrued or to be accrued on the shareholders' loans. The figure also comprises the aggregate value of transactions of the sale of a warehouse unit to an interested person and the purchase of a property unit from an interested person.

** The figure comprises the aggregate value of the provision of consultancy services by an associate of a Director of the Company to the Group.

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.

CCDG Code Principle 12: Internal Controls

The Directors recognise that they have overall responsibility to ensure accurate financial reporting for the Group and for the Group's system of internal controls. Internal and external auditors conduct regular reviews of the system of internal controls, and material internal control weaknesses are brought to the attention of the AC and to management for remedial action. While no system can provide absolute assurance against material loss or financial misstatement, the Group's internal financial controls are designed to provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained, and that financial information used within the business and for publication is reliable. In reviewing these controls, the Directors have had regard to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them.

The Board confirms that, with the assistance of the AC, it reviews the effectiveness of the Group's financial, operational and compliance controls and risk management systems which are monitored through a programme of internal and external audits together with regular reviews by the management of the Company's risk management processes and procedures, and is satisfied with the adequacy of such internal controls system.

CCDG Code Principle 13: Internal Audit

The Internal Audit ("IA") function is independent of the activities it audits. The Head of IA's primary reporting line is to the chairman of the AC with an administrative line of reporting to the Managing Director of the Company. IA operates within the framework stated in its Internal Audit Charter which is approved by the AC. The standards of the Internal Audit Charter are consistent with the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. IA's responsibilities include evaluating the reliability, adequacy and effectiveness of the internal controls and risk management processes of the Company, ensuring that the internal controls of the Company result in prompt and accurate recording of transactions and proper safeguarding of assets, and ensuring that there are processes in place so that recommendations raised in internal audit reports are dealt with in a timely manner with outstanding exceptions or recommendations being closely monitored.

The Company has a well-established IA function with formal procedures for internal auditors to report their audit findings to the AC and to management. The AC reviews the adequacy of the internal audit function through a review of the internal auditors' activities on a quarterly basis and is satisfied that the internal audit function has adequate resources and appropriate standing within the Group to perform its functions properly.

COMMUNICATION WITH SHAREHOLDERS

CCDG Code Principle 14: Communication with Shareholders

The Company announces its quarterly and full-year results within the mandatory period. Material and price-sensitive information is publicly released via SGXNET on a timely basis. All shareholders of the Company receive the summary report and/or annual report of the Company and the notice of the Annual General Meeting, which notice is also advertised in the press and released via SGXNET. Shareholders and investors can access information on the Company at its website at www.cdl.com.sg which provides, *inter alia*, corporate announcements, press releases and the latest financial results as disclosed by the Company on SGXNET. From time to time, the Company's senior management holds briefings with analysts and the media to coincide with the release of the Group's half-year and full-year results.

CCDG Code Principle 15: Greater Shareholder Participation

At general meetings of the Company, shareholders are given the opportunity to communicate their views and ask the Directors and the management questions regarding matters affecting the Company. The chairman of the AC, NC and RC and the external auditors were present at the last Annual General Meeting, and will endeavour to be present at the coming Annual General Meeting to address, and to assist the Directors in addressing, queries raised by the shareholders.

In accordance with the Articles of Association of the Company, shareholders may appoint one or two proxies to attend and vote in their absence. CPF investors of the Company's securities may attend shareholders' meetings as observers provided they have submitted their requests to do so with their agent banks within a specified timeframe.

INTERNAL CODE ON DEALINGS IN SECURITIES

The Company has adopted an internal code on securities trading which provides guidance and internal regulation with regard to dealings in the Company's securities by its Directors and officers. These guidelines prohibit dealing in the Company's securities while in possession of unpublished material price-sensitive information in relation to such securities and during the "closed period", which is defined as two weeks before the date of announcement of results for each of the first three quarters of the Company's financial year and one month before the date of announcement of the full-year financial results.

Highlights Of The Year

JANUARY

- CDL was conferred the Excellence Award for Best Corporate Social Responsibility (CSR) by the Institute of Public Relations of Singapore at the PRISM Awards 2008, in recognition of its outstanding CSR strategy, which takes a holistic approach in impacting the community through dedicated outreach programmes.

- Millennium & Copthorne Hotels plc (M&C), CDL's subsidiary, opened its second hotel in China. The 352-room Millennium Harbourview Hotel Xiamen, formerly the Crowne Plaza Harbourview Hotel Xiamen, took on its new name following a franchise agreement with M&C.

FEBRUARY

- CDL reported record profits of $725 million for the financial year ended 31 December 2007, a 106.2% increase from 2006 of $351.7 million without divestment gains and fair value gains on investment properties. This marks the Group's profit at its record high since its inception in 1963.

MARCH

- Republic Plaza, CDL's flagship building, was the venue of the National Vertical Marathon for the second consecutive year. This annual sporting event is organised by students from the Nanyang Technological University Sports Club.

APRIL

- Along with its joint-venture partners Hong Leong Holdings Limited and TID Pte. Ltd., CDL officially unveiled the six-star St. Regis Singapore on 20 April – the first international hotel to open in Singapore in more than a decade, and the first St. Regis Hotel to open in South-East Asia.

- CDL achieved the ISO 14001: 2004 Environmental Management System for Corporate Management and Operations covering all headquarter office activities.

- City Square Mall, CDL's flagship mall and Singapore's first Eco-Mall, was showcased at the 2008 Cityscape Asia exhibition. The Mall was awarded the Best Developer – Retail (Future) at the Cityscape Asia Real Estate Awards.

- M&C opened the 521-room five-star Grand Millennium Beijing, located in the heart of the city's financial and business district.

MAY

- CDL launched its inaugural Social and Environmental Report, the first local report to be successfully checked by the Global Reporting Initiative (GRI).

- Along with its subsidiary CBM Pte. Ltd. and its five Singapore hotels, CDL put up a resounding show of support at the Assisi Hospice Charity Fun Day 2008. Collectively, the CDL Group sponsored some 37 metres of food and virtual game stalls, manned by 225 employees who chalked up about 1,200 volunteer manhours for the event.

- CDL hosted the "Green Heart Gala Dinner" at the St. Regis Singapore and raised over $300,000 to further the conservation and educational work of its long-standing partners, Singapore Environment Council and Nature Society (Singapore).

Mr Mah Bow Tan, Minister for National Development (fourth from left), officiated the opening ceremony of the St. Regis Singapore, the first international hotel to open in Singapore in more than a decade.

- For its pioneering efforts in sustainable development, CDL was a recipient of the inaugural Green Mark Champion Award at the Building and Construction Authority (BCA) Awards 2008. CDL also received three Green Mark Platinum (Cliveden at Grange, The Solitaire and 9 Tampines Grande), two Green Mark Gold[Plus] (Shelford Suites and Wilkie Studio), three Green Mark Gold (City House, Fuji Xerox Towers and One Shenton), two Green Mark certification (Central Mall Office Tower and Palais Renaissance), and two Construction Excellence Awards (Butterworth 33 and The Pier at Robertson).

- Parc Emily, a 295-unit residence located in the lush Mount Emily enclave, received its Certificate of Statutory Completion (CSC). The project is jointly developed by CDL and TID Pte. Ltd..

- M&C added to its growing global portfolio the Copthorne Hotel Qingdao, rebranded from Hotel Equatorial Qingdao, marking the first Copthorne hotel in China.

- The Sail @ Marina Bay, the first completed residences in the new Downtown, received its Temporary Occupation Permit (TOP) for Tower 2. Jointly developed by CDL and AIG Real Estate Global Investment Corp, this icon is amongst the world's ten tallest residences, housing 1,111 units.

JUNE

- Through its wholly-owned subsidiary, City Capital Corporation Pte Ltd, CDL entered into a conditional Sale and Purchase Agreement with Pioneer Panda Pte. Ltd. for the sale of Commerce Point, a 999-year leasehold 19-storey office building, for $180.7 million. The sale was completed on 3 July 2008.

- Shelford Suites, a freehold 77-unit boutique development nestled in the midst of a lush residential enclave off Dunearn Road, was launched for sale.

JULY

- Livia, the joint-venture residential project with Hong Realty (Private) Limited and Hong Leong Holdings Limited, located at Pasir Ris, was launched for sale. Response to the 724-unit mass-market condominium was enthusiastic, with 80% of the units released under Phase 1 sold during the soft-launch. Over 350 of the 440 units released have been sold to-date.

- Two of CDL's iconic residences, One Shenton and The Oceanfront @ Sentosa Cove, were named the Best High-Rise Development and Best Development respectively at the CNBC Asia Pacific Property Awards. One Shenton also clinched the Best Asia Pacific High-Rise Development Award.

CDL was the first developer to be conferred the inaugural BCA Green Mark Champion Award in recognition of its strong CSR and outstanding track record in environmental sustainability.

- The biennial Singapore Young Photographer Award was held for the second time. Initiated and managed by CDL with support from the National Arts Council, the competition attracted some 5,000 entries.

- M&C celebrated the official opening of the luxurious 421-room Millennium Resort Patong Phuket, that adjoins the new landmark mega Phuket Jungceylon shopping and leisure complex. The hotel is the first to be opened by an international hotel group in Phuket since the devastating tsunami in 2004.

AUGUST

- CDL entered into a memorandum of understanding (MoU) with National University of Singapore's School of Design and Environment through its Master of Science (Environmental Management) programme for a joint research collaboration to develop innovative features and solutions in the environmental aspects of property development, building and facilities management.

- CDL announced that it would be issuing Singapore's first Sukuk-Ijarah unsecured financing arrangement, under a proposed $1 billion Islamic Multi-Currency Medium Term Notes Programme to tap new markets and investors. CIMB-GK Securities Pte Ltd, a wholly-owned subsidiary of CIMB Group, was appointed as the lead arranger for the programme.

- In recognition of CDL's excellence in work-life strategies and commitment to helping employees harmonise work and personal needs, CDL was presented with the biennial Work-Life Excellence Award by the Tripartite Committee on Work-Life Strategy.

SEPTEMBER

- Nine anchor tenants of the 11-storey City Square Mall were officially unveiled at a signing ceremony. Over 75% of the Mall's tenancy has been filled to-date, ahead of its expected opening in the fourth quarter of 2009.

- St. Regis Residences, Singapore's first branded residence comprising 173 apartments adjoining the six-star St. Regis Singapore hotel, received its Temporary Occupation Permit (TOP). This landmark residence of unsurpassed luxury is jointly developed by CDL, Hong Leong Holdings Limited and TID Pte. Ltd..

OCTOBER

- CDL was ranked in 7th place in the CSR Asia Business Barometer 2008 study, which compares the CSR disclosure of the 20 largest listed companies in Hong Kong, Malaysia, Singapore and Thailand. This was the best ranking achieved by a Singapore company.

- CDL was named the Best Residential Developer and Best Leisure/Hotel Developer in Singapore at the international 2008 Liquid Real Estate Awards. The Awards are voted by readers of Euromoney, a well-known financial publication.

- In recognition of CDL's active contribution in promoting Occupational Safety Health (OSH) practices at the work-sites, and for assisting its contractors to achieve Workplace Safety and Health (WSH) excellence, CDL was presented with the Developer Award at the Ministry of Manpower Workplace Safety and Health Awards 2008. CDL is a second-time recipient of the WSH Developer Award, which was introduced in 2002, and remains the only developer to have received this honour.

- Leading CDL's CSR efforts by example, Managing Director, Mr Kwek Leng Joo, contributed copies of his personal photo art book – Heart Voyage 2, and raised $150,000 for President's Challenge 2008.

- For its contribution to the promotion and development of the arts in Singapore, CDL was presented the Friend of the Arts Award by the National Arts Council. CDL has been on the Award honours roll since 1997.

- CDL was voted one of Singapore's most transparent companies in the SIAS (Securities Investors Association Singapore) Investors' Choice Awards 2008.

NOVEMBER

- CDL was the only Singapore corporation to be recognised for its CSR programmes at the Asian CSR Awards 2008, which honours companies in Asia for their projects and programmes in CSR. Three of CDL's CSR initiatives were conferred the Excellence Awards, out of a total of fifteen regional finalists across five Award categories.

- CDL's architectural icon, The Sail @ Marina Bay, was the winner of the MIPIM Asia Awards under the Residential Development category, as well as the Participants' Choice Award. The prestigious Awards pay tribute to the most innovative real estate projects in the Asia Pacific region.

- CDL was presented the Platinum Award at the Singapore H.E.A.L.T.H. (Helping Employees Achieve Life-Time Health), the highest award tier, in recognition for its outstanding Workplace Health Promotion programmes to encourage employees to lead healthy and vibrant lives.

- In recognition of CDL's outstanding and consistent contribution towards Singapore's national defence, CDL clinched the Minister for Home Affairs (MHA) Award (formerly known as Special Award), the highest Home Team National Service Awards for Employers. Starting 2008, MHA also introduced the Minister's Honours Roll and CDL has been inducted into this new league.

DECEMBER

- CDL unveiled the world's first dancing lights facade at its upscale mall, Palais Renaissance. The double-skin glass facade features three-dimensional colour-changing eco-friendly LED lights that are programmed to move to specially-choreographed musical pieces.

With the support from City Square Mall's anchor tenants, Mr Chia Ngiang Hong, CDL's Group General Manager (centre) tends to the flourishing blooms of the Eugenia Oleina, which will be transplanted to City Green, the Urban Park integrated with the Mall.

Operations Review

As Singapore's pioneer property developer, CDL has weathered many economic storms since its inception over 45 years ago. The Group maintains a nimble and innovative approach to market changes, adapting and responding to such challenges quickly and astutely.

With the uncertainty cast by the ongoing global financial crisis, the Group was not spared the same quagmire that has gripped world economies. It continues to remain vigilant and flexible in its business approach, employing a variety of strategies that will enhance its capabilities, allowing it to emerge with strength when the global economy recovers.

REFINING THE ART OF LIVING

Even with the lacklustre performance of the Singapore property market, CDL's key launches in 2008 were nevertheless met with success.

In June, 25 units in Phase 1 of Shelford Suites, a freehold 77-unit boutique development nestled in the midst of a lush residential enclave off Dunearn Road, were released for sale.

Anticipating a demand for mass market developments, the Group launched Livia, a joint-venture residential project with Hong Realty (Private) Limited and Hong Leong Holdings Limited, located at Pasir Ris Grove in July. Response to the 724-unit mass-market condominium has been enthusiastic, with 80% of the 200 units released under Phase 1 sold during the soft-launch. To-date, more than 350 of the 440 units released in the 99-year leasehold condominium have been sold.

In light of the deepening global economic crisis and subdued property market, the Group decided to hold back the launch of its new residential projects in 2008. However, it proceeded with the construction for The Arte at Thomson and The Quayside Collection at Sentosa Cove, both of which were secured at relatively low land and construction costs. By continuing to monitor the market conditions closely and time its launches appropriately, the Group is confident that when market sentiments improve and when it decides to launch these projects, it will be able to make good profits and book in more profits based on the stage of construction at the time of sales.

While CDL's future residential icons are poised in the wings for launch, the completion of its highly-anticipated iconic residences during the year attracted much of the spotlight.

Redefining the Singapore skyline with its sleek sculptural form is The Sail @ Marina Bay. As the first completed residences in the new Downtown, The Sail has truly brought to life the concept of "Live, Work and Play" to the residents of its 1,111 units. This architectural icon is jointly developed by CDL and AIG Real Estate Global Investment Corp.

Launched to resounding success, 80% of the released units at Livia were sold during the soft-launch.

The recent completion of the St. Regis Residences, on the other hand, heralded in a new haute art of living, where a world of timeless elegance and legendary hospitality is an everyday affair. Residents of the 173 beautifully-appointed apartments in Singapore's first branded residence will enjoy the legendary bespoke services offered by the adjoining six-star St. Regis Singapore hotel. This landmark residence of unsurpassed luxury is jointly developed by CDL, Hong Leong Holdings Limited and TID Pte. Ltd..

Parc Emily, a 295-unit residence located in the lush Mount Emily enclave, was also completed in 2008. Jointly developed by CDL and TID Pte. Ltd., Parc Emily is the first residence to be equipped with the twin-chute pneumatic waste disposal system in Singapore.

RESHAPING THE CITY

Beyond shaping the skyline with residential icons of the future, the Group has also been adding vibrancy to the cityscape with the introduction of new commercial complexes designed with environmental sustainability in mind, refreshing retail experiences, as well as the rejuvenation of existing properties.

On the commercial front, CDL's properties under development are progressing well and will be added to the Group's sizeable portfolio of investment properties when they are completed. This includes 9 Tampines Grande that is targeted for completion by 2009. A third of this modern office building has been leased out to a reputable anchor tenant. Another commercial development scheduled for completion in 2009 is 11 Tampines Concourse.

In September, CDL unveiled the nine anchor tenants of its 11-storey City Square Mall at a signing ceremony. The anchor tenants, including household names like Metro, NTUC Fair-Price, Best Denki, as well as Kopitiam and Banquet food courts, account for 197,000 square feet of retail space. Over 75% of the retail space has been committed to-date.

With some 250 shops, the Group's flagship 700,000 square feet City Square Mall will be one of Singapore's largest malls when it opens in the fourth quarter of 2009. Strategically located in the Little India/Farrer Park precinct, one of the top five tourist spots in Singapore, the family-friendly Eco-Mall will be particularly accessible to shoppers along the North-East MRT line as it is directly connected to the Farrer Park MRT Station.

The rejuvenated facade of Palais Renaissance illuminates Orchard Road with the world's first dancing lights.

Leading the way in illuminating Orchard Road, CDL celebrated the completion of the facade makeover of its upscale shopping mall Palais Renaissance in December, with the unveiling of the world's first dancing lights facade. Featuring a double-skin glass facade embedded with three-dimensional colour-changing eco-friendly LED lights, the dancing lights will enliven the nightscape and enhance the Orchard Road shopping experience. Created by renowned design consultant Kajima Design Asia, the lights are programmed to the specially-choreographed "Music of Light" concept that is the brainchild of award-winning architectural lighting designer Mr Hiroyasu Shoji. The dramatic new facade, along with the upgrading of the mall's interiors, reaffirms Palais' position as a boutique mall that offers a timeless combination of elegant and luxurious fashion – for a pleasurable shopping experience.

As fine examples of environmentally-friendly developments, both 9 Tampines Grande and City Square Mall were awarded the BCA Green Mark Platinum, the highest tier rating for green buildings, for their eco-friendly features.

In recognition of CDL's leadership and commitment towards environmentally sustainable development, CDL was also conferred the inaugural BCA Green Mark Champion Award by the Building and Construction Authority (BCA) in 2008.

REALISING INVESTMENT VALUE

In line with the Group's continuous review and evaluation of its existing asset portfolio, CDL remains responsive to unlocking the value of its non-core assets.

Through its wholly-owned subsidiary, City Capital Corporation Pte Ltd, CDL entered into a conditional Sale and Purchase Agreement with Pioneer Panda Pte. Ltd. for the sale of Commerce Point for $180.7 million. The sale of the 999-year leasehold 19-storey office building was completed on 3 July 2008.

BUILDING ON AFFINITY

Recognising the challenges ahead, the Group took strategic steps to build on its competitiveness and enhance its financial position to seize potential opportunities at the right time.

In August, CDL entered into a memorandum of understanding (MoU) with National University of Singapore's School of Design and Environment through its Master of Science (Environmental Management) programme for a joint research collaboration to develop innovative features and solutions in the environmental aspects of property development, building management and facilities management. This agreement marks the first partnership between NUS and a leading property developer in the area of environmental management.

Yet another milestone was achieved later in the same month, when CDL announced that it would be issuing Singapore's first Sukuk-Ijarah unsecured financing arrangement, under a proposed $1 billion Islamic Multi-Currency Medium Term Notes (MTN) Programme to tap new markets and investors. CIMB-GK Securities Pte Ltd, a wholly-owned subsidiary of CIMB Group, was appointed as the lead arranger for the programme.

This issuance marks a milestone for Singapore as the city develops Islamic Finance as an alternative mode for investment and fund raising. Beyond adding another dimension to CDL's financial strength and further enhancing the Group's war-chest, the Islamic MTN programme is expected to raise CDL's profile and extend its reach amongst investors in the international Islamic capital markets, allowing it to connect with an alternative and fast-growing liquidity pool. Being a pioneer of Singapore's first Islamic MTN programme allowed the Group to tap new investors via an alternative financing stream and to enjoy a first-mover advantage.

The first issuance of $100,000,000 3.25 per cent. Islamic Trust Certificates due 2010 under the Islamic MTN programme, through the Group's wholly-owned special purpose company, Citydev Nahdah Pte. Ltd., was done on 22 January 2009.

ENHANCING THE HOSPITALITY EXPERIENCE

With 102 hotels in 18 countries worldwide, CDL's London-listed hospitality arm, Millennium & Copthorne Hotels plc (M&C) is amongst the world's fastest growing hotel companies. In line with its global strategy, M&C welcomed many new additions to its growing portfolio in 2008.

Leading the way was Asia and the Middle East, with the opening of four new properties in each region. The first two franchised hotels in China, the Millennium Harbourview Hotel Xiamen and the Copthorne Hotel Qingdao, were opened, along with the Grand Millennium Beijing in China.

With a worldwide pipeline of almost 5,200 hotel rooms across 17 hotels for 2008, M&C will continue to expand in 2009.

CorporateSocialResponsibilityReport

A MILESTONE YEAR IN CSR FOR CDL

On behalf of the Board, I am pleased to present CDL's Corporate Social Responsibility (CSR) Report for 2008. While it has been a challenging year due to the global economic downturn, it has been a milestone year for CDL as many of our CSR initiatives have borne fruit.

RISK MANAGEMENT

The Group has taken deliberate efforts to review our core risks in light of the changing environment. We have made further enhancements to the framework and the Company's Risk Management process for the year under review is shared in pages 42 and 43.

CDL's inaugural Social and Environmental Report can be downloaded from www.cdl.com.sg/socialenvreport2008

ACTIVE ENGAGEMENT AND COMMUNICATION

As an affirmation of our CSR commitment and drive towards improvement, we voluntarily published our first CDL Social and Environmental Report 2008. This Report was successfully certified by the Global Reporting Initiative (GRI) as having met the Level C requirements, making it a first for a report from a Singapore company. GRI guidelines are the most common framework used globally for sustainability reporting.

It is heartening to see that many corporations are starting their CSR journey. To further this cause, we have been advocating the importance of CSR and sharing our CSR experience with the business and education community, as well as the community at large. We participated in wide-ranging events such as the Merrill Lynch Rising Stars – Asian Conference on CSR, JCI CSR Conference, Institute of Public Relations of Singapore Lunchtime Talk on CSR, Singapore Institute of International Affairs CSR and Sustainable Development Public Conference and being an industry partner for the Asian Forum on CSR. To raise CSR awareness amongst tomorrow's leaders, we participated at the Singapore Management University Forum on Sustainability in Action and for the second year running; we were also a key corporate partner of "NUS CSR Awareness Month" jointly organised by the NUS CSR Student Movement, the MBA Students' Corporate Ethics Focus Group of NUS Business School, and supported by Singapore Compact for CSR.

CDL's CSR Milestones in 2008	Business	Environment	Social
Global Reporting Initiative (GRI) Launched inaugural CDL Social and Environmental Report, first company from Singapore to publish a report successfully checked by GRI	•	•	•
CSR Asia Business Barometer 2008 A study on CSR disclosure, CDL was ranked 7th place among the 20 largest listed companies in Hong Kong, Malaysia, Thailand and Singapore – the highest ranked company from Singapore	•	•	•
United Nations Caring For Climate CDL endorsed the statement to mobilise the business community to develop solutions to reduce climate risk	•	•	•
Asian CSR Awards 2008 Winner of three Excellence awards - the only company from Singapore to be accorded	•	•	•
PRISM Awards 2008 Best CSR (Excellence) Award for outstanding CSR programmes	•	•	•
Building and Construction Authority (BCA) Awards 2008 - Only developer to be accorded the inaugural BCA Green Mark Champion Award - 10 BCA Green Mark Awards and 2 Construction Excellence Awards	•	•	•
ISO 14001: 2004 Environmental Management System For Corporate Management and Operations covering all headquarter office activities	•	•	•
Royal Society for the Prevention of Accidents Only Singapore private property developer accorded Gold Award for Occupational Health and Safety Management for four consecutive years (2006-2009)		•	•
Work-Life Excellence Award For commitment to harmonise work and personal needs of employees	•		•
Singapore H.E.A.L.T.H. Award Accorded Platinum award for outstanding Workplace Health Promotion programmes	•		•
Minister for Home Affairs Award The highest Home Team National Service (NS) Award for Employers			•
Ministry of Manpower Workplace Safety and Health Awards 2008 A second-time recipient of the Developer Award and remains the only private developer to have received this honour			•
Patron of the Arts Award On the honours roll for the 12th consecutive year			•

When engaging the investor community, we believe that corporate transparency and open communication are paramount. We have been using various communication platforms to ensure that our investors are promptly kept up to date on the activities of the Group. This includes making timely disclosure of the Group's quarterly financial performance and briefings for the analysts and media during the half-year and full-year results where they meet and dialogue with the top management. The briefing presentations are also easily accessible via the SGXNET and the Group website.

Similarly, the top management continues to present to our shareholders on our business strategies and direction during the Annual General Meeting. There have also been frequent opportunities to meet the top management through various investor conferences and one-to-one meetings or teleconferencing to address investor queries.

9 Tampines Grande – a state-of-the-art new generation green office.

THE INDUSTRY GREEN CHAMPION

For more than a decade, we have remained steadfast to developing and managing greener properties, as well as influencing our stakeholders, striving to ensure that we apply eco-friendly practices throughout all aspects of our business. In 2008, CDL was honoured to be the first and only developer accorded the inaugural Building and Construction Authority (BCA) Green Mark Champion Award, in recognition of our sustained commitment towards CSR and achieving outstanding track record in environmental sustainability.

Even before the Green Mark legislation, which was introduced in April 2008, CDL has been investing between 2% and 5% of our construction cost of a development in green design and features. Currently, CDL has the highest number of BCA Green Mark certified developments with a portfolio comprising 26 properties.

We have also achieved higher peaks of green excellence with another three developments, Cliveden at Grange, The Solitaire and 9 Tampines Grande, all of which have been accorded the pinnacle BCA Green Mark Platinum Award. This makes CDL the only developer with five Platinum developments in our fold.

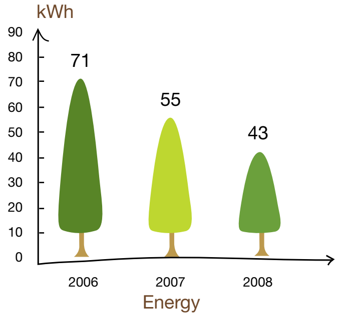
At our new generation green building, 9 Tampines Grande, we will showcase the largest use of thermal solar panels and photovoltaic panels, measuring some 2,080 square metres, on the roofs and facades of a single development in Singapore. Collectively, the development's green features will contribute to an estimated energy savings for the entire building amounting to 2.7 million kWh per year and a reduction in CO_2 emission by approximately 1,400 tonnes per year.

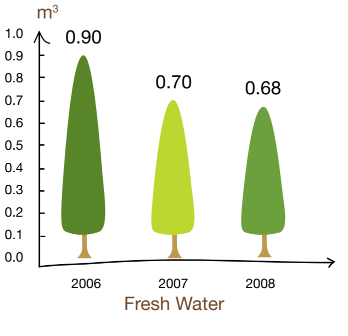
Beyond green investments, our Environmental, Health and Safety (EHS) policy has been pivotal in setting the strategic direction for all CDL departments to adopt sustainable approach to our business by reinforcing an eco-conscious culture, conserving resources and preventing pollution. In our drive towards improved environmental excellence, CDL was awarded the ISO14001:2004 in Corporate Management and Operations for all functions at our headquarters in April 2008.

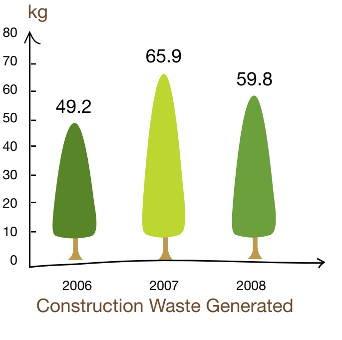
Our rigorous CDL 5-Star Assessment System conducted every quarter at our work sites has resulted in improved environmental performance in 2008. Significant improvement of between 3% and 20% of water use, energy use and waste generated has been reduced at the work sites.

CDL'S ENVIRONMENTAL PERFORMANCE – Resources used in Project Development

(PER SQUARE METRE OF GROSS FLOOR AREA)





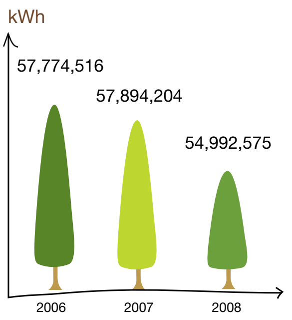


As a major landlord in Singapore, CDL has introduced various energy conservation projects in our buildings resulting in a 5% reduction in energy consumption in 2008. However, total water use has increased largely due to higher occupancy in our buildings.

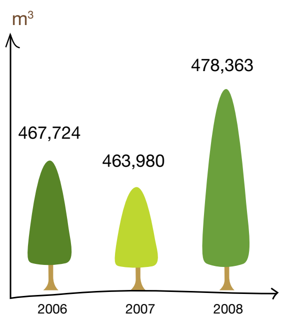
In 2008, we are also happy to report that our efforts in energy and paper conservation measures have achieved a 10% reduction, a significant improvement above our target of 5%, at our Corporate Office.

CDL'S ENVIRONMENTAL PERFORMANCE

– Resources used in Property and Facilities Management



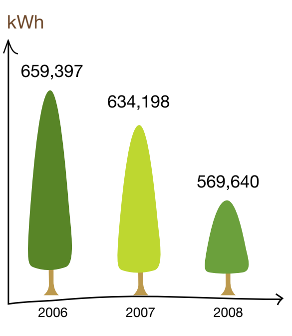
Total Energy Used at
16 CDL Commerical Buildings(1)



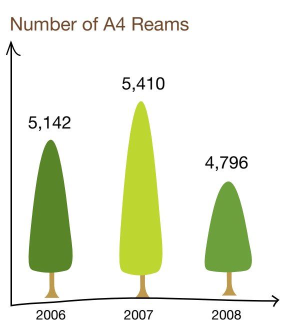
Total Water Used at
16 CDL Commerical Buildings(2)

CDL'S ENVIRONMENTAL PERFORMANCE

– Resources used in Corporate Office



Energy



Paper

(1) The energy data for the buildings includes (but is not limited to) the Mechanical and Electrical services provided in the building, e.g., lifts, air-conditioning and ventilation fans (where applicable), pumps and lighting in all common areas of the entire building. Tenants are charged individually for the use of electricity within their office.

(2) The water data includes the total amount of water used in the building.

REALISING OUR EMPLOYEES' POTENTIAL

We continued to refine our human resource practices with a view to retain our employees, cultivate their potential and to also care for their well-being both at work and at home. We believe in investing in our employees and creating a conducive, challenging and supportive work environment.

More information can be obtained in the Human Resource Review found on page 41.

COLLABORATIVE EFFORTS FOR OUR COMMUNITY

CDL has retained our sustained strategy of focusing our community initiatives in the four core areas including the environment, the arts, youth development and the less fortunate which have resulted in stronger and more synergistic collaborations with our partners and beneficiaries. Apart from sustainable community programmes, we have also continued to employ a model of engaging our stakeholders beyond acts of philanthropy. For 10 years now, we have maintained active employee volunteerism through our employee volunteer platform, City Sunshine Club (CSC), and leveraged on our network of extensive resources within our group of companies to help the less fortune in our midst.

Shaping Our Environment

For the year under review, our green efforts remained unabated. Ongoing green initiatives include Project: Eco-Office, initiated by CDL with Singapore Environment Council (SEC) in 2002 to help businesses go green in the office. Companies are also encouraged to participate in an online green office audit and when ready, a formal office audit would be conducted by an independent auditor. Successful companies will be awarded the Green Office Label certification. The programme has gained much momentum evident from the increased interest from companies who have decided to go green. In 2008, 15 companies including BP, the Royal Bank of Scotland and CDL's subsidiary, CBM Pte. Ltd., were presented with their certifications during the Green Office Label Presentation Ceremony. Since its launch in 2005, 37 offices have been certified with the Green Office Label.

Maris Stella High School, along with CDL's other adopted schools, presented creative, dynamic and unique environmental projects at the NEA Schools' Carnival held in November 2008.

23 organisations donated generously towards President's Challenge 2008 through the sale of "Heart Voyage 2".

We participated in two key Clean and Green Singapore events in 2008 – Schools' Carnival 2008 and 10% Energy Challenge by National Environment Agency (NEA). To-date, we have "adopted" a total of six schools, including Catholic High School (Primary) which we have adopted since 2005, Catholic High School (Secondary), CHIJ St. Nicholas Girls' School (Primary and Secondary) and the newest addition to the family, Maris Stella High School (Primary and Secondary) as part of NEA's Corporate and School Partnership Programme.

We sponsored various eco-initiatives such as the NEA 10% Energy Challenge launched in April 2008, with the aim to encourage an energy-efficient lifestyle at home; the Project Carbon Zero, a supporting project to the 10% Energy Challenge targeting at Primary 3 to 5 children, managed by SEC, and the National University of Singapore (NUS) Green Carnival, a project which brought the urgent message of environmental conservation to over 30,000 NUS undergraduates, employees and academics, through various student-initiated environmental projects.

To further our support towards environmental conservation and youth development, CDL signed a Memorandum of Understanding (MoU) with NUS School of Design and Environment through its Master of Science (Environmental Management) programme in August 2008. This marks the first partnership between NUS and a leading property developer in the area of environmental management to develop workable solutions to ensure the sustainability of the built environment.

In May 2008, CDL hosted the Green Heart Gala Dinner to raise funds to further the conservation and educational work of our long-standing partners, SEC and Nature Society (Singapore). The Gala Dinner, held at The St. Regis Singapore, was attended by some 450 distinguished guests from both public and private sectors, and raised over $300,000, exceeding the target of $250,000. It was also an opportune time to unveil "Heart Voyage 2", my second photo art book, where 60 copies were donated to raise an additional $30,000.

In October, the sale of the limited edition "Heart Voyage 2", including specially autographed copies by President S R Nathan, also helped to raise some $150,000 for 31 beneficiaries of President's Challenge 2008.

We also participated in global campaigns like Earth Hour held on 29 March. In addition to turning off the façade building lights and the main lights in the common areas of five CDL buildings from 8 pm to 9 pm as a gesture to combat global warming, we also encouraged our tenants to participate and turn their office lights off during the said hour.

In our 2009 calendar, "Melodies", we embraced the simple pleasures that little birds bring to us with melodies that paint a smile on our faces and brighten our everyday. The calendar is the 12th instalment of our "Beauty of Nature" Calendar Series which is distributed to our business associates and employees to reinforce the message on the need to protect our natural heritage and preserve its beauty daily.

Caring for the Less Privileged

Beyond philanthropic contributions towards extensive worthy causes, CDL serves the community by offering time and resources to sustain effective community programmes with many long-standing partners. In 2008, more than 2,600 hours of community worked were clocked by about 60% of employees in the company's volunteer programmes.

CDL employees turned up in full force to support the Assisi Hospice Charity Fun Day 2008 in May. The Group took up a 37-metre long pavilion offering delectable delicacies as well as exciting games for the young and old. Some 225 employees from the Group volunteered. CDL has been a long-term corporate partner to Assisi Hospice, a charity organisation that provides palliative care to adults and children suffering from cancer and other life-limiting illnesses.

For the second consecutive year, over 40 CDL employees together with their families, stepped up to lend a hand in the Special Olympics Challenge at the National Vertical Marathon organised by Nanyang Technological University held at Republic Plaza. The volunteers played buddies to 36 Special Olympians in completing the 60-storey relay race to the top of the building. In addition to sponsoring the venue, CDL also sponsored the CDL Corporate Challenge category to encourage our office tenants, partners and business associates to adopt a healthy lifestyle by participating in the vertical marathon.

CDL employees were meaningfully engaged in helping the needs of the less fortunate through befriending, youth mentorship, sharing of expertise and pooling of resources to help community partners. Employee volunteers continued to run weekly lessons at Dreams @ Kolam Ayer to help children at risk of delinquency or poor performing students from needy families by imparting important character attributes through storytelling and various activities. Some 25 children aged between nine and 14 years benefit from this programme.

Supporting the Arts

SYPA winners were presented their awards by Minister Dr Vivian Balakrishnan.

The biennial Singapore Young Photographer Award (SYPA), initiated and managed by CDL, in partnership with five major photo clubs, the National Arts Council and National Youth Achievement Award (NYAA) Council, was held for the 2nd time. Aimed at nurturing young local photography talents, there is also a CDL Young Architectural Photographer Award category, to recognise talents who have an eye for the beauty of buildings.

Promoting greater appreciation of the arts in Singapore, CDL, along with our joint-venture partners also contributed the use of the South Beach site as one of host venues for the second Singapore Biennale 2008.

Cultivating the Leaders of Tomorrow

Students of Raffles Institution and CDL employees helped refurbish the homes of 60 low-income families.

Investing in youth development programmes remained a priority. Over 30 employee volunteers from CDL and subsidiary company CBM Pte. Ltd. participated in HomeCreation, an annual community project by Raffles Institution in collaboration with Dreams @ Kolam Ayer, which aims to harness the energy of youths in community work and improve the living conditions of the needy. Some 60 low-income families in Geylang Bahru benefited from having their homes repainted and refurbished.

A long-time supporter of the NYAA, CDL has continued to contribute significantly to NYAA's initiatives such as the Young Photographers Network to bring out the best in young Singaporeans.

Our eco-community projects involving the youth mentioned earlier in this report are synergistic with our passion towards youth development and to harness a new eco-conscious generation.

I hope this Report has provided a concise picture of our CSR efforts in 2008. Looking ahead, despite the uncertain financial landscape in 2009, we remain dedicated to our CSR commitments. We will explore ways to productively stretch our resources, strengthen our business sustainability and protect the interest of our stakeholders and make further headways in our CSR journey.

Kwek Leng Joo
Managing Director

HumanResourceReview

Recognising that employees are the foundation of its business, CDL strongly believes in cultivating and enhancing this valuable human asset. More than building new career horizons for its employees, CDL is committed to creating a positive workplace where employees work in an inclusive environment and are rewarded fairly.

CDL has a workforce of over 300 employees in Singapore. In addition to upholding the UN Global Compact principles on human rights and labour, CDL practices fair employment and is a signatory of the Employers' Pledge of Fair Employment Practices with The Tripartite Alliance for Fair Employment Practices since 2008.

NURTURING AND DEVELOPING TALENT

In addition to attracting new talent, CDL has in place a comprehensive strategy focused on talent retention and cultivation. CDL constantly seeks to nurture its employees and fulfill their potential through continual self assessment with strong emphasis on training and development.

This multi-pronged approach has proven effective in talent retention: CDL's employee turnover in 2008 is 17.1%, which is much lower than the national average of 25.2%.

CULTIVATING AN ENGAGED WORKFORCE

CDL believes in developing employee engagement strategies to drive the message of connectivity and commitment into the hearts and minds of its employees. These strategies are categorised into three dimensions: Work-Life Harmony, Workplace Health and Staff Bonding.

Supporting Work-Life Harmony

Acknowledging the business benefits of helping employees manage their work-life harmony, CDL recognises that a good work-life culture supports the changing needs and demands of the new generation workforce that views work flexibility as amongst the most important factors influencing their choice of employer.

CDL employees enjoy a wide range of benefits and programmes that enhance work-life harmony, such as flexi-work arrangements including flexi-hours where employees may choose their working hours within management-set limits and permanent part-time work arrangements. In 2008, the months of May and June were designated as "CDL Family Months", where a series of family-life activities were held to promote a balanced work-life culture amongst employees.

In recognition of its excellence in work-life strategies and commitment to helping employees harmonise work and personal needs, CDL was presented the Work-Life Excellence Award in 2008 by the Tripartite Committee on Work-Life Strategy.

Promoting Mental and Physical Well-Being

CDL has a dedicated work-life committee, comprising employee representatives across all departments, that plans and executes family-friendly and health-related programmes. In 2008, it initiated the "Healthy Mind, Happy Life" programme, where a series of initiatives, such as lunch-time talks on mental wellness, provision of counselling services, office stretching exercises, monthly fruits/snack distributions and weekly exercise classes, aimed at promoting its employees mental and physical well-being, were introduced.

At the Singapore H.E.A.L.T.H. (Helping Employees Achieve Life-Time Health) Awards 2008, CDL was presented the Platinum Award, the highest award tier, in recognition of its outstanding programmes to encourage employees to lead healthy and vibrant lives.

Fostering Open Communication and Bonding

To foster a collaborative atmosphere of trust and to promote open communication, CDL encourages its employees to participate actively in its various employee engagement channels from the start of their careers.

New employees undergo an orientation programme to familiarise them with CDL's corporate culture and ethics, and participate in dialogue sessions held by the Managing Director and senior management team. Other internal platforms for communication include "CDL Insight", a monthly forum introduced in 2008 to help employees develop a better understanding of departmental functions, while simultaneously encouraging an exchange of ideas amongst employees.

Through social activities organised by employee-managed committees such as StaffConnect (SC) and City Sunshine Club (CSC), employees have the opportunity to bond outside of work. SC, a task force made up of representatives from various departments, organises activities that foster a sense of belonging and promote team work amongst employees; while CSC is CDL's employee volunteer club that promotes the spirit of volunteerism through community work with long-standing beneficiaries such as Assisi Hospice.

CDL encourages a corporate culture that gives back with employees empowered to volunteer their time, talents and resources.

Risk Management

Risk management continues to play an important part in the Company's business activities and is an essential component of its planning process. The Board has overall responsibility for determining the nature of its business risks and to ensure that risks in new and existing businesses are managed and business plans and strategies accord with the risks appetite that the Group undertakes to achieve its corporate objectives.

To assist the Board in its risk management oversight, the Audit Committee reports to the Board on matters relating to the risk management policies and systems of the Company. A Risk Management Committee ("RM Committee"), whose members comprise senior management, is responsible for maintaining a risk management framework which will provide the Board with a systematic and enterprise-wide view of the risks involved in property investment, development and management activities, and assists in the implementation of risk management policies and systems.

The RM Committee had, since 2002, established a formal risk management framework to enable significant business risks within the Company's property investment, development and management arm to be identified, assessed, evaluated, monitored and managed. The RM Committee has during the year under review engaged a firm of independent consultants to assist in implementing the following enhancements to its existing risk management framework:

- Formalised processes that enable operational risks to be identified, assessed, evaluated, monitored and managed.
- Formalised processes that enable the reporting of occurrence or potential occurrence of significant risk events.

The RM Committee will report at least once annually, to the Audit Committee on the overall strategic and operational risks positions, including mitigating measures and treatment plans. Periodically, the RM Committee will report to the Audit Committee on the occurrence or potential occurrence of significant risk events. The Audit Committee has reviewed the Company's risk management system, policies, processes and procedures and is satisfied that there are adequate internal controls in place to manage the significant risks identified.

The procedures and processes within the formal risk management framework, benchmarked against other international standards and current risk management practices, enable the Company to regularly review its significant strategic business risks; consider the effectiveness of the Group's system of internal controls to limit, mitigate and monitor identified risks; and consider the implementation of further action plans to manage strategic business risks which are reflective of changes in markets, products and emerging best practices. The controls set out within the risk management framework are intended to manage, and not expected to eliminate, all risks of failure to achieve business objectives. These controls provide reasonable, but not absolute, assurance against material misstatement of management and financial information or against financial losses and fraud.

The risks incorporated within the Company's formal risk management framework include the following:

Operating Risks

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

Investment and Portfolio Risks

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

Treasury and Financial Risks

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

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

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

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

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

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

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

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

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

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

Human Resource Risks

The Company recognises human resource as an important contributing factor towards the stable growth of the Company, and accordingly efforts are taken to enhance the processes for recruitment, compensation, training and development of employees. Identification of core competencies is critical in the employee selection and development processes, and the implementation of performance assessment and management programs, coupled with career development and training programs, are part of the Company's human resource strategy to improve work performance, maximise competencies, increase staff commitment and retention, and develop further an effective succession planning program within the organisation. The management also supports work-life harmony programs and family-friendly policies as part of its efforts to help employees achieve a balanced life between work and family and at the same time create a quality workplace.

Crisis Risks

Operating in an environment with potential threats of terrorism, epidemic outbreaks and information systems failure, the management has put in place a company-wide Business Continuity Plan ("BCP") to mitigate the risks of interruption and catastrophic loss to its operations and information database arising from such potential threats. A Business Continuity Management Committee ("BCP Committee"), whose members comprise senior management, is responsible for overseeing the maintenance of the BCP. Procedures and processes of the BCP include identification of alternate recovery centers, operational procedures to enable communication, continuity of critical business functions and recovery of database in the event of a crisis incident. Periodic incident management drills are conducted to familiarise employees with the emergency response and crisis management plans of the Company. The plans to carry out periodic tests on BCP as well as the results of these tests are reviewed by the BCP Committee annually and bi-annually by the Audit Committee.

The Group's hotel arm, under Millennium & Copthorne Hotels plc ("M&C"), includes within its internal control framework, processes for the management of key risks to the success of the M&C group, which are periodically reviewed by M&C's audit committee and board of directors. These processes include, but are not limited to, risks relating to the protection of the M&C group's brands and intellectual property rights, exposure to litigation, market share and competition, human resource, customer satisfaction, health and safety issues, treasury and financial performance, acquisition opportunities, insurance, hotel and information technology systems and infrastructure, and global and regional political, economic and financial market developments.

SingaporeMarketReview

RESIDENTIAL

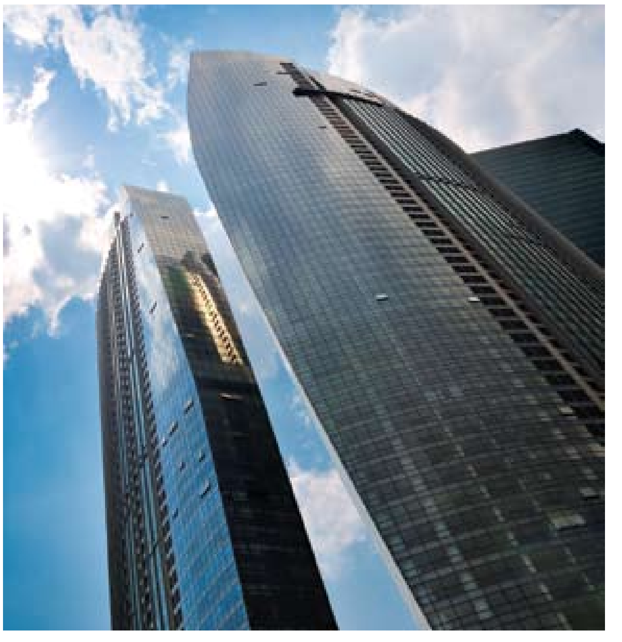
The chain reaction sparked off by the sub-prime crisis in the United States in mid-2007 resulted in a deepening of the credit crunch problem worldwide and leading to a global economic crisis in 2008. The Singapore economy was not left unscathed and entered into its first technical recession since 2002, when real gross domestic product (GDP) contracted by 0.2% and 3.7% in third and fourth quarters of 2008 respectively. For the year 2008 as a whole, the Ministry of Trade and Industry (MTI) reported the growth of the Singapore economy as 1.1%, a stark contrast to 2007's 7.7% growth.

2008 was similarly a challenging year for the private residential market, which experienced downward pressure on both sales activity and transacted prices after 2007's blistering performance. Data released by the Urban Redevelopment Authority's (URA) showed a modest take-up of 4,264 private residential units in 2008, a decline of approximately 71% year-on-year. In 2008, prices of private residential properties fell by 4.7%, compared with the 31.2% increase in 2007.

Contrary to improved capital values in 2007, prices of private apartments in 2008 dropped by 5.6% in Core Central Region (CCR), 4.7% in Rest of Central Region (RCR) and 2.9% in Outside Central Region (OCR). CCR comprises the prime districts (9, 10, 11, Downtown Core and Sentosa Cove), while RCR refers to the area within the Central Region that is outside CCR.

Notwithstanding the moderated overall performance, several new private residential project launches in 2008 were well received. Livia, a mass market private residential project jointly developed by CDL, Hong Realty (Private) Limited and Hong Leong Holdings Limited attracted more than 3,000 visitors to its show suite during the soft launch weekend, and buyers snapped up 80% of the 200 units released during Phase 1.

In 2009, the residential property market is expected to be challenging in light of the economic growth forecast of -5.0% to -2.0%. Recognising the weak economic outlook for 2009, the Government has taken steps to curb the supply of land for private homes by not adding new sites under the Government Land Sales Programme for the first half of 2009. Singapore is expected to ride through the financial storm, buoyed by the momentum from significant projects such as the recent FORMULA 1™ Singapore Grand Prix and the upcoming Integrated Resorts; along with the country's sound financial system, and competitive and well-diversified economy. Given the transparency and stability of Singapore's political and legal systems, high standards in corporate governance, low interest rate environment as well as continuous efforts by the Government in remaking Singapore's economy with new and sustainable growth engines to attract foreign investment, Singapore's residential property market is well-positioned to recover quickly.



Soaring high at 245 metres tall, the newly-completed The Sail @ Marina Bay has dramatically transformed Singapore's skyline.

Rental growth in 2008 was 2.0% and leasing activity in 2009 is expected to be supported by renewals and relocation to better, newer or cheaper premises amidst softening of rents.

OFFICE

Despite rental growth rates beginning to show signs of weakening, the office market enjoyed high occupancy rates in the first three quarters of 2008. However, with the dramatic turn of events in the global financial markets which witnessed the collapse of Lehman Brothers in September 2008 followed by a series of worldwide government bail-out announcements in fourth quarter of 2008, many firms began to shelve their business expansion plans or downsize their workforce and workspace. As a result, the office market rental came under downward pressure in the last quarter of 2008.

URA data showed that prices of office space fell by 7% while rentals increased by 5.8% in 2008, with island-wide vacancy rate of 8.8% in Q4 2008 and Grade A office vacancy hovering at 0.9%. According to a CB Richard Ellis market report, Grade A office space rents fell 12.5% year-on-year to average $15.00 per square foot per month in Q4 2008. In a swift response to the global credit crunch and financial crisis, the Singapore Government has undertaken several measures to build confidence, including the guarantee on deposits as well as offering numerous government financing schemes with lower and fixed interest rates to businesses through SPRING Singapore. These measures are aimed at reducing the risk of depositors shifting deposits out of Singapore banks, ensuring financial institutions in Singapore remain competitive, and access to credit is available for financing of economic activities, as well as lowering costs of businesses. Incidentally, such measures will help support demand for office space as financial institutions and other businesses can continue to sustain or expand their operations in Singapore viably.

According to a Cushman & Wakefield Research report, new supply for office space from 2009 to 2013 will average 2.1 million square feet per annum. With the current economic conditions, landlords of new office buildings are likely to face more competition in securing committed leases, and robust lease negotiations are expected to take place in 2009. In the Central Business District (CBD) alone, four new office developments are slated for completion in 2009: MapleTree Anson, 20 Anson Road, 71 Robinson Road and Straits Trading Building.

RETAIL

It was a mixed year for the retail industry in 2008. Retailers and landlords were generally upbeat about the outlook for retail sector in the first half of the year, given the higher tourism figures projected, a booming economy then as well as a series of initiatives and events such as the revamping of Orchard Road, Great Singapore Sale and the inaugural 2008 FORMULA 1™ Singapore Grand Prix. However, the escalation of the global financial crisis in second half of 2008 led to a turnabout of events, with consumers tightening their belts in anticipation of more challenging times ahead.

The year 2008 saw the completion of 854,466 square feet of retail floor space with the introduction of new retail malls including the Jurong Point Shopping Centre extension at Jurong West Central, West Coast Plaza at West Coast Road and Northpoint 2 in Yishun.

According to URA statistics, vacancy rate islandwide was at 6.2% as at end of fourth quarter 2008 and overall rentals for shop space have declined by 1.9% year-on-year, with median rental for retail space in Orchard Planning Area reaching $10.90 per square foot per month. A separate report by Colliers International, indicated that the average monthly gross rents for prime retail space in Orchard was about $42.63 per square foot by end of 2008.

Come 2009, shoppers can look forward to many new and exciting concept stores, flagship stores and new entrants to the retail market as approximately 3 million square feet of retail space including ION Orchard (663,000 square feet), Orchard Central at Somerset (250,000 square feet), 313@Somerset (294,000 square feet), CDL's City Square Mall at Kitchener Road (450,000 sqaure feet), and Marina Bay Shoppes in the upcoming Marina Bay Sands Integrated Resort (800,000 square feet) are scheduled for completion. Demand will continue to be underpinned by long term sustainable economic growth where retailers will continue to invest in new outlets if the right location comes along and if rents are affordable.

HOTEL

Despite the impact of the global economic slowdown in the second half of 2008, a record performance was announced by the Singapore Tourism Board (STB) as a new high of $14.8 billion in tourism receipts were generated by the Singapore tourism sector in 2008, representing a growth of 5% over 2007. In terms of visitor arrivals, Singapore welcomed 10.1 million visitors in 2008, a decline of 2% against 2007.

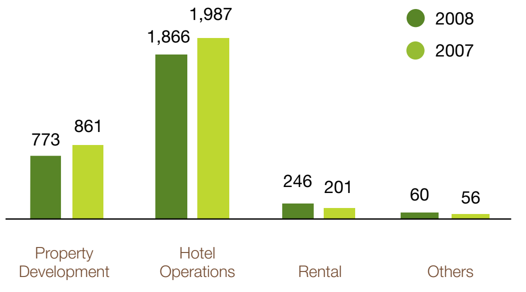
2008 saw the success of inaugural milestones events such as Singapore Airshow, Singapore International Water Week and the 2008 FORMULA 1™ Singapore Grand Prix. On the back of buoyant demand, STB statistics reflected an all-time record high of $248 (23.5% increase over 2007) for the average daily room rate, despite the average occupancy rate falling 5.7% to reach 82% in 2008.

The outlook for the hotel industry in 2009 remains difficult. A projection by the World Tourism Organisation (UNWTO) indicates that global tourism growth would be flat or marginal in 2009, with travelers becoming more cost-conscious and preferring short-haul, value-for-money destinations that offer favourable exchange rates. Despite this, the mid- to long-term potential for hotel and tourism industry in Asian economies, including Singapore, remains bright. Upcoming events such as 2009 FORMULA 1™ Singapore Grand Prix, completion of upgrading works for Orchard Road, the planned opening of new shopping malls and opening of Marina Bay Sands, the first of Singapore's two integrated resorts, will help Singapore remain an exciting destination.

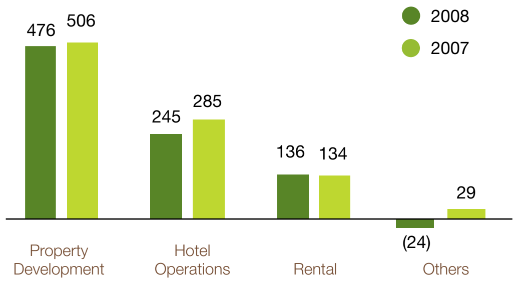
City Square Mall, CDL's flagship retail complex and Singapore's first eco-mall, will add 450,000 square feet of retail space when it opens in late 2009. With a gross floor area of 700,000 square feet, the Mall will be amongst Singapore's largest.

Financial Review

REVENUE BY ACTIVITY



PROFIT BEFORE INCOME TAX BY ACTIVITY*



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

PROPERTY DEVELOPMENT

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

The decrease in revenue was attributed to the fact that completed projects such as Monterey Park, No. 7 Draycott Drive, Residences @ Evelyn, Savannah CondoPark, The Pier at Robertson and The Imperial which had contributed to 2007 revenue were fully sold by end of 2007. In addition, there was lower revenue recognition from City Square Residences, The Equatorial and Chelsea Gardens as well as decline in land bank sale in New Zealand. This was partially mitigated by revenue accounted for One Shenton, The Solitaire, Wilkie Studio and Cliveden at Grange and increased contribution from Botannia. In accordance to the Group's policy of equity accounting for the results of its jointly-controlled entities, whilst revenue from The Sail @ Marina Bay, Parc Emily, The Oceanfront @ Sentosa Cove, Ferraria Park and St. Regis Residences, had not been consolidated into the Group's total revenue, the Group's share of profits arising from these joint venture developments had been included in pre-tax profit.

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

HOTEL OPERATIONS

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

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

RENTAL PROPERTIES

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

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

OTHERS

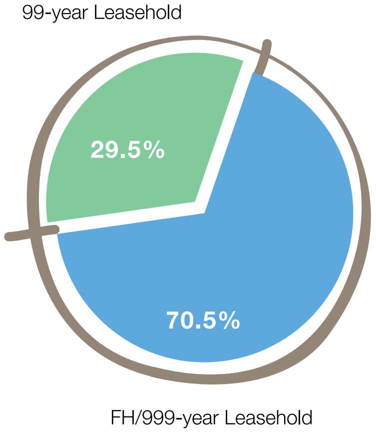
Revenue, comprising mainly income from building maintenance contracts, management fee, club operations and dividend, increased by $3.4 million to $59.7 million (2007: $56.3 million) for 2008 on account of higher management fees income, partially offset by lower dividend income.

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

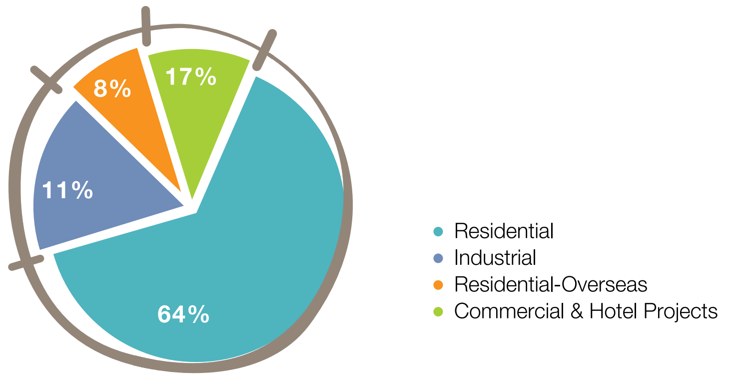
Property Portfolio Analysis

Land Bank as at 1 January 2009

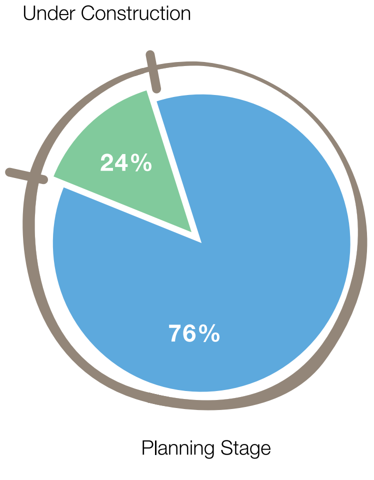
Analysis by Tenure
Total: 4.3 million square feet



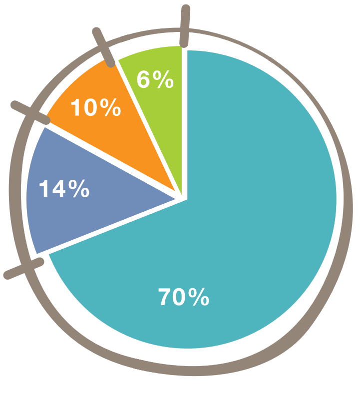
Analysis by Sector
Total: 4.3 million square feet



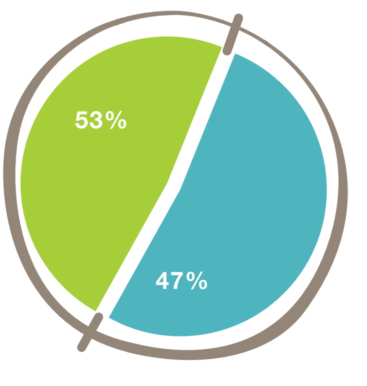
Analysis by Development Stage
Total: 4.3 million square feet



Planning Stage
Breakdown by Sector
Total: 3.2 million square feet



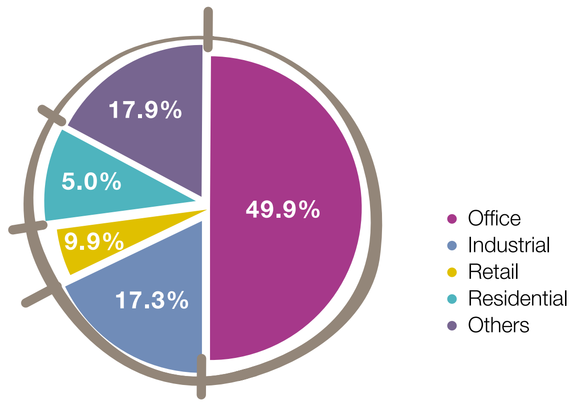
Under Construction
Breakdown by Sector
Total: 1.1 million square feet



Property Portfolio Analysis

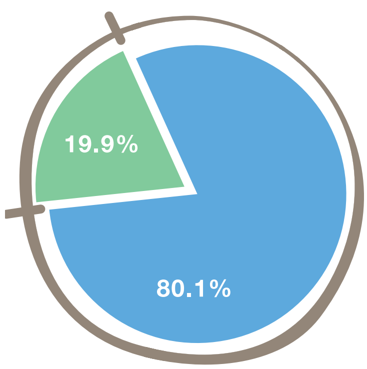
Investment Properties as at 1 January 2009

Analysis by Sector
Total lettable: 6.2 million square feet



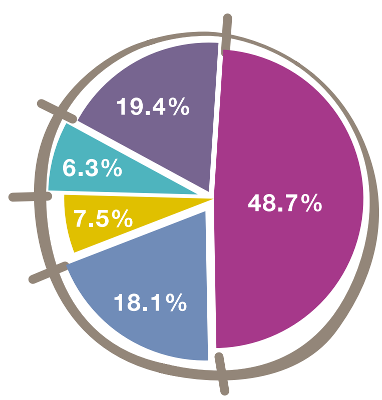
Analysis by Tenure
Total lettable: 6.2 million square feet

99-year Leasehold & below

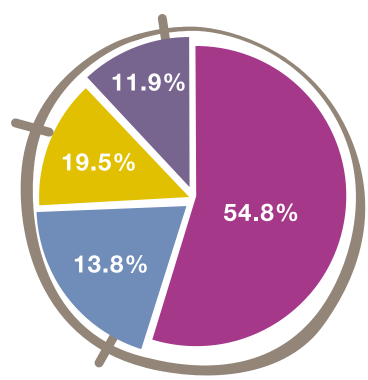


FH/999-year Leasehold

FH/999-year Leasehold
Breakdown by Sector
Total lettable area: 5 million square feet



99-year Leasehold & below
Breakdown by Sector
Total lettable area: 1.2 million square feet



Major Properties

COMMERCIAL PROPERTIES	TENURE	SITE AREA (SQ. METRES)	APPROXIMATE LETTABLE/STRATA/ GROSS FLOOR AREA (SQ. METRES)	EFFECTIVE GROUP INTEREST (%)
Republic Plaza the flagship of CDL, is a 66-storey state-of-the-art intelligent office tower at Raffles Place, in the heart of Singapore's financial district.	999-year lease	6,765	73,231	100
Central Mall comprises a cluster of conservation shophouses at Havelock Road/Magazine Road.	99-year lease wef 15.05.1993	4,806	5,103	100
Central Mall (Office Tower) is a 7-storey office-cum-retail building located at Havelock Road/ Magazine Road.	Freehold	2,828	12,226	100
New Tech Park is a high-technology industrial park at Lorong Chuan, off Braddell Road.	999-year lease	39,798	56,279	42.8
City House is a 23-storey office building situated at Robinson Road/Cross Street within the Central Business District.	999-year lease	1,272	14,601	100
Fuji Xerox Towers is a part 15-storey/part 38-storey commercial office building situated at the intersection of Anson Road, Keppel Road, Tanjong Pagar Road and Bernam Street, near the western fringe of the Central Business District.	Freehold	5,394	33,116	100
Plaza-By-The-Park is an 11-storey commercial building located at 51 Bras Basah Road.	999-year lease	4,972	22,417	100
Chinatown Point is a 25-storey commercial complex comprising two 5-storey shopping podium blocks, a 20-storey office tower and two basement levels. It is located at New Bridge Road in Chinatown.	99-year lease wef 12.11.1980	9,206	16,898	100
Palais Renaissance is a 16-storey retail-cum-office complex with 3 basements located at Orchard Road.	Freehold	3,175	10,241	100
GB Building is a 28-storey office building located at 143 Cecil Street.	99-year lease wef 12.10.1982	2,583	7,650	100
Delfi Orchard is an 11-storey commercial-cum-residential complex located at Orchard Road.	Freehold	1,882	6,253	100
Citilink Warehouse Complex is an 8-storey warehouse located at Pasir Panjang Road.	Freehold	14,152	9,597	100
Cideco Industrial Complex is an 8-storey industrial building located at Genting Lane.	Freehold	5,478	12,483	100
Pantech 21 is a computer centre located at Pandan Loop.	99-year lease wef 27.01.1984	6,900	12,916	100
City Industrial Building is an 11-storey flatted factory building at Tannery Lane.	Freehold	3,150	11,841	100
Tanglin Shopping Centre is a shopping-cum-office complex situated at Tanglin Road within the Orchard Road tourist district. The Group also owns 325 carpark lots.	Freehold	6,365	6,285	54

COMMERCIAL PROPERTIES	TENURE	SITE AREA (SQ. METRES)	APPROXIMATE LETTABLE/STRATA/ GROSS FLOOR AREA (SQ. METRES)	EFFECTIVE GROUP INTEREST (%)
The Arcade is a 20-storey office-cum-shopping complex situated at Collyer Quay within the Central Business District.	999-year lease	2,035	4,411	100
Katong Shopping Centre is a 7-storey shopping-cum -office complex situated along Mountbatten Road. The Group also owns 323 carpark lots.	Freehold	8,167	8,280	100
Tagore 23 Warehouse is a 4-storey warehouse located at Tagore Lane.	Freehold	7,418	12,066	100
King's Centre is an 8-storey office-cum-retail waterfront development located at Havelock Road, along the Singapore River.	99-year lease wef 09.02.1984	5,186	8,341	100
The Corporate Office is a 21-storey office building situated at the junction of Robinson Road and McCallum Street, within the Central Business District.	Freehold	1,490	10,178	99
HOTELS				
Grand Copthorne Waterfront is a 30-storey, 574-room hotel-cum-retail waterfront development, located at Havelock/Kim Seng Road, along the Singapore River.	Freehold (Retail) Freehold reversionary interest (Hotel)	10,860	2,835 (Retail) 46,169 (Hotel)	100
The St. Regis Singapore is a 20-storey 299-room luxury hotel that is located at Tanglin Road/Tomlinson Road.	999 years	6,677	30,844	33
SERVICED APARTMENTS				
Le Grove is the Group's first serviced apartments project located at Orange Grove Road, off Orchard Road.	Freehold	8,012	8,921	100
OVERSEAS PROPERTIES				
Umeda Pacific Building is an 11-storey commercial building located in the prime business district of Osaka, Japan.	Freehold	887	6,396	100
Millennium Hilton Bangkok is a 32-storey 544-room hotel-cum-retail waterfront development located at Charoen Nakorn Road, along the Chao Phraya River in Bangkok, Thailand.	Freehold	10,104	78,345	17
Exchange Tower is a 42-storey retail-cum-office building located in the prime business district at Sukhumvit Road, Bangkok, Thailand.	Freehold	6,464	40,912	39
Tianjin Junyi Plaza Tower 2 is a 36-storey office building located at Junyi Road, Tianjin, People's Republic of China (PRC).	50 years	4,678	35,501	100
Iris Congress Hotel comprises a 8-storey 211-room hotel and a 9-storey 44-unit apartment building located at Korovinskoe Chausee, Moscow, Russia.	49 years	26,714	27,254	50
The Biltmore Court & Tower is situated at 500/520 South Grand Avenue, Los Angeles, CA 90071.	Freehold	4,417	34,249	54
Humen International Cloth Centre comprises 145 commerical units and 11 serviced apartments located in Boyong Village, Guangdong, PRC.	Leasehold expiring 2063	42,293	3,466	21
Fuogang City Spring comprises 367 commerical units and 12 residential blocks under development located in Shijiao District, Guangdong, PRC.	Leasehold expiring 2075	52,257	21,629	21

Major Properties

For Development and/or Resale

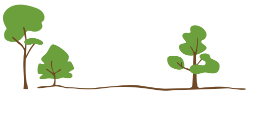
DESCRIPTION & LOCATION	SITE AREA (SQ. METRES)	TENURE	EFFECTIVE GROUP INTEREST (%)
RESIDENTIAL			
The Albany & Thomson Mansions + State Land	6,747	Freehold	100
Anderson 18	10,414	Freehold	50
Buckley Mansion/9 Buckley Road	6,347	Freehold	100
Concorde Residences, Balestier Court & Bright Building + State Land	5,625	Freehold	100
Futura	8,086	Freehold	50
Garden Hotel	9,493	Freehold	100
Hong Leong Garden Condominium	24,719	956 years	100
Jalan Kolam Ayer, JB, Malaysia	24,739	Freehold	100
Jalan Waspada, JB, Malaysia	6,368	Freehold	100
Lucky Tower	15,718	Freehold	100
Pasir Ris Land Parcels 2 and 3 + State Land	72,008	99 years	51
Pasir Ris Land Parcels 4 and 5	84,102	999 years	51
15, 19 & 21 Swiss Club Road	19,842	Freehold	100
Tampines Road/Upper Changi Road North	83,249	Freehold	33
INDUSTRIAL DEVELOPMENT			
Jalan Lam Huat	15,564	Freehold	100
100F Pasir Panjang Road	2,900	Freehold	100
100G Pasir Panjang Road	11,219	Freehold	99
421 Tagore Avenue	13,314	Freehold	100
COMMERCIAL/HOTEL			
Quayside Isle Collection (Retail)	8,332	99 years	100
MIXED DEVELOPMENT			
South Beach Project	34,959	99 years	33

Major Properties

In The Course of Development

DESCRIPTION	LOCATION	SITE AREA (SQ. METRES)	GROSS FLOOR AREA (SQ. METRES)	TENURE	EFFECTIVE GROUP INTEREST (%)	APPROXIMATE PERCENTAGE COMPLETION (%)	EXPECTED COMPLETION DATE
RESIDENTIAL DEVELOPMENT							
Botannia	West Coast Park	37,847	60,555	956 years	50	87	2009
City Square Residences	Kitchener Road/ Serangoon Road/ Jalan Besar	22,379	100,484	Freehold	100	91	2009
Ferraria Park Condominium	Flora Drive	32,305	54,698	Freehold	33	70	2009
Tribeca	Havelock Road/ Kim Seng Road	5,485	22,413	Freehold	100	32	2010
The Oceanfront @ Sentosa Cove	Sentosa Cove	18,316	45,789	99 years	50	63	2010
The Solitaire	Balmoral Park/ Stevens Road	6,570	10,512	Freehold	100	40	2010
Boulevard Hotel Site	Cuscaden Road/ Orchard Boulevard	12,127	37,352	Freehold	40	*	2011
Cliveden at Grange	Grange Road/ Jalan Arnap	12,857	27,000	Freehold	100	15.5	2011
Livia	Pasir Ris Drive 1	41,581	87,244	99 years	51	*	2011
One Shenton	Shenton Way	3,875	47,644	99 years	100	29	2011
Quayside Isle Collection (Residences)	Oceanway	23,263	37,221	99 years	100	21	2011
Shelford Suites	Shelford Road	7,113	9,958	Freehold	100	*	2011
The Arte	Jalan Datoh	16,706	46,778	Freehold	100	28	2011
Wilkie Studio	Upper Wilkie Road	2,876	5,057	Freehold	100	28	2011
Oseania Resort	Ancol, Jakarta	22,698	70,435	Leasehold	30	*	–
COMMERCIAL DEVELOPMENT							
City Square Mall	Kitchener Road/ Serangoon Road/ Jalan Besar	14,920	65,642	Freehold	100	54	2009
9 Tampines Grande	7 & 9 Tampines Grande	8,000	33,599	99 years	100	61	2009
11 Tampines Concourse	11 Tampines Concourse	11,521	11,521	15 years	100	98	2009
Quayside Isle Collection (Hotel)	Oceanway	17,016	23,805	99 years	100	*	2011

* work less than 10% completed



MajorProperties

HOTELS*	TENURE	SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
ASIA				
Hotel Nikko Hong Kong 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong	75-year term from 28.11.1984 and may be renewable for a further term of 75 years	2,850	463	26
JW Marriott Hotel, Hong Kong Pacific Place, 88 Queensway, Hong Kong	75-year term from 18.04.1985 and may be renewable for a further term of 75 years	10,690	602	13
Millennium Hotel Sirih Jakarta Jalan Fachrudin 3, Jakarta 10250, Indonesia	The title is held under a Hak Guna Bangunan (i.e. Right to Build) and a 40-year lease wef 14.04.1984 and 22.01.1986 for approximate site area of 7,137 sq. metres and 212 sq. metres respectively	7,349	390	43
The Heritage Hotel Manila Roxas Boulevard at corner of EDSA Pasay City, Metropolitan Manila, Philippines	Fee Simple	9,888	450	35
Copthorne Orchid Hotel Penang Tanjong Bungah, 11200 Penang, Malaysia	Freehold	10,329	318	54
Grand Millennium Kuala Lumpur 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia	Freehold	7,899	468	54
Copthorne Orchid Hotel Singapore 214 Dunearn Road, Singapore	Freehold	16,629	440	54
Hotel under development (to be named) Mohamed Sultan Road/Nanson Road, Singapore (expected year of opening is 2009)	99-year lease commencing February 2007	2,932	370	54
Millennium Seoul Hilton 395 Namdaemun-ro 5-Ga, Chung-gu, Seoul, Korea	Freehold	18,760	681	54
Grand Hyatt Taipei Taipei World Trade Centre, Sung Shou Road, Taipei, Taiwan	50-year term extendable to 80-year term wef 07.03.1990	14,317	856	43
Grand Millennium Sukhumvit Bangkok Sukhumvit Soi 21, Asoke Road, Bangkok, Thailand	30-year term from 02.02.2005 with option to renew for a further term of 30 years	5,053	325	27
Grand Millennium Beijing Dongsanhuan North Road, Chaoyang District, Beijing, PRC	Leasehold to year 2046 (hotel) Leasehold to year 2056 (underground carpark)	5,997	521	16
West Coast Resort Hainan Yingbin Peninsula, Hainan Province, PRC	60-year lease expiring January 2067	22,348	226 and 16 villas	21

* Hotel information as at 28 February 2009

HOTELS*	TENURE	SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
EUROPE				
Millennium Bailey's Hotel London Kensington 140 Gloucester Road, London SW7 4QH, England	Freehold	1,932	211	54
Millennium Hotel London Mayfair Grosvenor Square, Mayfair London W1K 2HP, England	Leasehold to year 2096	4,260	336	54
Millennium Hotel London Knightsbridge 17 Sloane Street, Knightsbridge, London SW1X 9NU, England	Leasehold to year 2091	809	222	54
Millennium Gloucester Hotel & Conference Center London Kensington Harrington Gardens, London SW7 4LH, England	Freehold	6,348	610	54
Millennium Hotel Glasgow George Square, Glasgow G2 1DS, Scotland	Leasehold to year 2109	9,398	117	54
Millennium Hotel Paris Opéra 12 Boulevard Haussmann, 75009 Paris, France	Freehold	1,093	163	54
Millennium Hotel Paris Charles de Gaulle Zone Hoteliere, Allée du Verger, 95700 Roissy-en-France, France	Freehold	11,657	239	54
Millennium Hotel & Resort Stuttgart Plieninger Strasse 100, 70567 Stuttgart, Germany	Short Leasehold to year 2011	39,094	451	54
Copthorne Hotel Hannover Würzburger Strasse 21, 30800 Hannover-Laatzen, Germany	Short Leasehold to year 2014	13,165	222	54
Copthorne Hotel Aberdeen 122 Huntly Street, Aberdeen AB10 1SU, Scotland	Freehold	1,302	89	44

* Hotel information as at 28 February 2009

HOTELS*	TENURE	SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
EUROPE				
Copthorne Hotel Birmingham Paradise Circus, Birmingham B3 3HJ, England	Freehold	2,188	212	54
Copthorne Hotel Cardiff Caerdydd Copthorne Way, Culverhouse Cross, Cardiff CF5 6DH, Wales	Freehold	26,305	135	54
Copthorne Hotel & Resort Effingham Park London Gatwick West Park Road, Copthorne, West Sussex RH10 3EU, England	Freehold	161,878	122	54
Copthorne Hotel London Gatwick Copthorne Way, Copthorne, West Sussex RH10 3PG, England	Freehold	404,694	227	54
Copthorne Hotel Manchester Clippers Quay, Salford Quays, Manchester M50 3SN, England	Leasehold to year 2135	9,800	166	54
Copthorne Hotel Merry Hill Dudley The Waterfront, Level Street, Brierley Hill, Dudley, West Midlands DY5 1UR, England	Freehold	13,734	138	54
Copthorne Hotel Newcastle The Close, Quayside, Newcastle upon Tyne NE1 3RT, England	Freehold	9,200	156	50
Copthorne Hotel Plymouth Armada Way, Plymouth PL1 1AR, England	Leasehold to year 2110	1,853	135	54
Copthorne Hotel Slough Windsor Cippenham Lane, Slough, Berkshire SL1 2YE, England	Freehold	6,880	219	54
Copthorne Tara Hotel London Kensington Scarsdale Place, Kensington, London W8 5SR, England	Freehold	19,860	833	54

* Hotel information as at 28 February 2009

HOTELS*	TENURE	SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
NORTH AMERICA				
Millennium Broadway Hotel New York 145 West 44th Street, New York, NY 10036-4012, USA	Freehold	2,122	750	54
Millenium Hilton 55 Church Street, New York, NY 10007, USA	Freehold	1,680	569	54
Millennium Alaskan Hotel Anchorage 4800 Spenard Road, Anchorage, AK 99517-3236, USA	Freehold	20,639	248	54
Millennium Biltmore Hotel Los Angeles 506 South Grand Avenue, Los Angeles, CA 90071, USA	Freehold	11,331	683	54
Millennium Bostonian Hotel Boston 26 North Street, At Faneuil Hall Marketplace, Boston, MA 02109, USA	Freehold	2,796	201	54
Millennium Hotel Cincinnati 150 West Fifth Street, Cincinnati, OH 45202, USA	Freehold	6,839	872	54
Millennium Harvest House Boulder 1345 28th Street, Boulder, CO 80302-6899, USA	Freehold	64,019	269	54
Millennium Knickerbocker Hotel Chicago 163 East Walton Place, Chicago, IL 60611, USA	Freehold	2,007	305	54
Millennium Maxwell House Nashville 2025 Metro Centre Boulevard, Nashville, TN 37228, USA	Leased to year 2030	36,421	287	54
Millennium Resort Scottsdale McCormick Ranch 7401 North Scottsdale Road, Scottsdale, AZ 85208, USA	Leased to year 2033	32,819	125	54
Millennium Hotel Minneapolis 1313 Nicollet Mall, Minneapolis, MN 55403, USA	Leased to year 2030 (with three 5-year options)	4,537	321	54
Millennium Hotel St. Louis 200 South 4th Street, St. Louis, MO 63102-1804, USA	Freehold	17,033	780	54
Millennium UN Plaza Hotel New York 1 UN Plaza, 44th Street at 1st Avenue, New York, 10017-3575, USA	Freehold/Leased to year 2079	4,554	427	54

* Hotel information as at 28 February 2009

HOTELS*	TENURE	SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
NORTH AMERICA				
Millennium Hotel Durham 2800 Campus Walk Avenue, Durham, NC 27705-4479, USA	Freehold	42,814	313	54
Comfort Inn Beaver Creek 161 West Beaver Creek Boulevard, Avon, CO 81620-5510, USA	Freehold	11,209	146	54
Eldorado Hotel & Spa 309 West San Francisco Street, Santa Fe, NM 87501-2115, USA	Indirect Interest	7,349	219	11
Pine Lake Trout Club 17021 Chillicothe Road, Chagrin Falls, OH 44023-0282, USA	Freehold	331,121	6	54
Millennium Airport Hotel Buffalo 2040 Walden Avenue, Buffalo, NY 14225-5186, USA	Leased to year 2012	31,726	300	54
Best Western Lakeside 7769 W Irlo Bronson Memorial Highway, Kissimmee, FL 34747-1750, USA	Freehold	93,796	651	54
NEW ZEALAND				
Millennium Hotel Christchurch 14 Cathedral Square, Christchurch, New Zealand	Leasehold to year 2010 (with a five year option)	1,417	179	38
Millennium Hotel Queenstown Corner Frankton Road & Stanley St., Queenstown, New Zealand	Freehold	7,453	220	26
Millennium Hotel Rotorua Corner Eruera & Hinemaru Streets, Rotorua, New Zealand	Freehold/ Perpetual leasehold land	10,109	227	38
Copthorne Hotel Auckland Anzac Avenue 150 Anzac Avenue, Auckland, New Zealand	Perpetual/Leasehold land	2,495	110	26
Copthorne Hotel Auckland Harbour City Quay Street, Auckland, New Zealand	Freehold	2,407	187	38

* Hotel information as at 28 February 2009

HOTELS*	TENURE	SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
NEW ZEALAND				
Copthorne Hotel & Resort Bay of Islands Tau Henare Drive, Paihia, New Zealand	Leasehold to year 2021 (with a 30 year option)	62,834	180	18
Copthorne Hotel Christchurch Central 776 Colombo Street, Christchurch, New Zealand	Freehold	2,154	142	38
Copthorne Hotel Christchurch Durham Street Corner Durham & Kilmore Streets, Christchurch, New Zealand	Leasehold to year 2015	1,734	161	26
Copthorne Hotel Oriental Bay Wellington 73 Roxburgh Street, Wellington, New Zealand	Freehold	3,904	118	26
Copthorne Hotel & Resort Queenstown Lakefront Corner Adelaide Street & Frankton Road, Queenstown, New Zealand	Freehold	18,709	241	38
Kingsgate Hotel Parnell Auckland 92-102 Gladstone Road, Parnell, Auckland, New Zealand	Leasehold to year 2010 (with a two year option)	7,650	114	26
Kingsgate Hotel Dunedin Upper Moray Place, Dunedin, New Zealand	Freehold	2,193	55	26
Kingsgate Hotel Greymouth 32 Mawhera Quay, Greymouth, New Zealand	Freehold/ Perpetual leasehold land	2,807	98	38
Kingsgate Hotel Rotorua Fenton Street Rotorua, New Zealand	Freehold	35,935	136	26
Kingsgate Hotel Palmerston North 110 Fitzherbert Avenue, Palmerston North, New Zealand	Freehold	15,514	151	26
Kingsgate Hotel Terraces Queenstown 88 Frankton Road, Queenstown, New Zealand	Freehold	4,713	85	26
Kingsgate Hotel Te Anau 20 Lakefront Drive, Te Anau, New Zealand	Freehold	8,819	94	38

* Hotel information as at 28 February 2009

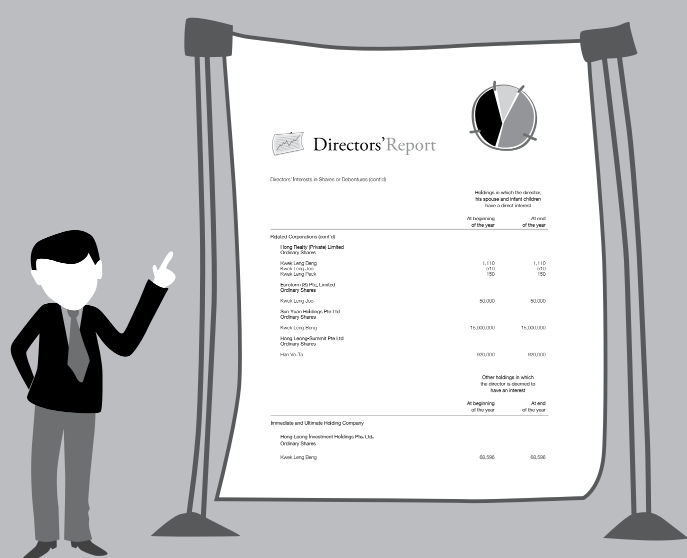
HOTELS*	TENURE	SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
OWNED BY CDL HOSPITALITY TRUSTS				
ASIA				
Grand Copthorne Waterfront Hotel Singapore# 392 Havelock Road, Singapore	75-year leasehold interest commencing from 19.07.2006	10,860	574	21
M Hotel Singapore# 81 Anson Road, Singapore	75-year leasehold interest commencing from 19.07.2006	2,134	413	21
Copthorne King's Hotel Singapore 403 Havelock Road, Singapore	99-year leasehold interest commencing from 01.02.1968	5,637	310	21
Orchard Hotel Singapore# 442 Orchard Road, Singapore	75-year leasehold interest commencing from 19.07.2006	8,588@	653	21
Orchard Hotel Shopping Arcade, Singapore# 442 Orchard Road, Singapore	75-year leasehold interest commencing from 19.07.2006	4,890 (nett lettable area)	N.A.	21
Novotel Clarke Quay, Singapore 177A River Valley Road, Singapore	97 years and 30 days leasehold interest commencing from 02.04.1980	12,925	401	21
NEW ZEALAND				
Rendezvous Hotel Auckland 71-87 Mayoral Drive, Auckland, New Zealand	Freehold	5,910	455	21

* Hotel information as at 28 February 2009

\# The Group has freehold reversionary interest of the property at the expiry of the 75-year lease

@ Including Orchard Hotel Shopping Arcade

Statutory Reports and Accounts



Directors' Report

We are pleased to submit this report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2008.

Directors

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

Kwek Leng Beng (Executive Chairman)
Kwek Leng Joo (Managing Director)
Chee Keng Soon
Chow Chiok Hock
Foo See Juan
Kwek Leng Peck
Han Vo-Ta
Tang See Chim

Principal Activities

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, club operator and owner, investment in properties and in shares, property management, project management and consultancy services and providers of information technology and procurement services.

Arrangements to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangements whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Interests in Shares or Debentures

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

Directors' Interests in Shares or Debentures (cont'd)

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

	Holdings in which the director, his spouse and infant children have a direct interest	
	At beginning of the year	At end of the year
The Company		
Ordinary Shares		
Kwek Leng Beng	397,226	397,226
Kwek Leng Joo	65,461	65,461
Kwek Leng Peck	43,758	43,758
Tang See Chim	11,000	11,000
Preference Shares		
Kwek Leng Beng	144,445	144,445
Kwek Leng Joo	100,000	100,000
Tang See Chim	4,000	4,000
Immediate and Ultimate Holding Company		
Hong Leong Investment Holdings Pte. Ltd. Ordinary Shares		
Kwek Leng Beng	2,320	2,320
Kwek Leng Joo	1,290	1,290
Kwek Leng Peck	304	10,921
Subsidiaries		
City e-Solutions Limited Ordinary Shares of HK$1 each		
Kwek Leng Beng	3,286,980	3,286,980
Kwek Leng Joo	1,436,000	1,436,000
Kwek Leng Peck	2,082,200	2,082,200
Foo See Juan	8,363	8,363

Directors' Interests in Shares or Debentures (cont'd)

	Holdings in which the director, his spouse and infant children have a direct interest	
	At beginning of the year	**At end of the year**
Subsidiaries (cont'd)		
Millennium & Copthorne Hotels New Zealand Limited Ordinary Shares		
Kwek Leng Beng	3,000,000	3,000,000
Related Corporations		
Hong Leong Finance Limited Ordinary Shares		
Kwek Leng Beng	4,603,567	4,603,567
Kwek Leng Joo	703,610	703,610
Kwek Leng Peck	517,359	517,359
Foo See Juan	22,981	22,981
Options to subscribe for the following number of ordinary shares under the Hong Leong Finance Share Option Scheme 2001		
Kwek Leng Beng	2,422,000	2,800,000
Hong Leong Holdings Limited Ordinary Shares		
Kwek Leng Beng	259,000	259,000
Kwek Leng Joo	210,000	210,000
Chow Chiok Hock	1,000	1,000
Kwek Leng Peck	381,428	381,428
Hong Leong Asia Ltd. Ordinary Shares		
Kwek Leng Beng	600,000	600,000
Kwek Leng Peck	1,000,000	1,000,000
Foo See Juan	20,000	20,000
Options to subscribe for the following number of ordinary shares under the Hong Leong Asia Share Option Scheme 2000		
Kwek Leng Beng	60,000	60,000
Kwek Leng Peck	350,000	850,000

Directors' Interests in Shares or Debentures (cont'd)

	Holdings in which the director, his spouse and infant children have a direct interest	
	At beginning of the year	At end of the year
Related Corporations (cont'd)		
Hong Realty (Private) Limited Ordinary Shares		
Kwek Leng Beng	1,110	1,110
Kwek Leng Joo	510	510
Kwek Leng Peck	150	150
Euroform (S) Pte. Limited Ordinary Shares		
Kwek Leng Joo	50,000	50,000
Sun Yuan Holdings Pte Ltd Ordinary Shares		
Kwek Leng Beng	15,000,000	15,000,000
Hong Leong-Summit Pte Ltd (in members' voluntary liquidation with effect from 4 February 2008) Ordinary Shares		
Han Vo-Ta	920,000	920,000

	Other holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year
Immediate and Ultimate Holding Company		
Hong Leong Investment Holdings Pte. Ltd. Ordinary Shares		
Kwek Leng Beng	68,596	40,744

The directors' interests in the Company as disclosed above remained unchanged as at 21 January 2009.

Directors' Interests in Contracts

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

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

Except as disclosed above and in the accompanying financial statements, and except for remuneration and professional fees received from the related corporations, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company and/or its related corporations with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Share Options

By the Company

The City Developments Share Option Scheme 2001 (CDL Scheme), which was approved by shareholders of the Company on 30 January 2001, is administered by a committee comprising the following members (Scheme Committee):

Chee Keng Soon (Chairman)
Kwek Leng Joo
Chow Chiok Hock
Foo See Juan
Tang See Chim

(a) Under the terms of the CDL Scheme, the Scheme Committee may make offers of the grant of options to:

(i) Group Employees and Parent Group Employees (both as defined in the CDL Scheme) which may be exercisable during an option exercise period commencing from the date that the option vests and expiring on the day preceding the tenth anniversary of its date of grant; and

(ii) Non-Executive Directors, Parent Group Non-Executive Directors and Associated Company Employees (all three as defined in the CDL Scheme) which may be exercisable during an option exercise period commencing from the date that the option vests and expiring on the day preceding the fifth anniversary of its date of grant.

Options granted under the CDL Scheme may have subscription prices that are, at the Scheme Committee's discretion, (i) Market Price Options; or (ii) Discount Price Options; or (iii) Incentive Price Options (all three as defined in the CDL Scheme).

The aggregate number of ordinary shares over which options may be granted under the CDL Scheme on any date, when added to the number of ordinary shares issued and issuable in respect of all options granted under the CDL Scheme, shall not exceed 8% of the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company on the day preceding the relevant date of grant. The aggregate number of ordinary shares which may be offered by way of grant of options to Parent Group Employees and Parent Group Non-Executive Directors collectively under the CDL Scheme shall not exceed 20% of the total number of ordinary shares available under the CDL Scheme.

Share Options (cont'd)

By the Company (cont'd)

(b) No options have been granted since the commencement of the CDL Scheme.

(c) There were no unissued shares of the Company under option as at the end of the financial year.

(d) The CDL Scheme shall continue to be in force at the discretion of the CDL Scheme Committee for a maximum period of 10 years commencing from its adoption on 30 January 2001.

By Subsidiaries

Millennium & Copthorne Hotels plc (M&C)

The following share option schemes of M&C continue to be in operation:
(i) Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme;
(ii) Millennium & Copthorne Hotels Executive Share Option Scheme;
(iii) Millennium & Copthorne Hotels Sharesave Schemes 1996 and 2006; and
(iv) Millennium & Copthorne Hotels 2006 Long Term Incentive Plan

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

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

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

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

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

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

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

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

Share Options (cont'd)

By Subsidiaries (cont'd)

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

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

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

(d) During the financial year under review, (i) no options were granted to subscribe for ordinary shares of £0.30 each in M&C; and (ii) 208,085 ordinary shares of £0.30 each in M&C were issued following the exercise of the subscription rights set out in the M&C 2003 Scheme.

As at the end of the financial year, there were 510,758 unissued shares under options pursuant to the M&C 2003 Scheme. Details of the options to subscribe for ordinary shares of £0.30 each in M&C are set out below:

Date granted	Balance at beginning of year	Exercised during the year	Cancelled/ Lapsed/ Forfeited during the year	Balance at end of year	Exercise price per share £	Exercise period
Part I						
10.03.2003	14,637	(2,637)	–	12,000	1.9350	10.03.2006 – 09.03.2013
16.03.2004	10,285	–	–	10,285	2.9167	16.03.2007 – 15.03.2014
24.03.2005	30,116	–	(15,058)	15,058	3.9842	24.03.2008 – 23.03.2015
Part II						
10.03.2003	429,315	(205,448)	–	223,867	1.9350	10.03.2006 – 09.03.2013
16.03.2004	59,558	–	–	59,558	2.9167	16.03.2007 – 15.03.2014
24.03.2005	235,183	–	(45,193)	189,990	3.9842	24.03.2008 – 23.03.2015
	779,094	(208,085)	(60,251)	510,758		

Share Options (cont'd)

By Subsidiaries (cont'd)

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

(ii) Millennium & Copthorne Hotels Executive Share Option Scheme

(a) The Millennium & Copthorne Hotels Executive Share Option Scheme (M&C 1996 Scheme) is divided into two parts, Part A which was approved by the United Kingdom Inland Revenue under Schedule 9 of the United Kingdom Income and Corporation Taxes Act 1988 on 12 April 1996 and Part B, which was an unapproved executive share option scheme designed for the United Kingdom (UK) and non-UK executives of M&C.

(b) The M&C 1996 Scheme is administered by the M&C Remuneration Committee comprising The Viscount Thurso (Chairman), Christopher Keljik, Christopher Sneath, Charles Kirkwood and Connal Rankin.

(c) Under the terms of Part A of the M&C 1996 Scheme, the board may offer any full time director or employee of M&C and its subsidiaries (M&C Group) (other than anyone within two years of retirement, or anyone who has a material interest in a close company and is thereby rendered ineligible under Paragraph 8, Schedule 9 of the United Kingdom Income and Corporation Taxes Act 1988), to participate in Part A of the M&C 1996 Scheme.

A person is eligible to be granted an option under Part B if he is a director or employee of any member of the M&C Group which is required to devote the whole or substantially the whole of his working time to the service of any member of the M&C Group.

Where an option has been exercised under Part B, the board may elect to pay cash to the executive concerned instead of issuing ordinary shares.

(d) No option shall be granted under the M&C 1996 Scheme in the period of 5 calendar years beginning with the year 1996 which would, at the time they are granted, cause the number of shares in M&C which shall have been or may be issued in pursuance of options granted in that period, or shall have been issued in that period otherwise than in pursuance of options, under the M&C 1996 Scheme or under any other employees' share option scheme adopted by M&C to exceed such number as representing 5% of the ordinary share capital of M&C in issue at that time.

(e) No option shall be granted under the M&C 1996 Scheme in any year which would, at the time they are granted, cause the number of shares in M&C which shall have been or may be issued in pursuance of options granted in the period of 10 calendar years ending with that year, or have been issued in that period otherwise than in pursuance of options, under the M&C 1996 Scheme or under any other employees' share scheme adopted by M&C to exceed such number as representing 10% of the ordinary share capital of M&C in issue at that time.

(f) The total subscription price payable for ordinary shares under options granted in any 10-year period (leaving out of account options which have been exercised) to any person under the M&C 1996 Scheme may not exceed four times the higher of the executive's total annual remuneration at that time and the total remuneration paid by the M&C Group to the executive in the preceding 12 months.

Share Options (cont'd)

By Subsidiaries (cont'd)

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

(ii) Millennium & Copthorne Hotels Executive Share Option Scheme (cont'd)

(g) During the financial year under review, (i) no options were granted to subscribe for ordinary shares of £0.30 each in M&C; and (ii) no ordinary shares of £0.30 each in M&C were issued under the subscription rights set out in the M&C 1996 Scheme.

As at the end of the financial year, there were 88,941 unissued shares under options pursuant to the M&C 1996 Scheme. Details of the options to subscribe for ordinary shares of £0.30 each in M&C are set out below:

Date granted	Balance at beginning of year	Exercised during the year	Cancelled/ Lapsed/ Forfeited during the year	Balance at end of year	Exercise price per share £	Exercise period
Part A						
05.03.1998	6,509	–	(6,509)	–	4.6087	05.03.2001– 04.03.2008
Part B						
14.03.2001	69,364	–	(69,364)	–	4.3250	14.03.2004 – 13.03.2008
15.03.2002	88,941	–	–	88,941	3.2250	15.03.2005 – 14.03.2009
	164,814	–	(75,873)	88,941		

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

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

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

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

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

Share Options (cont'd)

By Subsidiaries (cont'd)

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

(iii) Millennium & Copthorne Hotels Sharesave Schemes 1996 and 2006 (cont'd)

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

(f) During the financial year under review, (i) 118,416 options were granted to subscribe for ordinary shares of £0.30 each in M&C; and (ii) 67,403 ordinary shares of £0.30 each in M&C were issued following the exercise of the subscription rights set out in the M&C Sharesave Schemes.

As at the end of the financial year, there were 242,943 unissued shares under options pursuant to the M&C Sharesave Schemes. Details of the options to subscribe for ordinary shares of £0.30 each in M&C are set out below:

Date granted	Balance at beginning of year	Granted during the year	Exercised during the year	Cancelled/ Lapsed/ Forfeited during the year	Balance at end of year	Exercise price per share £	Exercise period
21.05.2002	2,267	–	–	(2,267)	–	2.9200	01.07.2007 – 31.12.2007
28.04.2003	55,909	–	(53,725)	(2,184)	–	1.5040	01.07.2008 – 31.12.2008
20.04.2004	3,704	–	–	(3,704)	–	2.3400	01.07.2007 – 31.12.2007
20.04.2004	25,427	–	–	–	25,427	2.3400	01.07.2009 – 31.12.2009
23.03.2005	32,165	–	(12,792)	(8,488)	10,885	3.0800	01.07.2008 – 31.12.2008
23.03.2005	28,965	–	–	(5,365)	23,600	3.0800	01.07.2010 – 31.12.2010
19.06.2006	47,503	–	(886)	(15,101)	31,516	3.2500	01.08.2009 – 31.01.2010
19.06.2006	33,771	–	–	(6,934)	26,837	3.2500	01.08.2011 – 31.01.2012
26.03.2007	29,741	–	–	(13,875)	15,866	5.2000	01.07.2010 – 31.12.2010
26.03.2007	18,945	–	–	(8,185)	10,760	5.2000	01.07.2012 – 31.12.2012
20.03.2008	–	81,856	–	(18,316)	63,540	3.2800	01.07.2011 – 31.12.2011
20.03.2008	–	36,560	–	(2,048)	34,512	3.2800	01.07.2013 – 31.12.2013
	278,397	118,416	(67,403)	(86,467)	242,943		

Share Options (cont'd)

By Subsidiaries (cont'd)

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

(iv) Millennium & Copthorne Hotels 2006 Long Term Incentive Plan

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

Vesting of Performance Share Awards is subject to the achievement of stretching performance targets. Consistent with the performance measures for M&C's executive share options schemes, earnings per share (EPS) targets have been chosen so that participants are incentivised to deliver significant earnings growth which, in turn, should return substantial shareholder value.

The performance condition applying to Performance Share Awards require M&C's EPS to grow, in real terms, over a period of three consecutive financial years after award. Performance Share Awards will vest on the third anniversary of the award being made, subject to the EPS growth targets being met. Awards will not be subject to re-testing.

During the financial year under review, Performance Share Awards were made over 734,587 ordinary shares of £0.30 each in M&C. Details of the Performance Share Awards are set out below:

Date of award	Balance at beginning of year	Awards made during the year	Awards vested during the year	Awards forfeited during the year	Balance at end of year	Vesting date
01.09.2006	200,855	–	(24,809)	(13,324)	162,722	01.09.2009
27.03.2007	184,008	–	(13,654)	(27,467)	142,887	27.03.2010
18.09.2007	75,012	–	–	(20,790)	54,222	18.09.2010
25.06.2008	–	734,587	–	(16,815)	717,772	25.06.2011
	459,875	734,587	(38,463)	(78,396)	1,077,603	

City e-Solutions Limited (CES)

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

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

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

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

(iii) the nominal value of a CES share.

Share Options (cont'd)

By Subsidiaries (cont'd)

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

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

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

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

Ability to Meet Obligations

No contingent liability or other liability of the Group or of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

Other Circumstances Affecting the Financial Statements

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group or of the Company misleading.

Unusual Items

In the opinion of the directors, no item, transaction or event of a material and unusual nature has substantially affected the results of the operations of the Group or of the Company during the financial year.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Audit Committee

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

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

The Audit Committee met 8 times during the financial year ended 31 December 2008 and performed the functions set out in Section 201B(5) of the Companies Act, Chapter 50. In performing its functions, the Audit Committee reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Group's system of internal controls. The Audit Committee also reviewed the consolidated financial statements and the financial statements of the Company for the financial year ended 31 December 2008 as well as the auditors' report thereon.

Audit Committee (cont'd)

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

Auditors

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

On behalf of the Board of Directors

Kwek Leng Beng
Executive Chairman

Kwek Leng Joo
Managing Director

Singapore
16 March 2009

Statement By Directors

In our opinion:

(a) the financial statements set out on pages 76 to 162 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and the results, recognised income and expenses and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

On behalf of the Board of Directors

Kwek Leng Beng
Executive Chairman

Kwek Leng Joo
Managing Director

Singapore
16 March 2009

Independent Auditors' Report

Members of the Company
City Developments Limited

We have audited the financial statements of City Developments Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2008, the income statement, statement of recognised income and expenses and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 76 to 162.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
(b) selecting and applying appropriate accounting policies; and
(c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion:

(a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and the results, recognised income and expenses and cash flows of the Group for the year ended on that date; and
(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and Certified Public Accountants

Singapore
16 March 2009

BalanceSheets

As at 31 December 2008

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Non-current assets					
Property, plant and equipment	3	**4,161,527**	4,257,799	**166,945**	104,202
Investment properties	4	**2,312,675**	2,468,253	**277,115**	281,942
Investments in:					
- subsidiaries	5	**–**	–	**2,258,199**	2,258,755
- associates	6	**348,644**	277,615	**–**	–
- jointly-controlled entities	7	**693,860**	553,213	**35,204**	34,159
Financial assets	8	**162,718**	183,880	**23,387**	39,307
Other non-current assets	9	**18,569**	30,981	**105,218**	127,897
		7,697,993	7,771,741	**2,866,068**	2,846,262
Current assets					
Development properties	10	**2,920,056**	2,578,015	**1,534,891**	1,428,690
Consumable stocks		**11,220**	14,877	**–**	–
Financial assets	8	**19,727**	67,509	**–**	–
Trade and other receivables	11	**1,098,648**	1,074,806	**2,592,840**	2,278,295
Cash and cash equivalents	14	**775,882**	711,602	**159,490**	103,027
		4,825,533	4,446,809	**4,287,221**	3,810,012
Total assets		**12,523,526**	12,218,550	**7,153,289**	6,656,274
Equity attributable to equity holders of the Company					
Share capital	15	**1,991,397**	1,991,397	**1,991,397**	1,991,397
Reserves	16	**3,438,311**	3,207,387	**2,417,943**	2,343,449
		5,429,708	5,198,784	**4,409,340**	4,334,846
Minority interests		**1,592,609**	1,717,613	**–**	–
Total equity	17	**7,022,317**	6,916,397	**4,409,340**	4,334,846
Non-current liabilities					
Interest-bearing borrowings	19	**3,286,610**	3,235,377	**1,640,280**	1,618,809
Employee benefits	24	**27,259**	36,999	**–**	–
Other liabilities	25	**84,388**	74,739	**26,343**	21,336
Provisions	26	**2,400**	3,464	**–**	–
Deferred tax liabilities	27	**410,616**	426,812	**65,922**	45,999
		3,811,273	3,777,391	**1,732,545**	1,686,144
Current liabilities					
Trade and other payables	28	**641,218**	585,002	**469,481**	249,932
Interest-bearing borrowings	19	**860,063**	796,290	**490,068**	351,647
Employee benefits	24	**14,536**	15,718	**1,804**	1,625
Other liabilities	25	**2,099**	2,236	**–**	–
Provision for taxation		**167,130**	115,894	**50,051**	32,080
Provisions	26	**4,890**	9,622	**–**	–
		1,689,936	1,524,762	**1,011,404**	635,284
Total liabilities		**5,501,209**	5,302,153	**2,743,949**	2,321,428
Total equity and liabilities		**12,523,526**	12,218,550	**7,153,289**	6,656,274

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

Consolidated Income Statement

Year ended 31 December 2008

	Note	Group 2008 $'000	Group 2007 $'000
Revenue	29	**2,945,229**	3,106,106
Cost of sales		**(1,271,410)**	(1,478,150)
Gross profit		**1,673,819**	1,627,956
Other operating income	30	**138,083**	29,202
Administrative expenses		**(504,569)**	(522,757)
Other operating expenses		**(527,523)**	(396,230)
Profit from operating activities		**779,810**	738,171
Finance income		**30,760**	49,218
Finance costs		**(115,273)**	(119,486)
Net finance costs	30	**(84,513)**	(70,268)
Share of after-tax profit of associates		**19,006**	16,254
Share of after-tax profit of jointly-controlled entities		**119,504**	270,456
Profit before income tax		**833,807**	954,613
Income tax expense	31	**(152,132)**	(65,394)
Profit for the year	30	**681,675**	889,219
Attributable to:			
Equity holders of the Company			
- Ordinary shareholders		**568,038**	712,089
- Preference shareholders		**12,906**	12,904
		580,944	724,993
Minority interests		**100,731**	164,226
Profit for the year		**681,675**	889,219
Earnings per share			
- Basic	32	**62.5 cents**	78.3 cents
- Diluted	32	**60.9 cents**	76.0 cents

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

Consolidated Statement Of Recognised Income And Expenses

Year ended 31 December 2008

	Group 2008 $'000	Group 2007 $'000
Actuarial gains/(losses) on defined benefit plans	**1,553**	(1,573)
Change in fair value of equity investments available for sale	**(26,876)**	1,409
Exchange differences on hedges of net investment in foreign entities	**43,069**	(775)
Exchange differences on monetary items forming part of net investment in foreign entities	**(13,913)**	(14,851)
Share of other reserve movements of an associate	**(340)**	–
Translation differences arising on consolidation of foreign subsidiaries	**(313,694)**	(64,111)
Net losses recognised directly in equity	**(310,201)**	(79,901)
Profit for the year	**681,675**	889,219
Total recognised income and expenses for the year	**371,474**	809,318
Attributable to:		
Equity holders of the Company	**424,795**	679,994
Minority interests	**(53,321)**	129,324
	371,474	809,318

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

Consolidated Cash Flow Statement

Year ended 31 December 2008

	Group	
	2008	2007
	$'000	$'000
Operating activities		
Profit before income tax	**833,807**	954,613
Adjustments for:		
Depreciation and amortisation	**132,036**	136,139
Dividend income	**(7,262)**	(14,150)
Finance costs	**115,273**	119,486
Finance income	**(30,760)**	(49,218)
Gain on dilution and disposal of investment in an associate	**–**	(8,228)
Impairment loss on loan to a jointly-controlled entity	**19,456**	–
Impairment losses made/(written back) on investment properties	**8,994**	(75,017)
Impairment losses on property, plant and equipment	**62,311**	20,320
Loss on liquidation of jointly-controlled entities	**29**	24
Profit from aborted sale of a subsidiary	**(73,241)**	–
Profit on disposal of interest in a subsidiary	**(29)**	–
Profit on sale of investments	**–**	(310)
Profit on sale of property, plant and equipment and investment properties	**(48,259)**	(1,812)
Property, plant and equipment and investment properties written off	**23,016**	22,163
Share of after-tax profits of associates	**(19,006)**	(16,254)
Share of after-tax profits of jointly-controlled entities	**(119,504)**	(270,456)
Units in an associate received and receivable in lieu of fee income	**(7,373)**	(8,242)
Value of employee services received for issue of share options	**2,996**	2,340
	892,484	811,398
Changes in working capital:		
Development properties	**(340,768)**	(249,663)
Stocks, trade and other receivables	**(87)**	(277,077)
Trade and other payables	**(21,901)**	98,388
Employee benefits	**(13,112)**	(24,535)
Cash generated from operations	**516,616**	358,511
Income tax paid	**(78,789)**	(98,152)
Cash flows from operating activities carried forward	**437,827**	260,359

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

ConsolidatedCashFlowStatement

Year ended 31 December 2008

	Note	Group 2008 $'000	Group 2007 $'000
Cash flows from operating activities brought forward		**437,827**	260,359
Investing activities			
Acquisition of minority interests		**(4,876)**	–
Capital expenditure on investment properties		**(18,855)**	(10,471)
Disposal/(purchase) of financial assets		**19,108**	(30,699)
Dividends received:			
- an associate		**32,255**	19,953
- financial investments		**7,262**	12,429
- jointly-controlled entities		**27,050**	34,500
Interest received		**20,989**	46,649
Payments for purchase of property, plant and equipment		**(442,804)**	(485,762)
Proceeds from partial disposal of interest in an associate		**–**	4,771
Proceeds from liquidation of a jointly-controlled entity		**–**	77
Proceeds from sale of property, plant and equipment and investment properties		**182,179**	402
Proceeds less expenses from aborted sale of a subsidiary		**73,241**	–
Purchase of investments in associates		**(63,926)**	(150,727)
Purchase of investments in jointly-controlled entities		**(58,264)**	(37,483)
Cash flows from investing activities		**(226,641)**	(596,361)
Financing activities			
Advances from related parties		**111,982**	6,022
Dividends paid		**(235,979)**	(260,002)
Finance lease payments		**(196)**	(6,474)
Interest paid (including amounts capitalised as property, plant and equipment and development properties)		**(124,634)**	(153,330)
Net proceeds from revolving credit facilities and short-term bank borrowings		**62,338**	528,893
Payment of financing transaction costs		**(2,682)**	(3,901)
Proceeds from bank borrowings		**381,953**	871,468
Proceeds from issuance of bonds and notes		**326,387**	515,882
Return of capital to minority shareholders (net)		**(23,456)**	(23,735)
Repayment of bank borrowings		**(389,017)**	(740,736)
Repayment of bonds and notes		**(223,604)**	(450,920)
Repayment of other long-term liabilities		**(2,487)**	(2,541)
Cash flows from financing activities		**(119,395)**	280,626
Net increase/(decrease) in cash and cash equivalents		**91,791**	(55,376)
Cash and cash equivalents at beginning of the year		**710,566**	774,605
Effect of exchange rate changes on balances held in foreign currencies		**(32,498)**	(8,663)
Cash and cash equivalents at end of the year	14	**769,859**	710,566

Significant non-cash transactions

Management fee income of $7,373,000 (2007: $8,242,000) is received and receivable by the Group in the form of units in an associate.

Dividends amounting to $15,368,000 (2007: $20,749,000) were paid by a subsidiary to its minority shareholders in the form of scrip dividends.

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 16 March 2009.

1 Domicile and activities

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

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

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

The consolidated financial statements for the year ended 31 December 2008 relate to the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates and jointly-controlled entities.

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

2 Summary of significant accounting policies

2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis, except that certain financial assets and financial liabilities are stated at fair value. The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information has been rounded to the nearest thousand, unless otherwise stated.

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

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

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

Note 2.2	Assessment of ability to control or exert significant influence over partly-owned investments
Note 2.17	Measurement of profit attributable to properties under development
Note 2.20	Estimation of provisions for current and deferred taxation
Note 3 and 4	Measurement of recoverable amounts of hotels and investment properties
Note 5	Measurement of recoverable amounts of investments in and balances with subsidiaries
Note 8	Impairment of available-for-sale equity investments
Note 10	Measurement of realisable amounts of development properties
Note 24	Valuation of defined benefit employee obligations
Note 37	Valuation of financial instruments that are not actively traded

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2 Summary of significant accounting policies (cont'd)

2.2 Consolidation

Business combinations

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to the income statement in the period of the acquisition.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account, as is the extent which the Group benefits from the activities of the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where the accounting policies of subsidiaries are different from those adopted by the Group, adjustments have been made to their financial statements in order that accounting policies are consistently applied in the consolidated financial statements.

Associates and jointly-controlled entities

Associates are companies in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly-controlled entities are accounted for using the equity method. The consolidated financial statements include the Group's share of the income, expenses and equity movements of associates and jointly-controlled entities, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an associate or a jointly-controlled entity, the carrying amount of that interest (including any long-term interests that, in substance, form part of the Group's net investment in the associate or jointly-controlled entity) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Jointly-controlled assets

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

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

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

Acquisitions of minority interests

Acquisitions of minority interests are accounted for as equity transactions. Any difference between the amount by which the minority interests are adjusted and the consideration paid is recognised directly in equity.

Transactions eliminated on consolidation

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

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

Investments in subsidiaries, associates and jointly-controlled entities are stated in the Company's balance sheet at cost less accumulated impairment losses.

2 Summary of significant accounting policies (cont'd)

2.3 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currencies at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currencies at the exchange rates at the date on which their fair values were determined.

Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below), available-for-sale equity instruments and financial liabilities designated as hedges of the net investment in a foreign operation (see Note 2.7).

Foreign operations

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

Foreign currency differences are recognised in the exchange fluctuation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the exchange translation reserve is transferred to the income statement as part of the gain or loss on disposal.

Net investment in a foreign operation

Exchange differences arising from monetary items that in substance form part of the Group's net investment in a foreign operation are recognised in equity in the consolidated financial statements. When the foreign operation is disposed of, the cumulative amount in equity is transferred to the income statement as an adjustment to the profit or loss arising on disposal.

2.4 Property, plant and equipment

Owned assets

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

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment at cost less accumulated impairment losses until the end of the construction or development, at which time it is transferred to investment properties.

Leased assets

Leases whereby the Group assumes substantially all risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability. The finance charges are allocated to each period during the lease term so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against the income statement. Capitalised leased assets are depreciated over the shorter of the economic useful life of the asset and the lease term.

Subsequent expenditure

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

2 Summary of significant accounting policies (cont'd)

2.4 Property, plant and equipment (cont'd)

Depreciation

No depreciation is provided on freehold and 999-year leasehold land. For freehold and leasehold properties under development and renovation-in-progress, no depreciation is provided until these items have been completed. Freehold and leasehold properties under development are transferred to other asset categories at the carrying value on the date of transfer.

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

The estimated useful lives are as follows:

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

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

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

2.5 Intangible assets

Goodwill

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

Acquisitions prior to 1 January 2001

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

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

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

Acquisitions occurring between 1 January 2001 and 1 January 2005

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

Acquisitions on or after 1 January 2005

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

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

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in Note 2.12. Negative goodwill is recognised immediately in the income statement.

2 Summary of significant accounting policies (cont'd)

2.5 Intangible assets (cont'd)

Other intangible assets

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

2.6 Investment properties

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

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

Depreciation

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

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

The estimated useful lives are as follows:-

Freehold and leasehold properties	-	50 years, or lease term if shorter
Leasehold land	-	Lease term ranging from 85 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.

Transfers

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

(a) commencement of owner-occupation, for a transfer from investment properties to property, plant and equipment;

(b) commencement of development with a view to sell, for a transfer from investment properties to development properties; and

(c) end of owner-occupation, for a transfer from property, plant and equipment to investment properties.

2.7 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, interest-bearing borrowings, other liabilities and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

2 Summary of significant accounting policies (cont'd)

2.7 Financial instruments (cont'd)

Available-for-sale financial assets

The Group's investments in certain equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses, and foreign exchange gains and losses on available-for-sale monetary items (see Note 2.3), are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income statement.

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

Financial assets at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is acquired principally for the purpose of selling in the short term or is designated as such upon initial recognition. Financial instruments are designated as financial assets at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in the income statement when incurred. Financial instruments designated as financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

Others

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments and hedging activities

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

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

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to the income statement in the same period that the hedged item affects profit or loss.

Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

2 Summary of significant accounting policies (cont'd)

2.7 Financial instruments (cont'd)

Hedge of net investment in a foreign operation

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

Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in the income statement as part of foreign currency gains and losses.

Separable embedded derivatives

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

2.8 Interest-free intercompany loans

Loans to subsidiaries

In the Company's financial statements, interest-free intercompany loans to subsidiaries are stated at fair value at inception. The difference between the fair values and the loan amounts at inception is recognised as additional investments in the Company's financial statements. Subsequently, these loans are measured at amortised cost using the effective interest method.

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

Loans from subsidiaries

In the Company's financial statements, interest-free intercompany loans from subsidiaries are stated at fair value at inception. The difference between the fair values and the loan amounts at inception is recognised as distribution income in the Company's income statement. Subsequently, these loans are measured at amortised cost using the effective interest method.

Such balances are eliminated in full in the Group's consolidated financial statements.

2.9 Development properties

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

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

2.10 Consumable stocks

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

2 Summary of significant accounting policies (cont'd)

2.11 Cash and cash equivalents

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

2.12 Impairment

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

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

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement.

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

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than development properties, consumable stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, 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 cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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

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

2 Summary of significant accounting policies (cont'd)

2.13 Share capital

Ordinary share capital

Ordinary shares are classified as equity.

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

Preference share capital

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

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

2.14 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Defined benefit plans

The Group's net obligation in respect of defined benefit post-employment plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating the terms of the Group's obligations. 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 as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

The Group recognises actuarial gains and losses arising from defined benefit plans directly in equity in the period in which they occur.

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. The discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating the terms of the Group's obligations.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans where 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.

2 Summary of significant accounting policies (cont'd)

2.14 Employee benefits

Share-based payment transactions

The share-based incentive schemes allow the Group's employees to acquire shares of one of the Company's listed subsidiaries. The fair value of options and awards granted are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to exercise options granted or for share awards to vest. The fair value of the share awards or grants are measured using a stochastic model, taking into account the performance conditions applying to the share options and awards. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

2.15 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.

Onerous contracts

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

Capital expenditure

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

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

2.17 Revenue recognition

Development properties for sale

The Group recognises income on property development projects when the risks and rewards of ownership have been transferred to the buyer. In cases where the Group is obliged to perform any significant acts after the transfer of legal title or an equitable interest, revenue is recognised as the acts are performed based on the percentage of completion method under Recommended Accounting Practice (RAP) 11 *Pre-completion Contracts for the Sale of Development Property* issued by the Institute of Certified Public Accountants of Singapore in October 2005. Under RAP 11, when (a) construction is beyond a preliminary stage, (b) the minimum down payment criterion is met, (c) sale prices are collectible, and (d) aggregate sales proceeds and costs can be reasonably estimated, the percentage of completion method is an allowed alternative. If any of the above criteria are not met, pre-completion proceeds received are accounted for as deposits until such criteria are met.

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

2 Summary of significant accounting policies (cont'd)

2.17 Revenue recognition (cont'd)

Development properties for sale (cont'd)

The Group's current policy of recognising revenue using the percentage of completion method on its development projects in Singapore is an allowed alternative under RAP 11. The impact on the financial statements, had revenue on the Singapore projects been recognised using the completion of construction method, is as follows:

	Group	
	2008	**2007**
	$'000	**$'000**
Decrease in revenue	436,173	283,396
(Increase)/decrease in profit for the year	(5,270)	341,872
Decrease in opening accumulated profits	485,986	144,114
Decrease in development properties as at 1 January	239,884	71,422
Decrease in development properties as at 31 December	364,528	239,884
Decrease in investments in jointly-controlled entities as at 1 January	292,912	87,942
Decrease in investments in jointly-controlled entities as at 31 December	133,180	292,912

Rental and car park income

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

Car park income is recognised on an accrual basis.

Hotel income

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

Dividends

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

2.18 Operating leases

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

2.19 Finance income and costs

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

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

2 Summary of significant accounting policies (cont'd)

2.20 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.21 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group comprises three principal business segments, namely hotel operations, property development and rental properties. These segments operate in three principal geographical areas, namely, Asia, North America and Europe, and Australia and New Zealand.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location where the services are rendered and the products are sold. Segment assets are based on the geographical location of the assets.

3 Property, plant and equipment

	Freehold land and buildings	Leasehold land and buildings	Freehold and leasehold properties under development	Furniture, fittings, plant and equipment and improvements	Renovation-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Cost						
At 1 January 2007	2,907,144	1,225,208	103,054	1,079,912	29,348	5,344,666
Additions	38,906	57,005	283,943	56,091	19,008	454,953
Disposals	(1,749)	(114)	–	(28,652)	–	(30,515)
Written off during the year	–	–	–	(25,218)	–	(25,218)
Reclassifications and transfers	13,934	(872)	–	17,851	(30,913)	–
Transfers to development properties	(716)	–	–	–	–	(716)
Translation differences on consolidation	(93,896)	(41,927)	71	(32,524)	(249)	(168,525)
At 31 December 2007	2,863,623	1,239,300	387,068	1,067,460	17,194	5,574,645
Additions	49,301	15,027	216,575	55,565	57,470	393,938
Disposals	(536)	(65)	–	(10,959)	–	(11,560)
Written off during the year	–	–	–	(33,222)	(16)	(33,238)
Reclassifications and transfers	390,980	(347,198)	4,137	20,525	(68,444)	–
Transfers from development properties	1,262	–	55,029	–	–	56,291
Transfers to investment properties	–	–	–	(422)	–	(422)
Translation differences on consolidation	(255,419)	(183,330)	(11,180)	(113,150)	(3,004)	(566,083)
At 31 December 2008	3,049,211	723,734	651,629	985,797	3,200	5,413,571
Accumulated depreciation and impairment losses						
At 1 January 2007	408,135	105,464	–	757,975	–	1,271,574
Charge for the year	18,932	7,501	–	66,705	–	93,138
Disposals	–	–	–	(27,704)	–	(27,704)
Written off during the year	–	–	–	(3,055)	–	(3,055)
Impairment losses	6,075	11,539	–	2,706	–	20,320
Reclassifications	(4,345)	4,543	–	(198)	–	–
Translation differences on consolidation	(7,894)	(7,607)	–	(21,926)	–	(37,427)
At 31 December 2007	420,903	121,440	–	774,503	–	1,316,846
Charge for the year	18,156	7,634	–	59,989	–	85,779
Disposals	(478)	(76)	–	(10,190)	–	(10,744)
Written off during the year	–	–	–	(10,268)	–	(10,268)
Impairment losses	43,140	2,947	19,562	342	–	65,991
Reversal of impairment loss	–	(3,680)	–	–	–	(3,680)
Transfers to investment properties	–	–	–	(87)	–	(87)
Reclassifications	(14,905)	13,588	–	1,317	–	–
Translation differences on consolidation	(78,718)	10,255	(3,694)	(119,636)	–	(191,793)
At 31 December 2008	388,098	152,108	15,868	695,970	–	1,252,044
Carrying amount						
At 1 January 2007	2,499,009	1,119,744	103,054	321,937	29,348	4,073,092
At 31 December 2007	2,442,720	1,117,860	387,068	292,957	17,194	4,257,799
At 31 December 2008	2,661,113	571,626	635,761	289,827	3,200	4,161,527

During the financial year, interest capitalised as cost of property, plant and equipment amounted to $3,367,000 (2007: $2,589,000).

3 Property, plant and equipment (cont'd)

	Freehold land and buildings	Freehold properties under development	Furniture, fittings and equipments	Total
	$'000	$'000	$'000	$'000
Company				
Cost				
At 1 January 2007	2,570	57,116	26,604	86,290
Additions	–	39,109	1,211	40,320
Disposals	–	–	(482)	(482)
Written off during the year	–	–	(1,098)	(1,098)
At 31 December 2007	2,570	96,225	26,235	125,030
Additions	–	63,148	1,717	64,865
Disposals	–	–	(25)	(25)
Written off during the year	–	–	(4,410)	(4,410)
At 31 December 2008	2,570	159,373	23,517	185,460
Accumulated depreciation				
At 1 January 2007	–	–	20,367	20,367
Charge for the year	–	–	1,963	1,963
Disposals	–	–	(443)	(443)
Written off during the year	–	–	(1,059)	(1,059)
At 31 December 2007	–	–	20,828	20,828
Charge for the year	–	–	2,109	2,109
Disposals	–	–	(25)	(25)
Written off during the year	–	–	(4,397)	(4,397)
At 31 December 2008	–	–	18,515	18,515
Carrying amount				
At 1 January 2007	2,570	57,116	6,237	65,923
At 31 December 2007	2,570	96,225	5,407	104,202
At 31 December 2008	2,570	159,373	5,002	166,945

During the financial year, interest capitalised as cost of property, plant and equipment amounted to $726,000 (2007: $419,000).

3 Property, plant and equipment (cont'd)

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

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Furniture, fittings and equipment	**10**	216	**8**	14

In 2008, upon the Group assessing the carrying value of its property, plant and equipment for indications of impairment, the carrying amounts of certain property, plant and equipment of the Group were written down by $62,311,000 (2007: $20,320,000). The impairment losses were included in "other operating expenses".

Impairment losses of $24,852,000 (2007: $Nil) were recognised in respect of two pieces of freehold land located in United States of America and India held by a subsidiary. The estimates of recoverable amounts were based on the fair value of the land determined by professional valuers.

The remaining impairment losses charged of $41,139,000 (2007: $17,614,000) and an impairment loss reversed of $3,680,000 (2007: $Nil) were in relation to certain hotel properties held by a subsidiary. The estimates of recoverable amounts were based on the value-in-use of the said properties determined by either professional valuers or management of the subsidiary using discount rates ranging from 9.5% to 12.8% (2007: 10.8% to 12.0%) per annum as applicable to the nature and location of the assets in question.

In 2007, an impairment loss of $2,706,000 on a leasehold hotel located in the United Kingdom held by a subsidiary was recognised following an assessment by the subsidiary's management that there was a likelihood of exiting the lease when it expires in 2011 due to deterioration in the hotel business. The estimate of recoverable amount was based on the value-in-use of the said property using management's estimates of cash flows in the period to the expiry of the lease and a discount rate of 8.0% per annum. The impairment losses recognised related to additions to property, plant and equipment capitalised during 2007. The impairment provisions continue to be held.

Included in property, plant and equipment are certain hotel properties of the Group with carrying value totalling $445,811,000 (2007: $541,516,000) which are mortgaged to certain financial institutions to secure credit facilities (refer to Notes 20 and 22 for more details of the facilities).

4 Investment properties

	Group $'000	Company $'000
Cost		
At 1 January 2007	3,073,650	337,106
Additions	10,471	302
Translation differences on consolidation	(3,072)	–
At 31 December 2007	3,081,049	337,408
Additions	18,855	332
Transfers from property, plant and equipment	422	–
Disposals	(139,378)	–
Written off during the year	(310)	(177)
Translation differences on consolidation	17,769	–
At 31 December 2008	2,978,407	337,563
Accumulated depreciation and impairment losses		
At 1 January 2007	647,862	60,677
Charge for the year	42,989	4,853
Write-back of impairment losses	(75,017)	(10,064)
Translation differences on consolidation	(3,038)	–
At 31 December 2007	612,796	55,466
Charge for the year	46,246	5,113
Transfers from property, plant and equipment	87	–
Disposals	(6,274)	–
Written off during the year	(264)	(131)
Impairment losses	8,994	–
Translation differences on consolidation	4,147	–
At 31 December 2008	665,732	60,448
Carrying amount		
At 1 January 2007	2,425,788	276,429
At 31 December 2007	2,468,253	281,942
At 31 December 2008	2,312,675	277,115
Fair value		
At 31 December 2007	6,334,488	776,354
At 31 December 2008	5,933,130	707,521

4 Investment properties (cont'd)

Investment properties comprise commercial, residential and industrial properties that are leased to external customers. Generally, each of the leases is fixed for a period of 2 to 3 years or more, and subsequent renewals are negotiated at prevailing market rate and terms.

The fair value of investment properties located in Singapore is based on in-house valuations conducted by a licensed appraiser who is also an officer of the Company. The licensed appraiser has appropriate recognised professional qualifications and has recent experience in the location and category of the investment properties being valued. The fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The valuation is based on the income method which takes into consideration the estimated net rent (using the current and projected average rental rates and occupancy), and a capitalisation rate applicable to the nature and type of asset in question. As a check, a comparison is made against relevant market transactions.

The fair value of investment properties located overseas is determined by independent licensed appraisers who have appropriate recognised professional qualification and recent experience in the location and category of the investment properties being valued. Fair values are determined having regard to recent market transactions for similar properties in the same locations.

In 2008, upon the Group and the Company assessing the carrying values of their investment properties for indications of impairment, the Group recognised impairment losses of $8,994,000 as a result of a deterioriation in the property market in Japan. The impairment losses are included in "other operating expenses". In 2007, the Group and the Company reversed impairment losses of $75,017,000 and $10,064,000 respectively as a result of an improvement in the property market in Singapore and Japan. The impairment losses reversed were reflected as reductions in "other operating expenses".

Investment properties of the Group with a total carrying amount of $1,094,793,000 (2007: $953,660,000) are mortgaged to certain financial institutions to secure credit facilities (refer to Notes 20 and 22 for more details of the facilities).

5 Investments in and balances with subsidiaries

	Company	
	2008	**2007**
	$'000	**$'000**
Investments in subsidiaries		
Unquoted shares, at cost	**2,258,512**	2,257,512
Discount implicit in non-current inter-company balances	**7,095**	9,269
Impairment losses	**(7,408)**	(8,026)
	2,258,199	2,258,755
Balances with subsidiaries		
Amounts owing by subsidiaries		
- trade, interest-free	**2,219**	1,475
- non-trade, interest-free	**762,501**	840,662
- non-trade, interest-bearing	**1,558,101**	1,234,106
	2,322,821	2,076,243
Impairment losses	**(36,822)**	(35,029)
	2,285,999	2,041,214

5 Investments in and balances with subsidiaries (cont'd)

	Note	Company 2008 $'000	Company 2007 $'000
Receivable within 1 year	11	**2,180,781**	1,913,317
Receivable after 1 year	9	**105,218**	127,897
		2,285,999	2,041,214
Amounts owing to subsidiaries			
- trade, interest-free		**46**	482
- non-trade, interest-free		**120,399**	89,925
- non-trade, interest-bearing		**174,093**	–
Repayable within 1 year	28	**294,538**	90,407

During the year, the Company assessed the carrying amount of its investments in subsidiaries for indications of impairment. Based on this assessment, the Company reversed impairment losses of $618,000 (2007: $39,245,000) on its investments in certain subsidiaries to reflect the value of the underlying properties held by these subsidiaries. Impairment losses were quantified under the value-in-use method using management's estimates of the future underlying cash flows of the subsidiaries and a discount rate of 6.0% (2007: 3.8% to 4.3%) per annum.

The amounts owing by and to subsidiaries are unsecured. In respect of interest-bearing amounts owing by and to subsidiaries, interest was charged at 0.93% to 2.96% (2007: 0.70% to 4.04%) and at 0.35% to 3.22% (2007: Nil%) per annum respectively. The balances with subsidiaries that are presented as receivable or repayable within one year are receivable or repayable on demand.

Included in amounts owing by subsidiaries receivable after one year are loans to subsidiaries whose carrying amounts was $66,518,000 (2007: $12,427,000) for which settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are in substance a part of the Company's net investment in subsidiaries, they are stated at cost less accumulated impairment losses. The remaining non-current receivables from subsidiaries are not expected to be repaid within the next one year.

Impairment losses

The change in impairment losses in respect of amounts owing by subsidiaries during the year is as follows:

	Company 2008 $'000	Company 2007 $'000
At 1 January	**35,029**	43,784
Charge/(write-back) of impairment losses	**1,793**	(8,755)
At 31 December	**36,822**	35,029

Further details regarding subsidiaries are set out in Note 40.

6 Investments in and balances with associates

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Investments in associates		**348,644**	277,615	**–**	–
Balances with associates					
Amounts owing by associates					
- trade		**418**	505	**–**	9
- non-trade		**8,001**	2,244	**–**	–
		8,419	2,749	**–**	9
Receivable:					
- Within 1 year	11	**2,135**	505	**–**	9
- After 1 year	9	**6,284**	2,244	**–**	–
		8,419	2,749	**–**	9
Amounts owing to an associate payable within 1 year					
- trade	28	**5,790**	6,067	**5**	–

The amounts owing by and to associates are unsecured and interest free.

The amounts presented as receivable or repayable within 1 year are repayable on demand.

Non-current amount owing by associates of $6,284,000 (2007: $2,244,000) relates to a foreign currency denominated loan to an associate for which settlement is neither planned nor likely to occur in the foreseeable future. As the amount is in substance a part of the Group's net investment in the entity, it is stated at cost.

Included in the Group's investments in associates is an investment in the quoted equity of an associate with a carrying value of $279,057,000 (2007: $275,041,000) and whose fair value as at the balance sheet date based on published price quotations is $234,816,000 (2007: $744,750,000).

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

	2008 $'000	2007 $'000
Total assets	**1,376,375**	1,172,900
Total liabilities	**439,199**	370,753
Revenue	**145,046**	91,519
Profit after tax	**49,866**	41,145

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

7 Investments in and balances with jointly-controlled entities

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Investments in jointly-controlled entities					
Investments in jointly-controlled entities		**693,860**	553,213	**37,385**	37,385
Impairment losses		**–**	–	**(2,181)**	(3,226)
		693,860	553,213	**35,204**	34,159
Balances with jointly-controlled entities					
Amounts owing by jointly-controlled entities					
- trade, interest-free		**4,777**	2,217	**789**	820
- non-trade, interest-bearing		**533,837**	494,588	**306,246**	370,618
- non-trade, interest-free		**248,408**	360,930	**–**	–
		787,022	857,735	**307,035**	371,438
Impairment losses		**(65,765)**	(48,793)	**(50,001)**	(43,630)
		721,257	808,942	**257,034**	327,808
Receivable:					
- Within 1 year	11	**715,821**	787,880	**257,034**	327,808
- After 1 year	9	**5,436**	21,062	**–**	–
		721,257	808,942	**257,034**	327,808
Amounts owing to jointly-controlled entities					
- trade, interest-free		**–**	1	**–**	–
- non-trade, interest-free		**20,633**	23,772	**–**	–
Repayable within 1 year	28	**20,633**	23,773	**–**	–

The amounts owing by and to jointly-controlled entities are unsecured. In respect of interest-bearing amounts, interest at rates ranging from 1.5% to 4.8% (2007: 0.6% to 4.8%) per annum and 1.5% to 2.5% (2007: 1.5% to 2.5%) per annum were charged by the Group and the Company respectively.

The amounts presented as receivable or repayable within 1 year are repayable on demand. The non-current amounts owing by jointly-controlled entities relate to foreign currency denominated loans to jointly-controlled entities for which settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are in substance a part of the Group's net investment in the entities, they are stated at cost less accumulated impairment losses.

7 Investments in and balances with jointly-controlled entities (cont'd)

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

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
At 1 January	**48,793**	92,700	**43,630**	92,700
Charge/(write-back) of impairment losses	**19,456**	(43,578)	**6,371**	(49,070)
Amount utilised	**1,210**	–	**–**	–
Translation differences on consolidation	**(3,694)**	(329)	**–**	–
At 31 December	**65,765**	48,793	**50,001**	43,630

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

	2008	2007
	$'000	$'000
Results		
Revenue and other operating income	**609,203**	795,127
Cost of sales and other expenses	**(438,023)**	(464,244)
Profit before income tax	**171,180**	330,883
Income tax expense	**(42,854)**	(50,744)
Minority interest	**(8,822)**	(9,683)
Profit for the year	**119,504**	270,456
Assets and liabilities		
Non-current assets	**581,268**	583,423
Current assets	**2,148,628**	2,004,598
Total assets	**2,729,896**	2,588,021
Current liabilities	**(1,405,975)**	(932,920)
Non-current liabilities	**(630,061)**	(1,101,888)
Total liabilities	**(2,036,036)**	(2,034,808)
Commitments		
Development expenditure contracted but not provided for in the financial statements:		
- land purchases for which deposits have been paid	**–**	129,285
- construction costs	**48,060**	130,793
	48,060	260,078
Capital expenditure contracted but not provided for in the financial statements	**–**	1,867
Non-cancellable operating lease payables	**2,252**	1,700
Non-cancellable operating lease receivables	**11,151**	11,191

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

8 Financial assets

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Non-current financial assets				
Unquoted equity investments available for sale				
- fellow subsidiaries	**3,363**	3,388	**3,290**	3,290
- non-related companies	**128,430**	118,623	**1,340**	1,340
	131,793	122,011	**4,630**	4,630
Impairment losses	**(5,254)**	(5,249)	**–**	–
	126,539	116,762	**4,630**	4,630
Quoted equity investments available for sale				
- fellow subsidiaries	**22,307**	41,238	**18,757**	34,677
- non-related companies	**13,872**	25,880	**–**	–
	36,179	67,118	**18,757**	34,677
Total	**162,718**	183,880	**23,387**	39,307

	Group 2008 $'000	Group 2007 $'000
Current financial assets		
Quoted investments held for trading		
- equity investments	**13,846**	32,589
- debt securities	**–**	150
Unquoted investments held for trading		
- equity investments	**5,881**	8,650
- bond funds	**–**	26,120
	19,727	67,509

Included in quoted equity investments held for trading are investments in shares of listed subsidaries with a total carrying value of $5,376,000 (2007: $12,690,000) which are held by the Group for trading purposes.

The unquoted investments available for sale are measured at cost less impairment losses as the fair value cannot be determined reliably as there are restrictions in the ability to transfer these shares. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is expected to be significant. The Group does not intend to dispose of these investments in the foreseeable future.

Impairment losses on available-for-sale equity investments are recognised when there is a significant or prolonged decline in the fair value of such investments below their cost.

Held-for-trading debt securities in 2007 had interest rates of 8.5% per annum and had matured during the year.

The Group has not reclassified any investments between various categories during the year.

9 Other non-current assets

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Amounts owing by:					
- subsidiaries	5	**–**	–	**105,218**	127,897
- associates	6	**6,284**	2,244	**–**	–
- jointly-controlled entities	7	**5,436**	21,062	**–**	–
Deferred tax assets	27	**2,427**	3,158	**–**	–
Deposit receivables		**4,389**	4,472	**–**	–
Intangible assets		**33**	45	**–**	–
		18,569	30,981	**105,218**	127,897

10 Development properties

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Properties in the course of development, at cost	**2,575,614**	2,351,166	**1,376,936**	1,422,570
Attributable profit	**387,525**	221,150	**248,187**	186,819
	2,963,139	2,572,316	**1,625,123**	1,609,389
Progress billings	**(731,420)**	(643,202)	**(458,919)**	(438,511)
	2,231,719	1,929,114	**1,166,204**	1,170,878
Properties for development and resale representing mainly land, at cost	**212,639**	269,315	**–**	–
Completed units, at cost	**271,803**	207,600	**87,551**	7,897
	2,716,161	2,406,029	**1,253,755**	1,178,775
Allowance for foreseeable losses	**(76,919)**	(76,919)	**–**	–
	2,639,242	2,329,110	**1,253,755**	1,178,775
Share of jointly-controlled assets				
Properties in the course of development, at cost	**337,864**	280,411	**338,178**	281,413
Attributable profit	**49,837**	18,734	**49,837**	18,734
	387,701	299,145	**388,015**	300,147
Progress billings	**(118,460)**	(61,818)	**(118,460)**	(61,818)
	269,241	237,327	**269,555**	238,329
Completed units, at cost	**11,573**	11,578	**11,581**	11,586
	280,814	248,905	**281,136**	249,915
Total development properties	**2,920,056**	2,578,015	**1,534,891**	1,428,690
During the year, interest capitalised (net of interest income) as cost of development properties amounted to	**29,847**	36,453	**16,025**	18,105

10 Development properties (cont'd)

The Group uses the percentage of completion method to recognise revenue on its development projects in Singapore. The impact on the financial statements, had revenue on the Singapore development projects been recognised using the completion of construction method, is set out in Note 2.17.

The allowance for foreseeable losses is estimated taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and the prevailing property market conditions. The estimated total construction costs are based on contracted amounts, and in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred.

Development properties of the Group and the Company with a carrying amount of $364,049,000 (2007: $155,614,000) and $135,966,000 (2007: $Nil) are mortgaged to financial institutions to secure credit facilities (refer to Note 20).

11 Trade and other receivables

		Group		Company	
	Note	2008	2007	2008	2007
		$'000	$'000	$'000	$'000
Trade receivables		**156,035**	149,707	**57,599**	29,676
Impairment losses		**(4,643)**	(4,319)	**(271)**	(2)
		151,392	145,388	**57,328**	29,674
Other receivables		**24,435**	30,571	**8,675**	8,361
Impairment losses		**(234)**	(302)	**(1,444)**	(1,512)
		24,201	30,269	**7,231**	6,849
Deposits and prepayments		**87,836**	85,345	**453**	352
Tax recoverable		**15,616**	17,503	**–**	–
Accrued receivables	12	**101,543**	7,789	**90,012**	273
Amounts owing by:					
- subsidiaries	5	**–**	–	**2,180,781**	1,913,317
- associates	6	**2,135**	505	**–**	9
- jointly-controlled entities	7	**715,821**	787,880	**257,034**	327,808
- fellow subsidiaries	13	**104**	127	**1**	13
		1,098,648	1,074,806	**2,592,840**	2,278,295

11 Trade and other receivables (cont'd)

The maximum exposure to credit risk for trade receivables, other receivables, accrued receivables and amounts owing by subsidiaries, associates, jointly-controlled entities and fellow subsidiaries at the balance sheet date by business segment is:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Property development	**845,739**	816,605	**1,808,719**	1,767,231
Hotel operations	**117,857**	141,726	**431**	249
Rental properties	**12,997**	3,181	**559,952**	327,211
Others	**18,603**	10,446	**223,285**	183,252
	995,196	971,958	**2,592,387**	2,277,943

Impairment losses

The aging of trade receivables at the balance sheet date is:

	Gross 2008 $'000	Impairment losses 2008 $'000	Gross 2007 $'000	Impairment losses 2007 $'000
Group				
Not past due	**86,419**	**43**	79,396	59
Past due 0 – 30 days	**40,307**	**70**	41,240	65
Past due 31 – 60 days	**15,475**	**994**	12,412	603
Past due 61 – 90 days	**4,299**	**1,417**	3,706	1,527
More than 90 days	**9,535**	**2,119**	12,953	2,065
	156,035	**4,643**	149,707	4,319
Company				
Not past due	**52,369**	**–**	26,293	–
Past due 0 – 30 days	**228**	**–**	1,463	–
Past due 31 – 60 days	**4,102**	**1**	1,418	–
Past due 61 – 90 days	**180**	**–**	120	–
More than 90 days	**720**	**270**	382	2
	57,599	**271**	29,676	2

11 Trade and other receivables (cont'd)

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

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	**4,621**	5,135	**1,514**	1,541
Charge of impairment losses	**1,386**	50	**270**	–
Impairment losses utilised	**(486)**	(412)	**(1)**	(25)
Translation differences on consolidation	**(644)**	(152)	**(68)**	(2)
At 31 December	**4,877**	4,621	**1,715**	1,514

The Group's historical experience in the collection of trade and other receivables falls within the recorded allowances. Due to this factor, management believes that no additional credit risks beyond amount provided for collection losses is inherent in the Group's trade and other receivables.

Trade receivables that were not past due relate to a wide range of customers for whom there has not been a significant change in the credit quality.

12 Accrued receivables

Accrued receivables represent mainly the remaining balances of sales consideration to be billed. In accordance with the Group's accounting policy, income is recognised on the sale of certain development properties on the progress of the construction work. Upon receipt of the Temporary Occupation Permit, the balance of sales consideration to be billed is included as accrued receivables.

13 Amounts owing by and to fellow subsidiaries

		Group		Company	
	Note	**2008**	**2007**	**2008**	**2007**
		$'000	**$'000**	**$'000**	**$'000**
Amounts owing by fellow subsidiaries					
- trade		**25**	60	**1**	13
- non-trade		**79**	67	**–**	–
	11	**104**	127	**1**	13
Amounts owing to fellow subsidiaries					
- trade		**7**	17	**7**	17
- non-trade		**384**	426	**–**	–
	28	**391**	443	**7**	17

Fellow subsidiaries are subsidiaries of the immediate holding company which are subject to common control. The amounts owing by and to fellow subsidiaries are interest-free, unsecured and repayable on demand.

14 Cash and cash equivalents

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Amounts held under the Singapore development project rules, withdrawals from which are restricted to project-related payments		**135,387**	95,192	**120,140**	86,117
Deposits with non-financial institutions		**38**	–	**–**	–
Fixed deposits placed with financial institutions which are:					
- fellow subsidiaries		**31,438**	38,051	**–**	–
- others		**449,025**	207,882	**36,982**	13,000
		480,463	245,933	**36,982**	13,000
Cash at banks and in hand		**159,994**	370,477	**2,368**	3,910
Cash and cash equivalents		**775,882**	711,602	**159,490**	103,027
Bank overdrafts	19	**(6,023)**	(1,036)		
Cash and cash equivalents in the consolidated cash flow statement		**769,859**	710,566		

15 Share capital

	Company 2008 Number of shares	Company 2008 $'000	Company 2007 Number of shares	Company 2007 $'000
Issued and fully paid ordinary share capital with no par value:				
At 1 January and 31 December	**909,301,330**	**1,661,179**	909,301,330	1,661,179
Issued and fully paid non-redeemable convertible non-cumulative preference share capital with no par value:				
At 1 January and 31 December	**330,874,257**	**330,218**	330,874,257	330,218
Total share capital		**1,991,397**		1,991,397

Ordinary share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at General Meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

15 Share capital (cont'd)

Preference share capital

The Company has in issue 330,874,257 non-redeemable convertible non-cumulative preference shares (Preference Shares) which are listed on the Official List of the Singapore Exchange Securities Trading Limited. The Preference Shares are convertible at the sole option of the Company, into fully-paid ordinary shares of the Company at the conversion ratio of 0.136 ordinary share for each Preference Share.

In the event the Company exercises its right of conversion, the Company shall pay to preference shareholders a one-off preference cash dividend at the fixed rate of 64% (net) of the issue price for each Preference Share (Additional Preference Dividend) and any preference dividend accrued but unpaid.

As at 31 December 2008, a maximum number of 44,998,898 (2007: 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 Companies Act and as set out in the Company's Articles of Association.

The Preference Shares rank:

(i) *pari passu* without any preference or priority among themselves; and

(ii) in priority over the ordinary shares in respect of (a) payment of the preference dividend (when, as and if declared) and the Additional Preference Dividend; and (b) in the event of a winding-up of or return of capital by the Company, payment of any preference dividend that has accrued to holders of Preference Shares and is unpaid, the Additional Preference Dividend (whether or not then due) as well as the amount paid up on the Preference Shares (including the premium paid thereon).

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 minority interests. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares or other financial instruments.

The Group monitors capital using a net debt equity ratio, which is defined as net borrowings divided by total capital employed.

	Group	
	2008	**2007**
	$'000	**$'000**
Total borrowings	**4,153,466**	4,039,498
Cash and cash equivalents	**(775,882)**	(711,602)
Net debt	**3,377,584**	3,327,896
Total capital employed	**7,022,317**	6,916,397
Net debt equity ratio	**0.48**	0.48

No changes were made to the above objectives, policies and process during the years ended 31 December 2007 and 2008.

16 Reserves

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Capital reserve	**148,679**	147,132	**63,743**	63,743
Hedging reserve	**(368)**	(189)	**–**	–
Fair value reserve	**(19)**	26,857	**6,428**	19,483
Share option reserve	**4,313**	4,964	**–**	–
Exchange fluctuation reserve	**(93,744)**	36,166	**–**	–
Accumulated profits	**3,379,450**	2,992,457	**2,347,772**	2,260,223
	3,438,311	3,207,387	**2,417,943**	2,343,449

The capital reserve comprises mainly negative goodwill on the consolidation of subsidiaries.

Hedging reserve comprises the Group's share of the hedging reserve of an associate which relates to the effective portion of the cumulative net change in fair value of cash flow hedging instruments relating to hedged transactions that have not yet occurred.

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised.

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

The exchange fluctuation reserve comprises:

(a) foreign exchange differences arising from the translation of the financial statements of foreign entities whose functional currencies are different from the presentation currency of the Company;

(b) the gain or loss on instruments used to hedge the Group's net investment in foreign entities that are determined to be effective hedges; and

(c) exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

The accumulated profits of the Group include profits of $408,179,000 (2007: $333,901,000) attributable to associates and jointly-controlled entities.

17 Total equity

	Note	Share capital $'000	Capital reserve $'000	Hedging reserve $'000
Group				
At 1 January 2007		1,991,397	147,132	(189)
Translation differences arising on consolidation of foreign subsidiaries		–	–	–
Exchange differences on hedges of net investment in foreign entities		–	–	–
Exchange differences on monetary items forming part of net investment in foreign entities		–	–	–
Change in fair value of equity investments available for sale		–	–	–
Actuarial losses on defined benefit plans		–	–	–
Net gains/(losses) recognised directly in equity		–	–	–
Profit for the year		–	–	–
Total recognised income and expenses for the year		–	–	–
Net return of capital to minority interests		–	–	–
Value of employee services received for issue of share options		–	–	–
Dividends	33	–	–	–
At 31 December 2007		1,991,397	147,132	(189)

Fair value reserve $'000	Share option reserve $'000	Exchange fluctuation reserve $'000	Accumulated profits $'000	Total attributable to equity holders of the Company $'000	Minority interests $'000	Total equity $'000
25,448	2,757	81,748	2,486,242	4,734,535	1,645,564	6,380,099
–	–	(37,017)	–	(37,017)	(27,094)	(64,111)
–	–	(407)	–	(407)	(368)	(775)
–	–	(8,158)	–	(8,158)	(6,693)	(14,851)
1,409	–	–	–	1,409	–	1,409
–	–	–	(826)	(826)	(747)	(1,573)
1,409	–	(45,582)	(826)	(44,999)	(34,902)	(79,901)
–	–	–	724,993	724,993	164,226	889,219
1,409	–	(45,582)	724,167	679,994	129,324	809,318
–	–	–	–	–	(23,735)	(23,735)
–	2,207	–	–	2,207	1,993	4,200
–	–	–	(217,952)	(217,952)	(35,533)	(253,485)
26,857	4,964	36,166	2,992,457	5,198,784	1,717,613	6,916,397

17 Total equity (cont'd)

	Note	Share capital $'000	Capital reserve $'000	Hedging reserve $'000
Group				
At 1 January 2008		1,991,397	147,132	(189)
Translation differences arising on consolidation of foreign subsidiaries		–	–	–
Exchange differences on hedges of net investment in foreign entities		–	–	–
Exchange differences on monetary items forming part of net investment in foreign entities		–	–	–
Change in fair value of equity investments available for sale		–	–	–
Share of other reserve movements of an associate		–	–	(179)
Actuarial gains on defined benefit plans		–	–	–
Net gains/(losses) recognised directly in equity		–	–	(179)
Profit for the year		–	–	–
Total recognised income and expenses for the year		–	–	(179)
Change of interest in subsidiaries		–	1,547	–
Net return of capital to minority interests		–	–	–
Adjustment to value of employee services received for issue of share options		–	–	–
Dividends	33	–	–	–
At 31 December 2008		1,991,397	148,679	(368)

Fair value reserve $'000	Share option reserve $'000	Exchange fluctuation reserve $'000	Accumulated profits $'000	Total attributable to equity holders of the Company $'000	Minority interests $'000	Total equity $'000
26,857	4,964	36,166	2,992,457	5,198,784	1,717,613	6,916,397
–	–	(144,312)	–	(144,312)	(169,382)	(313,694)
–	–	22,633	–	22,633	20,436	43,069
–	–	(8,231)	–	(8,231)	(5,682)	(13,913)
(26,876)	–	–	–	(26,876)	–	(26,876)
–	–	–	–	(179)	(161)	(340)
–	–	–	816	816	737	1,553
(26,876)	–	(129,910)	816	(156,149)	(154,052)	(310,201)
–	–	–	580,944	580,944	100,731	681,675
(26,876)	–	(129,910)	581,760	424,795	(53,321)	371,474
–	–	–	–	1,547	(5,049)	(3,502)
–	–	–	–	–	(24,835)	(24,835)
–	(651)	–	–	(651)	(587)	(1,238)
–	–	–	(194,767)	(194,767)	(41,212)	(235,979)
(19)	4,313	(93,744)	3,379,450	5,429,708	1,592,609	7,022,317

18 Equity compensation benefits

By the Company

Under the terms of the City Developments Share Option Scheme 2001 (CDL Scheme), offers of the grant of options may be made to:

(i) Group Employees and Parent Group Employees (both as defined in the CDL Scheme) which may be exercisable during an option exercise period commencing from the date that the option vests and expiring on the day preceding the tenth anniversary of its date of grant; and

(ii) Non-Executive Directors, Parent Group Non-Executive Directors and Associated Company Employees (all three as defined in the CDL Scheme) which may be exercisable during an option exercise period commencing from the date that the option vests and expiring on the day preceding the fifth anniversary of its date of grant.

Options granted under the CDL Scheme may have subscription prices that are, at the Scheme Committee's discretion, (i) Market Price Options; or (ii) Discount Price Options; or (iii) Incentive Price Options (all three as defined in the CDL Scheme).

The aggregate number of ordinary shares over which options may be granted under the CDL Scheme on any date, when added to the number of ordinary shares issued and issuable in respect of all options granted under the CDL Scheme, shall not exceed 8% of the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company on the day preceding the relevant date of grant. The aggregate number of ordinary shares which may be offered by way of grant of options to Parent Group Employees and Parent Group Non-Executive Directors collectively under the CDL Scheme shall not exceed 20% of the total number of ordinary shares available under the CDL Scheme.

No options have been granted since the commencement of the CDL Scheme.

There were no unissued shares of the Company under option as at the end of the financial year.

The CDL Scheme shall continue to be in force at the discretion of the CDL Scheme Committee for a maximum period of 10 years commencing from its adoption on 30 January 2001.

By Subsidiaries

Millennium & Copthorne Hotels plc

Millennium & Copthorne Hotels plc (M&C) has the following share option schemes:

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

(ii) Millennium & Copthorne Hotels Executive Share Option Scheme;

(iii) Millennium & Copthorne Hotels Sharesave Schemes 1996 and 2006; and

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

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

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

18 Equity compensation benefits (cont'd)

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

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

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

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

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

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

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

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

(ii) Millennium & Copthorne Hotels Executive Share Option Scheme

(a) The Millennium & Copthorne Hotels Executive Share Option Scheme (M&C 1996 Scheme) is divided into two parts, Part A which was approved by the United Kingdom Inland Revenue under Schedule 9 of the United Kingdom Income and Corporation Taxes Act 1988 on 12 April 1996 and Part B, which is an unapproved executive share option scheme designed for the United Kingdom (UK) and non-UK executives of M&C.

(b) Under the terms of Part A of the M&C 1996 Scheme, the board may offer any full time director or employee of M&C and its subsidiaries (M&C Group) (other than anyone within two years of retirement, or anyone who has a material interest in a close company and is thereby rendered ineligible under Paragraph 8, Schedule 9 of the United Kingdom Income and Corporation Taxes Act 1988), to participate in Part A of the M&C 1996 Scheme.

A person is eligible to be granted an option under Part B if he is a director or employee of any member of the M&C Group which is required to devote the whole or substantially the whole of his working time to the service of any member of the M&C Group.

Where an option has been exercised under Part B, the board may elect to pay cash to the executive concerned instead of issuing ordinary shares.

(c) No option shall be granted under the M&C 1996 Scheme in the period of five calendar years beginning with the year 1996 which would, at the time they are granted, cause the number of shares in M&C which shall have been or may be issued in pursuance of options granted in that period, or shall have been issued in that period otherwise than in pursuance of options, under the M&C 1996 Scheme or under any other employees' share option scheme adopted by M&C to exceed such number as representing 5% of the ordinary share capital of M&C in issue at that time.

18 Equity compensation benefits (cont'd)

(ii) Millennium & Copthorne Hotels Executive Share Option Scheme (cont'd)

(d) No option shall be granted under the M&C 1996 Scheme in any year which would, at the time they are granted, cause the number of shares in M&C which shall have been or may be issued in pursuance of options granted in the period of ten calendar years ending with that year, or have been issued in that period otherwise than in pursuance of options, under the M&C 1996 Scheme or under any other employees' share scheme adopted by M&C to exceed such number as representing 10% of the ordinary share capital of M&C in issue at that time.

(e) The total subscription price payable for ordinary shares under options granted in any ten-year period (leaving out of account options which have been exercised) to any person under the M&C 1996 Scheme may not exceed four times the higher of the executive's total annual remuneration at that time and the total remuneration paid by the M&C Group to the executive in the preceding twelve months.

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

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

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

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

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

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

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

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

Vesting of Performance Share Awards is subject to the achievement of stretch performance targets. Consistent with the performance measures for M&C's executive share options schemes, earnings per share (EPS) targets have been chosen so that participants are incentivised to deliver significant earnings growth which, in turn, should return substantial shareholder value.

The performance condition applying to Performance Share Awards require M&C's EPS to grow, in real terms, over a period of three consecutive financial years after the award. Performance Share Awards will vest on the third anniversary of the award being made, subject to the EPS growth targets being met. Awards are not subject to re-testing.

18 Equity compensation benefits (cont'd)

City e-Solutions Limited

The City e-Solutions Limited Share Option Scheme (CES Scheme) was adopted by the shareholders of CES at the Annual General Meeting of CES held on 27 April 2005.

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

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

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

(iii) the nominal value of a CES share.

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

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

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

18 Equity compensation benefits (cont'd)

Details of the options granted under the M&C option schemes on the unissued ordinary shares of £0.30 each in a subsidiary, M&C, as at the end of the financial year, presented in Sterling Pound, are as follows:

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

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2007	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 2007	Options exercisable as at 31 December 2007	Exercise period
2007									
Part I									
10.03.2003	1.9350	39,275	–	(20,837)	(3,801)	–	14,637	14,637	10.03.2006 – 09.03.2013
16.03.2004	2.9167	51,764	–	(31,195)	(10,284)	–	10,285	10,285	16.03.2007 – 15.03.2014
24.03.2005	3.9842	37,645	–	–	(7,529)	–	30,116	–	24.03.2008 – 23.03.2015
Part II									
10.03.2003	1.9350	547,242	–	(97,669)	(20,258)	–	429,315	429,315	10.03.2006 – 09.03.2013
16.03.2004	2.9167	332,919	–	(273,361)	–	–	59,558	59,558	16.03.2007 – 15.03.2014
24.03.2005	3.9842	352,725	–	(20,993)	(96,549)	–	235,183	–	24.03.2008 – 23.03.2015
		1,361,570	–	(444,055)	(138,421)	–	779,094	513,795	

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2008	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 2008	Options exercisable as at 31 December 2008	Exercise period
2008									
Part I									
10.03.2003	1.9350	14,637	–	(2,637)	–	–	12,000	12,000	10.03.2006 – 09.03.2013
16.03.2004	2.9167	10,285	–	–	–	–	10,285	10,285	16.03.2007 – 15.03.2014
24.03.2005	3.9842	30,116	–	–	(7,529)	(7,529)	15,058	15,058	24.03.2008 – 23.03.2015
Part II									
10.03.2003	1.9350	429,315	–	(205,448)	–	–	223,867	223,867	10.03.2006 – 09.03.2013
16.03.2004	2.9167	59,558	–	–	–	–	59,558	59,558	16.03.2007 – 15.03.2014
24.03.2005	3.9842	235,183	–	–	(6,314)	(38,879)	189,990	189,990	24.03.2008 – 23.03.2015
		779,094	–	(208,085)	(13,843)	(46,408)	510,758	510,758	

18 Equity compensation benefits (cont'd)

(ii) Millennium & Copthorne Hotels Executive Share Option Scheme

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2007	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 2007	Options exercisable as at 31 December 2007	Exercise period
2007									
Part A									
05.03.1998	4.6087	6,509	–	–	–	–	6,509	6,509	05.03.2001 – 04.03.2008
15.03.2002	3.2250	8,527	–	(8,527)	–	–	–	–	15.03.2005 – 14.03.2012
Part B									
14.03.2001	4.3250	69,364	–	–	–	–	69,364	69,364	14.03.2004 – 13.03.2008
20.03.2001	4.3500	6,024	–	(6,024)	–	–	–	–	20.03.2004 – 19.03.2008
15.03.2002	3.2250	88,941	–	–	–	–	88,941	88,941	15.03.2005 – 14.03.2009
		179,365	–	(14,551)	–	–	164,814	164,814	

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2008	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 2008	Options exercisable as at 31 December 2008	Exercise period
2008									
Part A									
05.03.1998	4.6087	6,509	–	–	–	(6,509)	–	–	05.03.2001 – 04.03.2008
Part B									
14.03.2001	4.3250	69,364	–	–	–	(69,364)	–	–	14.03.2004 – 13.03.2008
15.03.2002	3.2250	88,941	–	–	–	–	88,941	88,941	15.03.2005 – 14.03.2009
		164,814	–	–	–	(75,873)	88,941	88,941	

18 Equity compensation benefits (cont'd)

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

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2007	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 2007	Options exercisable as at 31 December 2007	Exercise period
2007									
08.05.2001	3.1360	5,915	–	–	–	(5,915)	–	–	01.07.2006 – 31.12.2006
21.05.2002	2.9200	19,488	–	(17,221)	–	–	2,267	2,267	01.07.2007 – 31.12.2007
28.04.2003	1.5040	13,942	–	–	–	(13,942)	–	–	01.07.2006 – 31.12.2006
28.04.2003	1.5040	60,277	–	(1,840)	(2,528)	–	55,909	–	01.07.2008 – 31.12.2008
20.04.2004	2.3400	45,016	–	(40,507)	–	(805)	3,704	3,704	01.07.2007 – 31.12.2007
20.04.2004	2.3400	25,566	–	–	(139)	–	25,427	–	01.07.2009 – 31.12.2009
23.03.2005	3.0800	51,171	–	–	(19,006)	–	32,165	–	01.07.2008 – 31.12.2008
23.03.2005	3.0800	31,111	–	–	(2,146)	–	28,965	–	01.07.2010 – 31.12.2010
19.06.2006	3.2500	71,888	–	–	(24,385)	–	47,503	–	01.08.2009 – 31.01.2010
19.06.2006	3.2500	38,724	–	–	(4,953)	–	33,771	–	01.08.2011 – 31.01.2012
26.03.2007	5.2000	–	31,919	–	(2,178)	–	29,741	–	01.07.2010 – 31.12.2010
26.03.2007	5.2000	–	22,094	–	(3,149)	–	18,945	–	01.07.2012 – 31.12.2012
		363,098	54,013	(59,568)	(58,484)	(20,662)	278,397	5,971	

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2008	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 2008	Options exercisable as at 31 December 2008	Exercise period
2008									
21.05.2002	2.9200	2,267	–	–	–	(2,267)	–	–	01.07.2007 – 31.12.2007
28.04.2003	1.5040	55,909	–	(53,725)	(2,184)	–	–	–	01.07.2008 – 31.12.2008
20.04.2004	2.3400	3,704	–	–	–	(3,704)	–	–	01.07.2007 – 31.12.2007
20.04.2004	2.3400	25,427	–	–	–	–	25,427	–	01.07.2009 – 31.12.2009
23.03.2005	3.0800	32,165	–	(12,792)	(4,182)	(4,306)	10,885	10,885	01.07.2008 – 31.12.2008
23.03.2005	3.0800	28,965	–	–	(5,365)	–	23,600	–	01.07.2010 – 31.12.2010
19.06.2006	3.2500	47,503	–	(886)	(14,261)	(840)	31,516	–	01.08.2009 – 31.01.2010
19.06.2006	3.2500	33,771	–	–	(6,934)	–	26,837	–	01.08.2011 – 31.01.2012
26.03.2007	5.2000	29,741	–	–	(13,875)	–	15,866	–	01.07.2010 – 31.12.2010
26.03.2007	5.2000	18,945	–	–	(6,926)	(1,259)	10,760	–	01.07.2012 – 31.12.2012
20.03.2008	3.2800	–	81,856	–	(18,316)	–	63,540	–	01.07.2011 – 31.12.2011
20.03.2008	3.2800	–	36,560	–	(2,048)	–	34,512	–	01.07.2013 – 31.12.2013
		278,397	118,416	(67,403)	(74,091)	(12,376)	242,943	10,885	

18 Equity compensation benefits (cont'd)

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

Date of award	Balance at beginning of year	Awards awarded during the year	Awards vested during the year	Awards forfeited during the year	Awards expired during the year	Balance at end of year	Vesting date
2007							
01.09.2006	266,152	–	(4,984)	(60,313)	–	200,855	01.09.2009
27.03.2007	–	360,015	–	(176,007)	–	184,008	27.03.2010
18.09.2007	–	75,012	–	–	–	75,012	18.09.2010
	266,152	435,027	(4,984)	(236,320)	–	459,875	
2008							
01.09.2006	200,855	–	(24,809)	(13,324)	–	162,722	01.09.2009
27.03.2007	184,008	–	(13,654)	(27,467)	–	142,887	27.03.2010
18.09.2007	75,012	–	–	(20,790)	–	54,222	18.09.2010
25.06.2008	–	734,587	–	(16,815)	–	717,772	25.06.2011
	459,875	734,587	(38,463)	(78,396)	–	1,077,603	

For options exercised during 2008, the weighted average share price at the date of exercise is £3.79 (2007: £6.66). Options were exercised on a regular basis throughout the year. The options outstanding as at 31 December 2008 have an exercise price in the range of £1.935 to £5.20 and a weighted average contractual life of 3 years (2007: 4 years).

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a stochastic model.

The share option pricing model involves six variables, namely the exercise price, share price at grant date, expected life of option (note (a) below), expected volatility of share price (note (b) below), risk free interest rate and expected dividend yield (note (c) below).

The variables used in estimating the fair value of options and awards granted under the M&C option schemes, presented in Sterling Pound, are as follows:

	Date of grant	Awards/ options granted	Share price prevailing on date of grant	Exercise price	Fair value	Expected term (years)	Expected volatility	Expected dividend yield	Risk free interest rate
			£	£	£				
2007									
LTIP (directors)	27.03.2007	360,015	6.7850	–	6.53	3	–	1.25%	–
LTIP (non-directors)	18.09.2007	75,012	4.9025	–	4.66	3	–	1.73%	–
Sharesave Scheme (3 year)	26.03.2007	31,919	6.7250	5.200	2.24	3.25	20.5%	1.26%	5.31%
Sharesave Scheme (5 year)	26.03.2007	22,094	6.7250	5.200	2.79	5.25	28.1%	1.26%	5.21%
2008									
LTIP (directors)	25.06.2008	390,250	3.5700	–	3.21	3	–	3.50%	–
LTIP (non-directors)	25.06.2008	344,337	3.5700	–	3.21	3	–	3.50%	–
Sharesave Scheme (3 year)	20.03.2008	81,856	3.8800	3.28	0.97	3.25	27.5%	3.22%	3.83%
Sharesave Scheme (5 year)	20.03.2008	36,560	3.8800	3.28	1.09	5.25	28.1%	3.22%	3.92%

Note (a)

Directors: 30% exercise after 3 years if gain; 25% of the remainder in following years using reducing balance method; 1% exercise in years 4 to 10 (on reducing balance method) and the balance of options exercised at maturity (year 10) if "in the money".

Non-directors: 45% after 3 years if gain; 25% of the remainder in following years using reducing balance method; 10% exercise in years 1 to 3 (straight-line); 5% exercise on third anniversary; 5% exercise in years 4 to 10 (on reducing balance method) and the balance of options exercised at maturity (year 10) if "in the money".

Note (b)

The expected volatility is based upon the movement in the share price over a certain period until the grant date. The length of the period reviewed is close to the expected term of the option granted.

Note (c)

The expected dividend yield is based upon dividends announced in the 12 months prior to grant calculated as a percentage of the share price on the date of grant.

19 Interest-bearing borrowings

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Term loans	20	**2,288,968**	2,281,369	**1,460,455**	1,289,116
Finance lease creditors	21	**11**	213	**9**	15
Bonds and notes	22	**1,671,567**	1,597,367	**489,780**	529,643
Bank loans	23	**180,104**	151,682	**180,104**	151,682
Bank overdrafts	14	**6,023**	1,036	**–**	–
		4,146,673	4,031,667	**2,130,348**	1,970,456
Repayable:					
- Within 1 year		**860,063**	796,290	**490,068**	351,647
- After 1 year but within 5 years		**3,226,271**	3,180,132	**1,588,347**	1,566,887
- After 5 years		**60,339**	55,245	**51,933**	51,922
		4,146,673	4,031,667	**2,130,348**	1,970,456

20 Term loans

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Secured		**580,203**	423,951	**91,547**	–
Unsecured		**1,708,765**	1,857,418	**1,368,908**	1,289,116
	19	**2,288,968**	2,281,369	**1,460,455**	1,289,116
Repayable:					
- Within 1 year		**150,922**	418,802	**99,998**	50,000
- After 1 year but within 5 years		**2,129,640**	1,859,244	**1,360,457**	1,239,116
- After 5 years		**8,406**	3,323	**–**	–
		2,288,968	2,281,369	**1,460,455**	1,289,116

The term loans are obtained from banks and financial institutions.

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Secured term loans				
Repayable:				
- Within 1 year	**42,509**	1,086	**–**	–
- After 1 year but within 5 years	**529,288**	419,542	**91,547**	–
- After 5 years	**8,406**	3,323	**–**	–
	580,203	423,951	**91,547**	–

20 Term loans (cont'd)

The secured term loans are generally secured by:

- mortgage on a development property of the Company;
- mortgages on the borrowing subsidiaries' development, investment and hotel properties (see Notes 10, 4 and 3); and
- assignment of all rights and benefits to sale, lease and insurance proceeds in respect of development, investment and hotel properties.

The Group's secured term loans bear interest at rates ranging from 1.08% to 7.50% (2007: 2.33% to 9.37%) per annum during the year. The Company's secured term loan bears interest at rates ranging from 1.21% to 2.15% (2007: Nil%) per annum during the year.

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Unsecured term loans				
Repayable:				
- Within 1 year	**108,413**	417,716	**99,998**	50,000
- After 1 year but within 5 years	**1,600,352**	1,439,702	**1,268,910**	1,239,116
	1,708,765	1,857,418	**1,368,908**	1,289,116

The Group's unsecured term loans bear interest at rates ranging from 0.82% to 6.92% (2007: 1.14% to 7.42%) per annum during the year. The Company's unsecured term loans bear interest at rates ranging from 0.89% to 3.39% (2007: 1.85% to 4.57%) per annum during the year.

21 Finance lease creditors

At the balance sheet date, the Group and the Company had obligations under finance leases that are repayable as follows:

	Note	Principal	Interest	Payments
Group		**$'000**	**$'000**	**$'000**
2008				
Repayable:				
- Within 1 year		7	–	7
- After 1 year but within 5 years		4	–	4
	19	11	–	11
2007				
Repayable:				
- Within 1 year		70	4	74
- After 1 year but within 5 years		143	6	149
	19	213	10	223

21 Finance lease creditors (cont'd)

Company	Note	Principal	Interest	Payments
2008		**$'000**	**$'000**	**$'000**
Repayable:				
- Within 1 year		6	–	6
- After 1 year but within 5 years		3	–	3
	19	9	–	9
2007				
Repayable:				
- Within 1 year		6	1	7
- After 1 year but within 5 years		9	–	9
	19	15	1	16

Under the terms of the lease agreements, no contingent rents are payable. The Group's and the Company's finance lease obligations bear interest at rates ranging from 3.33% to 6.51% (2007: 3.33% to 8.00%) and 6.51% (2007: 6.51%) per annum respectively during the year.

22 Bonds and notes

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Secured		**572,236**	454,947	**–**	–
Unsecured		**1,099,331**	1,142,420	**489,780**	529,643
	19	**1,671,567**	1,597,367	**489,780**	529,643
Repayable:					
- Within 1 year		**523,007**	224,700	**209,960**	149,959
- After 1 year but within 5 years		**1,096,627**	1,320,745	**227,887**	327,762
- After 5 years		**51,933**	51,922	**51,933**	51,922
		1,671,567	1,597,367	**489,780**	529,643
Secured bonds and notes					
Repayable:					
- Within 1 year		**149,984**	–	**–**	–
- After 1 year but within 5 years		**422,252**	454,947	**–**	–
		572,236	454,947	**–**	–

Secured bonds and notes comprise the following:

(i) $72 million (2007: $105 million) non-guaranteed secured notes (Notes) issued by a subsidiary bearing interest at rates of 5.77% to 6.39% (2007: 5.49% to 6.11%) per annum during the year. The Notes are redeemable at their principal amounts in December 2010 and are secured by a mortgage on the land and hotel building of a subsidiary and an assignment of insurance proceeds in respect of insurance over the said property; and

(ii) $500 million (2007: $350 million) medium term notes (MTNs) which comprise 6 series (2007: 4 series) of notes issued by a subsidiary as part of a $700 million secured MTN programme established in 2001. The MTNs bear interest at rates ranging from 2.95% to 3.88% (2007: 3.73% to 3.88%) per annum and are secured by a mortgage over the commercial building and land jointly owned by two subsidiaries, as well as rental and insurance proceeds to be derived from the said properties. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from January 2009 to October 2011 (2007: January 2009 to October 2011).

22 Bonds and notes (cont'd)

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Unsecured bonds and notes				
Repayable:				
- Within 1 year	**373,023**	224,700	**209,960**	149,959
- After 1 year but within 5 years	**674,375**	865,798	**227,887**	327,762
- After 5 years	**51,933**	51,922	**51,933**	51,922
	1,099,331	1,142,420	**489,780**	529,643

Unsecured bonds and notes comprise:

(i) $490 million (2007: $530 million) MTNs which comprise 8 series (2007: 10 series) of notes issued by the Company at various interest rates as part of a $1,500 million (2007: $700 million) unsecured MTN programme established in 1999. The MTNs bear interest at rates ranging from 2.30% to 5.50% (2007: 2.35% to 5.50%) per annum. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from February 2009 to November 2014 (2007: from February 2008 to November 2014);

(ii) $609 million (2007: $613 million) MTNs which comprise 12 series (2007: 12 series) of notes issued by a subsidiary as part of a $1 billion unsecured MTN programme established in 2002 bearing interest at rates ranging from 1.50% to 5.76% (2007: 3.02% to 7.12%) per annum. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from April 2009 to July 2013 (2007: from December 2008 to September 2012).

23 Bank loans

		Group		Company	
	Note	2008	2007	2008	2007
		$'000	$'000	$'000	$'000
Bank loans (unsecured) repayable within 1 year	19	**180,104**	151,682	**180,104**	151,682

Interest is charged at 0.83% to 2.85% (2007: 0.66% to 3.79%) per annum during the year.

24 Employee benefits

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Net liability for:				
- defined benefit obligations	**27,264**	36,785	**–**	–
- short-term accumulating compensated absences	**14,356**	15,472	**1,804**	1,625
- long service leave	**175**	460	**–**	–
	41,795	52,717	**1,804**	1,625

24 Employee benefits (cont'd)

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Repayable:				
- Within 1 year	**14,536**	15,718	**1,804**	1,625
- After 1 year	**27,259**	36,999	**–**	–
	41,795	52,717	**1,804**	1,625

Net liability for defined benefit obligations

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Present value of unfunded obligations	**13,366**	14,789	**–**	–
Present value of funded obligations	**73,188**	110,891	**–**	–
Fair value of plan assets	**(59,290)**	(88,895)	**–**	–
Liability for defined benefit obligations	**27,264**	36,785	**–**	–

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 (the Millennium & Copthorne Pension Plan) for its UK employees, which was set up in 1993. The scheme is a funded defined benefit arrangement with different categories of membership. The Trustees of the Plan have appointed Russell Investments Ltd and Legal and General Investment Management Limited as the investment managers of the Millennium & Copthorne Pension Plan. The assets of the Millennium & Copthorne Pension Plan are held separately from those of the Group.

The contributions required are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 6 April 2005 and this has been updated on an approximate basis to 31 December 2008. The contributions of the Group during the year were 20.5% (2007: 20.5%) of pensionable salary, plus enhanced contributions of $2.9 million (£1.1 million) per annum to remove the Plan's deficit. At the date of these financial statements, the valuation as at 6 April 2008 was not finalised.

As the defined benefit section is closed to new entrants, the current service cost, as a percentage of pensionable payroll is likely to increase as the membership ages, although it will be applied to a decreasing pensionable payroll. The assumptions which have the most significant effect on the results of the valuation are those relating to mortality, the discount rate and the rates of increase in salaries and pensions.

Korea

The Group makes contributions to a defined benefit pension plan for its employees in Korea. The contributions required are determined by an external qualified actuary using the projected unit credit method. The most recent valuation was carried out on 31 December 2008. The contributions of the Group were 8.8% (2007: 10.9%) of the employees' earnings. The assumptions which have the most significant effect on the results of the valuations are those relating to the discount rate and the rate of increase in salaries.

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 2008. The contributions of the Group were 6% (2007: 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.

24 Employee benefits (cont'd)

The assets of each scheme have been taken at market value and the liabilities have been calculated using the following principal assumptions:

	2008 UK	2008 Korea	2008 Taiwan	2007 UK	2007 Korea	2007 Taiwan
Inflation rate	3.10%	2.50%	–	3.20%	2.50%	–
Discount rate*	6.50%	7.75%	2.75%	5.90%	7.00%	2.75%
Rate of salary increase	3.60%	5.00%	3.00%	3.70%	5.00%	3.00%
Rate of pension increases	3.10%	–	–	3.20%	–	–
Annual expected return on plan assets	7.50%	5.00%	2.75%	7.24%	5.00%	2.75%

The life expectancies underlying the value of the accrued liabilities for the Millennium & Copthorne Pension Plan, based on retirement age of 65, are as follows:

	2008 Years	2007 Years
Males	**25**	25
Females	**28**	28

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered, may not be necessarily borne out in practice. The present values of the schemes' liabilities are derived from cash flow projections over long periods and are inherently uncertain. The expected annual return on UK plan assets for 2008 of 7.50% (2007: 7.24%) has been calculated using a 8.00% (2007: 7.70%) return on equity (representing 66.7% (2007: 75%) of the plan assets) and a 6.50% (2007: 5.90%) return on bonds (representing 33% (2007: 25%) of the plan assets).

* The discount rate used in respect of the UK pension scheme of 6.50% (2007: 5.90%) was based on the yield of the Merrill Lynch over-15 year AA rated corporate bond index.

	Group	
	2008 $'000	2007 $'000
Expense recognised in the income statement		
Current service costs	**4,649**	5,754
Interest on obligations	**6,303**	6,214
Expected return on plan assets	**(5,339)**	(4,868)
Defined benefit obligation expenses	**5,613**	7,100
The expense is recognised in the following line items in the income statement:		
Cost of sales	**2,571**	3,201
Administrative expenses	**2,508**	3,275
Other operating expenses	**534**	624
Defined benefit obligation expenses	**5,613**	7,100
Actual return on plan assets	**(10,958)**	3,152

24 Employee benefits (cont'd)

	Group 2008 $'000	Group 2007 $'000
Actuarial losses recognised directly in equity		
Cumulative amount at 1 January	**20,188**	22,176
Recognised during the year	**(2,407)**	(1,988)
Cumulative amount at 31 December	**17,781**	20,188
Changes in the present value of defined benefit obligations		
Defined benefit obligations as at 1 January	**125,680**	132,219
Actuarial gains	**(18,704)**	(3,703)
Benefits paid	**(5,145)**	(9,060)
Contributions received	**–**	304
Interest cost	**6,303**	6,214
Service cost	**4,649**	5,754
Translation differences on consolidation	**(26,229)**	(6,048)
Defined benefit obligations at 31 December	**86,554**	125,680
Changes in the fair value of plan assets		
Fair value of plan assets at 1 January	**88,895**	87,041
Expected return	**5,339**	4,868
Actuarial losses	**(16,297)**	(1,715)
Contributions by employees	**–**	304
Contributions by employer	**7,419**	12,057
Benefits paid	**(5,145)**	(9,060)
Translation differences on consolidation	**(20,921)**	(4,600)
Fair value of plan assets at 31 December	**59,290**	88,895

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

	2008 $'000	2007 $'000
Equity	**26,639**	49,190
Bonds	**14,027**	16,278
Cash	**18,624**	23,427
Fair value of plan assets	**59,290**	88,895

Trend analysis

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

	2004 $'000	2005 $'000	2006 $'000	2007 $'000	2008 $'000
Present value of defined benefit obligations	(112,989)	(123,063)	(132,219)	(125,680)	**(86,554)**
Fair value of plan assets	71,252	77,186	87,041	88,895	**59,290**
Deficit in the plan	(41,737)	(45,877)	(45,178)	(36,785)	**(27,264)**
Experience adjustments on plan liabilities	(597)	(714)	2,158	(1,871)	**3,347**
Changes in assumptions underlying the present value of plan liabilities	(10,248)	(12,955)	(7,741)	5,574	**15,357**
Actual return less expected return on plan assets	402	6,388	1,131	(1,716)	**(16,297)**

25 Other liabilities

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Deferred real estate tax payable in 10 equal annual instalments commencing in July 1999	**1,928**	3,892	**–**	–
Miscellaneous (principally deposits received and payables)	**10,189**	14,051	**–**	–
Rental deposits	**38,181**	38,902	**6,646**	4,198
Non-current retention sums payable	**36,189**	20,130	**19,697**	17,138
	86,487	76,975	**26,343**	21,336
Repayable:				
- Within 1 year	**2,099**	2,236	**–**	–
- After 1 year	**84,388**	74,739	**26,343**	21,336
	86,487	76,975	**26,343**	21,336

26 Provisions

	Onerous contracts $'000	Capital expenditure $'000	Total $'000
Group			
At 1 January 2008	4,030	9,056	13,086
Provisions made	–	6,571	6,571
Provisions utilised	(733)	(9,449)	(10,182)
Translation differences on consolidation	(910)	(1,275)	(2,185)
At 31 December 2008	2,387	4,903	7,290
Current			4,890
Non-current			2,400
			7,290

The onerous contracts relate to an onerous lease and the balance will be released over the life of the lease until 2014.

The provisions for capital expenditure relate to the Group's obligations to incur capital expenditure under the terms of the hotel operating agreements.

27 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 2007 $'000	Recognised in income statement (Note 31) $'000	Recognised in equity $'000	Translation differences on consolidation $'000
Group				
Deferred tax liabilities				
Property, plant and equipment	458,490	(50,212)	–	(18,878)
Investment properties	34,420	(635)	–	(309)
Financial assets	5,915	–	(437)	–
Development properties	13,505	29,932	–	–
Others	1,146	2,213	36	–
	513,476	(18,702)	(401)	(19,187)
Deferred tax assets				
Property, plant and equipment	(34)	26	–	–
Tax losses	(29,777)	7,385	–	622
Others	(21,198)	(11,203)	1,704	943
	(51,009)	(3,792)	1,704	1,565
	462,467	(22,494)	1,303	(17,622)

At 31 December 2007 $'000	Recognised in income statement (Note 31) $'000	Recognised in equity $'000	Translation differences on consolidation $'000	At 31 December 2008 $'000
389,400	(33,431)	–	(24,737)	331,232
33,476	(1,276)	–	(1,395)	30,805
5,478	–	(4,065)	(2)	1,411
43,437	39,720	–	–	83,157
3,395	(425)	–	(1)	2,969
475,186	4,588	(4,065)	(26,135)	449,574
(8)	11	–	(376)	(373)
(21,770)	740	–	437	(20,593)
(29,754)	(634)	5,088	4,881	(20,419)
(51,532)	117	5,088	4,942	(41,385)
423,654	4,705	1,023	(21,193)	408,189

27 Deferred tax liabilities (cont'd)

Deferred tax liabilities of the Company are attributable to the following:

	Company	
	2008 $'000	2007 $'000
Deferred tax liabilities		
Property, plant and equipment	**455**	455
Investment properties	**2,918**	3,038
Financial assets	**1,411**	4,278
Development properties	**59,826**	37,067
Others	**1,312**	1,161
	65,922	45,999

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 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Deferred tax assets	9	**2,427**	3,158	**–**	–
Deferred tax liabilities		**(410,616)**	(426,812)	**(65,922)**	(45,999)
		(408,189)	(423,654)	**(65,922)**	(45,999)

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	
	2008 $'000	2007 $'000
Deductible temporary differences	**64,871**	47,821
Tax losses	**134,973**	120,351
	199,844	168,172

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.

The tax losses with expiry dates are as follows:

	Group	
	2008 $'000	2007 $'000
Expiry dates		
- Within 1 to 5 years	**12,580**	6,917

28 Trade and other payables

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Trade payables		**86,409**	103,184	**14,294**	18,113
Deferred income		**35,925**	42,408	**–**	581
Accruals		**382,433**	329,832	**140,887**	131,642
Other payables		**47,995**	42,331	**902**	883
Rental and other deposits		**43,595**	29,575	**4,982**	2,545
Retention sums payable		**18,047**	7,389	**13,866**	5,744
Amounts owing to:					
- subsidiaries	5	**–**	–	**294,538**	90,407
- an associate	6	**5,790**	6,067	**5**	–
- jointly-controlled entities	7	**20,633**	23,773	**–**	–
- fellow subsidiaries	13	**391**	443	**7**	17
		641,218	585,002	**469,481**	249,932

29 Revenue

Revenue of the Group includes property development income, income from owning and operating hotels, gross rental income, income from provision of information technology and procurement services, dividend income, project management and consultancy fees, property management fees, club income and net results from sale of investments but excludes intra-group transactions.

Property development income consists mainly of sale proceeds of commercial and residential properties and projects under development.

	Group 2008 $'000	Group 2007 $'000
Dividends from investments:		
- fellow subsidiaries		
- quoted	**1,415**	4,243
- unquoted	**2,550**	3,375
- others		
- quoted equity investments	**2,760**	6,406
- unquoted equity investments	**537**	126
Hotel operations	**1,865,951**	1,986,513
Property development	**773,107**	861,791
Rental and car park income from investment properties	**246,466**	201,467
Others	**52,443**	42,185
	2,945,229	3,106,106

30 Profit for the year

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

	Group 2008 $'000	Group 2007 $'000
Other operating income		
Gain on dilution and disposal of investment in an associate	**–**	8,228
Management fees and miscellaneous income	**16,208**	18,852
Profit from aborted sale of a subsidiary	**73,241**	–
Profit on disposal of interest in a subsidiary	**29**	–
Profit on liquidation of a jointly-controlled entity	**346**	–
Profit on sale of investments	**–**	310
Profit on sale of property, plant and equipment and investment properties	**48,259**	1,812
	138,083	29,202
Staff costs		
(Decrease)/increase in liability for long service leave	**(205)**	32
Contributions to defined contribution plans	**24,752**	27,469
Increase in liability for defined benefit plans	**5,613**	7,100
Increase in liability for short-term accumulating compensated absences	**86**	65
Value of employee services received for issue of share options	**2,996**	2,340
Wages and salaries	**696,319**	771,402
	729,561	808,408
Less:		
Staff costs capitalised in:		
- development properties	**(1,812)**	(1,026)
- property, plant and equipment	**(646)**	(197)
	727,103	807,185
Other expenses		
Allowance for foreseeable losses on development properties made	**–**	16,783
Amortisation of intangible assets	**11**	12
Charge/(write-back) of impairment losses on:		
- trade and other receivables	**1,386**	50
- amounts owing by jointly-controlled entities	**19,456**	(43,578)
- investment propeties (net)	**8,994**	(75,017)
- property, plant and equipment (net)	**62,311**	20,320
Depreciation of:		
- investment properties	**46,246**	42,989
- property, plant and equipment	**85,779**	93,138
Direct operating expenses arising from rental of investment properties (excluding depreciation)	**72,197**	74,308
Exchange loss (net)	**7,902**	8,711
Loss on liquidation of jointly-controlled entities	**375**	24
Non-audit fees		
- auditors of the Company	**813**	827
- other auditors of the subsidiaries	**2,573**	2,300
Operating lease expenses	**122,195**	113,161
Property, plant and equipment and investment properties written off	**23,016**	22,163

30 Profit for the year (cont'd)

	Group 2008 $'000	Group 2007 $'000
Finance income		
Interest income		
- associates	**–**	150
- fellow subsidiaries	**364**	578
- fixed deposits with financial institutions	**17,695**	33,604
- jointly-controlled entities	**12,333**	7,304
- others	**235**	104
Mark-to-market gain on financial assets held for trading (net)	**133**	7,427
Others	**–**	51
Total finance income	**30,760**	49,218
Finance costs		
Interest expense		
- banks	**62,910**	87,048
- bonds and notes	**63,358**	65,760
- others	**190**	588
Amortisation of transaction costs capitalised	**2,941**	3,639
Mark-to-market loss on financial assets held for trading (net)	**19,978**	3,264
Others	**–**	105
Total finance costs	**149,377**	160,404
Finance costs capitalised in development properties and property, plant and equipment	**(34,104)**	(40,918)
Finance costs charged to income statement	**115,273**	119,486
Net finance costs	**84,513**	70,268

Included in the mark-to-market loss on financial assets held for trading is a loss of $5,644,000 (2007: $6,299,000) recognised on shares of listed subsidiaries which are held by the Group for trading purposes. As these shares are held for trading purposes, and not as part of the controlling block of shares held in the subsidiaries, the relevant portion of equity represented is not consolidated.

Finance costs of the Group and the Company have been capitalised at rates ranging from 0.10% to 5.50% (2007: 0.37% to 6.27%) and 0.58% to 3.39% (2007: 0.37% to 4.57%) per annum respectively for development properties and property, plant and equipment.

31 Income tax expense

	Note	Group 2008 $'000	Group 2007 $'000
Current tax expense			
Current year		**119,327**	97,116
Under/(over) provision in respect of prior years		**28,100**	(9,228)
		147,427	87,888
Deferred tax expense			
Movements in temporary differences		**33,414**	58,684
Effect of changes in tax rates and legislation		**(5,254)**	(59,421)
Overprovision in respect of prior years		**(23,455)**	(21,757)
	27	**4,705**	(22,494)
Total income tax expense		**152,132**	65,394

Reconciliation of effective tax rate

	2008 $'000	2007 $'000
Profit before income tax	**833,807**	954,613
Income tax using Singapore tax rate of 18% (2007:18%)	**150,085**	171,830
Income not subject to tax	**(69,673)**	(67,879)
Expenses not deductible for tax purposes		
- expenses	**37,191**	33,003
- write-back	**(270)**	(14,130)
Effect of changes in tax rates and legislation	**(5,254)**	(59,421)
Effect of different tax rates in other countries	**20,305**	19,186
Effect of share of results of jointly-controlled entities	**7,679**	9,135
Unrecognised deferred tax assets	**6,734**	4,086
Tax effect of losses not allowed to be set off against future taxable profits	**1,030**	1,808
Tax incentives	**(216)**	(131)
Utilisation of previously unrecognised deferred tax assets	**(124)**	(1,108)
Under/(over) provision in respect of prior years	**4,645**	(30,985)
	152,132	65,394

32 Earnings per share

Basic earnings per share is calculated based on:

	Group 2008 $'000	Group 2007 $'000
Profit attributable to shareholders	**580,944**	724,993
Less:		
Dividends on non-redeemable convertible non-cumulative preference shares	**(12,906)**	(12,904)
Profit attributable to ordinary shareholders after adjustment of non-redeemable convertible non-cumulative preference dividends	**568,038**	712,089

32 Earnings per share (cont'd)

	Group	
	2008 Number of shares	**2007 Number of shares**
Weighted average number of ordinary shares	**909,301,330**	909,301,330
Basic earnings per share	**62.5 cents**	78.3 cents

Diluted earnings per share is based on:

	Group	
	2008 $'000	**2007 $'000**
Profit attributable to shareholders after adjustment of non-redeemable convertible non-cumulative preference dividends	**568,038**	712,089
Add:		
Dividends on non-redeemable convertible non-cumulative preference shares	**12,906**	12,904
Net profit used for computing diluted earnings per share	**580,944**	724,993

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the conversion of the non-redeemable convertible non-cumulative preference shares, with the potential ordinary shares weighted for the period outstanding.

The effect of the potential ordinary shares on the weighted average number of ordinary shares in issue is as follows:

	Group	
	2008 Number of shares	**2007 Number of shares**
Weighted average number of ordinary shares issued used in the calculation of basic earnings per share	**909,301,330**	909,301,330
Potential ordinary shares issuable under non-redeemable convertible non-cumulative preference shares	**44,998,898**	44,998,898
Weighted average number of ordinary shares issued and potential shares assuming full conversion	**954,300,228**	954,300,228
Diluted earnings per share	**60.9 cents**	76.0 cents

33 Dividends

	Company	
	2008	**2007**
	$'000	**$'000**
Special final tax exempt (one-tier) ordinary dividend paid of 12.5 cents per ordinary share (2007: 10.0 cents per ordinary share less tax at 18%) in respect of financial year ended 31 December 2007	**113,663**	74,563
Final tax exempt (one-tier) ordinary dividend paid of 7.5 cents per ordinary share (2007: 7.5 cents per ordinary share less tax at 18%) in respect of financial year ended 31 December 2007	**68,198**	55,922
Special interim tax exempt (one-tier) ordinary dividend paid of Nil cents (2007: 10.0 cents per ordinary share less tax at 18%) in respect of financial year ended 31 December 2008	**–**	74,563
Non-cumulative tax exempt (one-tier) preference dividend paid of 1.94 cents per preference share (2007: 2.35 cents per preference share less tax at 18%)	**6,419**	6,386
Non-cumulative tax exempt (one-tier) preference dividend paid of 1.96 cents per preference share (2007: 2.40 cents per preference share less tax at 18%)	**6,487**	6,518
	194,767	217,952

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

	Company	
	2008	**2007**
	$'000	**$'000**
Final tax exempt (one-tier) ordinary dividend of 7.5 cents (2007: 7.5 cents) per ordinary share	**68,198**	68,198
Special final tax exempt (one-tier) ordinary dividend of Nil cents (2007: 12.5 cents) per ordinary share	**–**	113,663
	68,198	181,861

34 Commitments

The Group and the Company had the following commitments as at the balance sheet date:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Development expenditure contracted but not provided for in the financial statements	**852,632**	1,100,209	**519,557**	679,896
Capital expenditure contracted but not provided for in the financial statements	**501,272**	161,600	**94,780**	–
Commitment in respect of purchase of properties for which deposits have been paid	**–**	8,025	**–**	–
Capital contribution to an associate and a jointly-controlled entity	**22,636**	86,679	**–**	–

34 Commitments (cont'd)

In addition, the Group and the Company had the following commitments:

(a) The Group holds a number of office facilities and hotel properties under operating leases. The leases typically run for an initial period of 1 to 30 years. The Group's and the Company's commitments for future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2008 **$'000**	**2007** **$'000**	**2008** **$'000**	**2007** **$'000**
Within 1 year	**75,288**	81,488	**5,831**	6,271
After 1 year but within 5 years	**233,706**	266,745	**5,590**	8,932
After 5 years	**666,854**	734,434	**–**	–
	975,848	1,082,667	**11,421**	15,203

Contingent rents, generally determined based on a percentage of gross revenue and gross operating profit, of $53,726,000 (2007: $43,727,000) for the Group have been recognised as an expense in the income statement during the year.

(b) The Group and the Company lease out some of their investment properties and development properties. Non-cancellable operating lease rentals are receivable as follows:

	Group		Company	
	2008 **$'000**	**2007** **$'000**	**2008** **$'000**	**2007** **$'000**
Within 1 year	**222,124**	190,497	**20,822**	20,435
After 1 year but within 5 years	**191,587**	196,813	**12,320**	13,648
After 5 years	**26,341**	34,197	**–**	–
	440,052	421,507	**33,142**	34,083

Contingent rents, generally determined based on a percentage of tenants' revenue, of $49,000 (2007: $35,000) has been recognised as income by the Group in the income statement during the year.

(c) Certain subsidiaries of the Group have obligations with the relevant authorities in Malaysia to reduce their present 100% interest in two hotel-owning subsidiaries to 51%, by sale of equity to Malaysians by 31 December 2010.

35 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		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Dividends received from:				
- subsidiaries	**–**	–	**95,622**	435,177
- fellow subsidiaries	**3,965**	7,618	**3,721**	6,943
- jointly-controlled entites	**–**	–	**14,150**	24,500
	3,965	7,618	**113,493**	466,620
Interest received and receivable from:				
- subsidiaries	**–**	–	**20,158**	18,627
- fellow subsidiaries	**364**	578	**–**	–
- jointly-controlled entities	**12,333**	7,304	**5,412**	6,201
- an associate	**–**	150	**–**	–
	12,697	8,032	**25,570**	24,828
Management services fees received and receivable from:				
- subsidiaries	**–**	–	**1,542**	1,628
- fellow subsidiaries	**1,277**	1,489	**1,147**	1,296
- jointly-controlled entities	**6,177**	7,353	**1,406**	5,821
- an associate	**9,293**	9,802	**55**	49
	16,747	18,644	**4,150**	8,794
Maintenance services fees received and receivable from:				
- fellow subsidiaries	**181**	112	**–**	–
- jointly-controlled entities	**1,004**	109	**–**	–
	1,185	221	**–**	–
Recovery of costs from:				
- subsidiaries	**–**	–	**5,452**	3,750
- jointly-controlled entities	**211**	235	**211**	235
	211	235	**5,663**	3,985
Rental and rental-related income received and receivable from:				
- subsidiaries	**–**	–	**1,494**	1,410
- fellow subsidiaries	**770**	814	**–**	1
- an associate	**453**	453	**453**	453
- a related party	**147**	127	**–**	–
	1,370	1,394	**1,947**	1,864
Sale of properties to:				
- key management personnel and their immediate families by a joint venture in which the Company is a venturer	**–**	1,266	**–**	1,266
- a key management personnel and his immediate family	**–**	15,050	**–**	15,050
- a jointly-controlled entity	**–**	432,431	**–**	432,431
	–	448,747	**–**	448,747
Sale of a unit of an investment property to a fellow subsidiary	**350**	–	**–**	–

35 Related parties (cont'd)

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Interest paid and payable to a subsidiary	**–**	–	**1,737**	814
Management services fees paid and payable to:				
- subsidiaries	**–**	–	**179**	192
- a fellow subsidiary	**3,198**	–	**–**	–
	3,198	–	**179**	192
Maintenance services fees paid and payable to subsidiaries	**–**	–	**1,640**	1,916
Professional fees paid and payable to firms of which directors of the Company are members:				
- charged to income statement	**1**	127	**–**	2
- included as cost of property, plant and equipment and cost of development properties	**368**	1,169	**13**	1,169
	369	1,296	**13**	1,171
Purchase of a property from a fellow subsidiary	**3,737**	–	**–**	–
Rental and rental-related expenses paid and payable to:				
- subsidiaries	**–**	–	**7,445**	3,753
- a jointly-controlled entity	**859**	739	**–**	–
- an associate	**79,175**	67,442	**–**	–
	80,034	68,181	**7,445**	3,753
Short-term employee benefits paid and payable to key management personnel	**19,668**	20,519	**19,170**	19,852

36 Contingent liabilities (unsecured)

As at the balance sheet date, the Group and the Company have the following indemnities and guarantees in issue:

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Guarantee issued on behalf of a subsidiary which expired in 2008	**–**	–	**–**	33,287
Indemnities given to financial institutions for performance guarantees issued on behalf of:				
- subsidiaries	**–**	–	**86,667**	155,089
- jointly-controlled entities	**14,365**	18,756	**14,365**	18,756
	14,365	18,756	**101,032**	207,132

37 Financial risk management

Financial risk management objectives and policies

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

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

The Audit Committee provides independent oversight of the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken for speculative purposes except for its use as hedging instruments where appropriate and cost efficient.

Credit risk

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

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

The Group establishes an allowance for impairment that represents its estimate of the specific loss component in respect of trade and other receivables. The allowance account in respect of trade receivables and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

In relation to financial guarantees issued by the Company on behalf of its subsidiaries or jointly-controlled entities, the credit risk, being the principal risk to which the Company is exposed, represents the loss that would be recognised upon a default by the subsidiary or jointly-controlled entity.

There are no terms and conditions attached to the financial guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

At the balance sheet date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

Liquidity risk

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

37 Financial risk management (cont'd)

The following are the expected contractual undiscounted cash outflows of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Cash flows			
		Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000
Group					
Non-derivative financial liabilities					
2008					
Term loans	2,288,968	2,437,980	201,573	2,227,661	8,746
Finance lease creditors	11	11	7	4	–
Bonds and notes	1,671,567	1,783,854	573,994	1,155,874	53,986
Bank loans	180,104	181,470	181,470	–	–
Trade and other payables*	585,598	585,598	585,598	–	–
Bank overdrafts	6,023	6,064	6,064	–	–
Other liabilities	86,487	86,487	2,099	82,942	1,446
	4,818,758	5,081,464	1,550,805	3,466,481	64,178
2007					
Term loans	2,281,369	2,521,389	484,153	2,033,384	3,852
Finance lease creditors	213	223	74	149	–
Bonds and notes	1,597,367	1,766,030	290,926	1,419,132	55,972
Bank loans	151,682	152,075	152,075	–	–
Trade and other payables*	525,698	525,698	525,698	–	–
Bank overdrafts	1,036	1,036	1,036	–	–
Other liabilities	76,975	76,975	2,236	73,260	1,479
	4,634,340	5,043,426	1,456,198	3,525,925	61,303
Company					
Non-derivative financial liabilities					
2008					
Term loans	1,460,455	1,549,633	127,574	1,422,059	–
Finance lease creditors	9	9	6	3	–
Bonds and notes	489,780	523,668	224,874	244,808	53,986
Bank loans	180,104	181,470	181,470	–	–
Trade and other payables*	462,051	467,176	467,176	–	–
Other liabilities	26,343	26,343	–	26,343	–
	2,618,742	2,748,299	1,001,100	1,693,213	53,986
2007					
Term loans	1,289,116	1,434,510	85,110	1,349,400	–
Finance lease creditors	15	16	7	9	–
Bonds and notes	529,643	579,778	167,386	356,420	55,972
Bank loans	151,682	152,075	152,075	–	–
Trade and other payables*	242,449	242,449	242,449	–	–
Other liabilities	21,336	21,336	–	21,336	–
	2,234,241	2,430,164	647,027	1,727,165	55,972

* Excluding deferred income

37 Financial risk management (cont'd)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

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

At 31 December 2008, the Group did not have interest rate swaps.

Interest rates analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, their nominal interest rates at the balance sheet date and carrying amounts are illustrated as below:

		Interest rates per annum		Carrying amount		
	Note	**Floating rate %**	**Fixed rate %**	**Floating rate $'000**	**Fixed rate $'000**	**Total $'000**
Group						
2008						
Financial assets						
Cash and cash equivalents		0.03 to 4.07	0.05 to 3.00	80,113	595,593	675,706
Amounts owing by jointly-controlled entities*	7	–	1.50 to 4.75	–	429,440	429,440
				80,113	1,025,033	1,105,146
Financial liabilities						
Bank overdrafts	14	3.00 to 9.20	–	(6,023)	–	(6,023)
Term loans	20					
- secured		1.27 to 7.50	–	(580,203)	–	(580,203)
- unsecured		1.36 to 6.42	–	(1,708,765)	–	(1,708,765)
Finance lease creditors	21	–	3.33 to 6.51	–	(11)	(11)
Bonds and notes	22					
- secured		6.04 to 6.05	2.95 to 3.88	(72,579)	(499,657)	(572,236)
- unsecured		1.50 to 5.16	2.30 to 5.50	(559,567)	(539,764)	(1,099,331)
Bank loans (unsecured)	23	1.38 to 2.45	–	(180,104)	–	(180,104)
				(3,107,241)	(1,039,432)	(4,146,673)
Total				(3,027,128)	(14,399)	(3,041,527)

* Carrying amount is net of impairment losses.

37 Financial risk management (cont'd)

Interest rate risk (cont'd)

Interest rates analysis (cont'd)

	Note	Interest rates per annum		Carrying amount		
		Floating rate	Fixed rate	Floating rate	Fixed rate	Total
		%	%	$'000	$'000	$'000
Group						
2007						
Financial assets						
Cash and cash equivalents		3.50 to 5.28	0.13 to 8.80	6,594	651,641	658,235
Amounts owing by jointly-controlled entities*	7	–	0.60 to 4.75	–	450,958	450,958
Investments in debt securities held for trading	8	–	8.00	–	150	150
				6,594	1,102,749	1,109,343
Financial liabilities						
Bank overdrafts	14	9.20	–	(1,036)	–	(1,036)
Term loans	20					
- secured		2.33 to 9.37	–	(423,951)	–	(423,951)
- unsecured		1.14 to 6.66	–	(1,857,418)	–	(1,857,418)
Finance lease creditors	21	–	3.33 to 8.00	–	(213)	(213)
Bonds and notes	22					
- secured		6.04 to 6.11	3.73 to 3.88	(105,357)	(349,590)	(454,947)
- unsecured		3.02 to 7.12	2.92 to 5.50	(562,817)	(579,603)	(1,142,420)
Bank loans (unsecured)	23	1.24 to 2.85	–	(151,682)	–	(151,682)
				(3,102,261)	(929,406)	(4,031,667)
Total				(3,095,667)	173,343	(2,922,324)

* Carrying amount is net of impairment losses.

37 Financial risk management (cont'd)

Interest rate risk (cont'd)

Interest rates analysis (cont'd)

	Note	Interest rates per annum Floating rate %	Fixed rate %	Carrying amount Floating rate $'000	Fixed rate $'000	Total $'000
Company						
2008						
Financial assets						
Cash and cash equivalents		–	0.05 to 0.95	–	137,940	137,940
Amounts owing by:						
- subsidiaries*	5	0.93 to 2.10	1.00 to 1.75	720,662	824,370	1,545,032
- jointly-controlled entities*	7	–	1.50 to 2.50	–	256,823	256,823
				720,662	1,219,133	1,939,795
Financial liabilities						
Amounts owing to subsidiaries	5	1.84 to 3.22	0.35	(173,987)	(106)	(174,093)
Term loans	20					
- secured		1.27 to 1.97	–	(91,547)	–	(91,547)
- unsecured		1.50 to 2.54	–	(1,368,908)	–	(1,368,908)
Finance lease creditors	21	–	6.51	–	(9)	(9)
Bonds and notes (unsecured)	22	–	2.30 to 5.50	–	(489,780)	(489,780)
Bank loans (unsecured)	23	1.38 to 2.45	–	(180,104)	–	(180,104)
				(1,814,546)	(489,895)	(2,304,441)
Total				(1,093,884)	729,238	(364,646)
2007						
Financial assets						
Cash and cash equivalents		–	0.42 to 4.92	–	97,549	97,549
Amounts owing by:						
- subsidiaries*	5	1.20 to 2.96	1.00 to 1.75	659,443	563,803	1,223,246
- jointly-controlled entities*	7	–	1.50 to 2.50	–	326,988	326,988
				659,443	988,340	1,647,783
Financial liabilities						
Term loans (unsecured)	20	2.26 to 3.39	–	(1,289,116)	–	(1,289,116)
Finance lease creditors	21	–	6.51	–	(15)	(15)
Bonds and notes (unsecured)	22	–	2.92 to 5.50	–	(529,643)	(529,643)
Bank loans (unsecured)	23	1.24 to 2.85	–	(151,682)	–	(151,682)
				(1,440,798)	(529,658)	(1,970,456)
Total				(781,355)	458,682	(322,673)

* Carrying amount is net of impairment losses.

37 Financial risk management (cont'd)

Sensitivity analysis

For the variable rate financial assets and liabilities, a 100 bp increase at the balance sheet date would have the impact as shown below. A decrease in 100 bp in interest rate would have an equal but opposite effect. This analysis, which is based on balance sheet date of each interest-bearing financial asset and liability, assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account effect of qualifying borrowing costs allowed for capitalisation.

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
100 basis points increase				
Reduction in profit before income tax and accumulated profits	**(30,333)**	(31,027)	**(10,895)**	(7,783)

There is no impact on other components of equity.

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Group's entities. The currencies giving rise to this risk are primarily the Singapore dollar, Euro, Japanese Yen, Sterling Pound and United States dollar.

The Group has a decentralised approach to the management of foreign exchange risk. The Group manages its foreign exchange exposure by adopting a policy of matching receipts and payments, and asset purchases and borrowings, in the currency of the relevant entity, where possible. Entities in the Group may have different approaches to the identification and management of this risk. Entities in the Group may borrow in currencies other than their functional currencies to fund investments that are denominated in their borrowing currencies. As at the balance sheet date, there are such borrowings denominated in the Singapore dollar and the United States dollar. Forward foreign exchange contracts are used purely as a hedging tool, where an active market for the relevant currency exists, to minimise the Group's exposure to movements in exchange rates on firm commitments and specific transactions.

The Group's and Company's exposure to foreign currencies are as follows:

	Singapore dollar $'000	Sterling Pound $'000	United States dollar $'000	Euro $'000	Japanese Yen $'000	Others $'000
Group						
2008						
Financial assets	–	4,624	–	–	–	4,206
Other non-current assets*	–	–	5,436	–	–	–
Trade and other receivables	182	79	87	3	–	809
Cash and cash equivalents	14,319	17,668	20,169	5,292	61	1,510
Interest-bearing borrowings	(372,800)	–	(426,570)	–	(77,704)	–
Trade and other payables	(365)	–	(911)	(15)	(105)	(47)
	(358,664)	22,371	(401,789)	5,280	(77,748)	6,478
2007						
Financial assets	–	14,645	–	–	–	1,401
Other non-current assets*	–	–	5,397	–	–	–
Trade and other receivables	268	237	2,330	27	–	–
Cash and cash equivalents	1,683	30,472	26,077	12,129	64	3,324
Interest-bearing borrowings	(408,863)	–	(289,509)	–	(28,902)	–
Trade and other payables	(136)	(12)	(1,614)	–	(3,987)	(87)
	(407,048)	45,342	(257,319)	12,156	(32,825)	4,638

* Excluding deferred tax assets and intangible assets.

37 Financial risk management (cont'd)

Foreign currency risk (cont'd)

	United States dollar $'000	Hong Kong dollar $'000	Japanese yen $'000	Others $'000
Company				
2008				
Other non-current assets	–	–	38,700	–
Trade and other receivables	688	–	41,578	–
Cash and cash equivalents	3,014	157	–	8
Interest-bearing borrowings	–	–	(77,704)	–
Trade and other payables	(25,881)	(12,565)	(105)	(8)
	(22,179)	(12,408)	2,469	–
2007				
Other non-current assets	–	–	30,391	–
Trade and other receivables	15,739	(45)	110	(6)
Cash and cash equivalents	311	165	–	–
Interest-bearing borrowings	–	–	(28,902)	–
Trade and other payables	(26,786)	(11,409)	(29)	(62)
	(10,736)	(11,289)	1,570	(68)

Sensitivity analysis

A 10% strengthening of the following major currencies against the functional currency of each of the Group's entities at the balance sheet date held by the Group and Company would increase/(decrease) profit, and accumulated profits, and other components of equity before any tax effect by the amounts shown below. Similarly, a 10% weakening would have had the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2008		2007	
	Profit before income tax $'000	Equity $'000	Profit before income tax $'000	Equity $'000
Group				
Singapore dollar	**(35,866)**	**–**	(40,705)	–
Sterling pound	**2,017**	**220**	4,315	220
United States dollar	**(40,723)**	**544**	(26,271)	540
Euro	**528**	**–**	1,216	–
Japanese yen	**(7,775)**	**–**	(3,283)	–
Company				
United States dollar	**(2,218)**	**–**	(1,074)	–
Hong Kong dollar	**(1,241)**	**–**	(1,129)	–
Japanese yen	**247**	**–**	157	–

37 Financial risk management (cont'd)

Equity price risk

The Group and the Company are exposed to equity price changes arising from quoted equity investments available for sale and held for trading, and unquoted investments held for trading. An increase in the underlying equity prices of the above investments at the balance sheet date by 20% and 10% for the Group and the Company, respectively, would increase profit, and accumulated profits, and other components of equity before any tax effect by the amounts shown below. Similarly, a decrease in the underlying equity prices by 20% and 10% for the Group and the Company respectively would have an equal but opposite effect. This analysis assumes that all other variables remain constant.

	Group $'000	Company $'000
2008		
Quoted investments available for sale and held for trading		
Equity	7,236	1,875
Profit before income tax	2,769	–
Unquoted investments available for sale and held for trading		
Equity	–	–
Profit before income tax	956	–

The exposure of the Group and the Company to the equity price risk was insignificant for 2007.

Estimation of fair values

Investments in equity and debt securities

The fair values of quoted investments that are classified as available for sale as well as quoted and unquoted investments held for trading are their quoted bid prices at the balance sheet date. The fair values of unquoted securities classified as available for sale have not been determined as the fair value cannot be determined reliably because of restrictions in the ability to transfer these shares. In addition, the variability in the range of recoverable fair value estimates derived from valuation techniques is expected to be significant.

Amounts owing by subsidiaries, associates and jointly-controlled entities

The fair values of amounts owing by subsidiaries, associates and jointly-controlled entities are estimated as the present value of future cash flows, discounted at market interest rates.

Derivatives

The fair value of forward exchange contracts is based on their quoted market price, if available. If a quoted market price is not available, fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual period to maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date. For finance leases, the market rate of interest is determined by reference to similar agreements.

37 Financial risk management (cont'd)

Estimation of fair values (cont'd)

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing borrowings) or those which reprice within six months are assumed to approximate their fair values because of the short period to maturity or repricing. All other financial assets and liabilities are discounted to determine their fair values.

Recognised financial instruments

The aggregate net fair values of financial assets and liabilities which are not carried at fair values in the balance sheet as at 31 December are represented in the following table:

	2008 Carrying amount $'000	2008 Fair value $'000	2007 Carrying amount $'000	2007 Fair value $'000
Group				
Financial assets				
Deposit receivables	**4,299**	**5,970**	4,144	4,946
Financial liabilities				
Term loans (unsecured)	**(149,863)**	**(150,621)**	–	–
Bonds and notes				
- secured	**(349,673)**	**(360,667)**	(349,590)	(355,647)
- unsecured	**(329,803)**	**(337,846)**	(529,606)	(526,880)
Long-term deposits	**(10,191)**	**(7,748)**	(13,794)	(10,587)
	(839,530)	**(856,882)**	(892,990)	(893,114)
Total	**(835,231)**	**(850,912)**	(888,846)	(888,168)
Unrecognised (losses)/gains		**(15,681)**		678
Company				
Financial assets				
Amounts owing by subsidiaries				
- non-trade, interest free	**–**	**–**	75,448	74,301
- non-trade, interest bearing	**–**	**–**	9,630	9,778
	–	**–**	85,078	84,079
Financial liabilities				
Term loans (unsecured)	**(149,863)**	**(150,621)**	–	–
Bonds and notes (unsecured)	**(279,820)**	**(289,366)**	(479,644)	(481,202)
	(429,683)	**(439,987)**	(479,644)	(481,202)
Total	**(429,683)**	**(439,987)**	(394,566)	(397,123)
Unrecognised losses		**(10,304)**		(2,557)

38 Segment reporting

Business Segments

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2008					
Segment revenue	773,107	1,865,951	246,466	59,705	2,945,229
Segment results	309,081	280,586	114,898	(9,268)	695,297
Share of after-tax profit/(loss) of associates and jointly-controlled entities	167,044	(35,618)	21,403	(14,319)	138,510
Profit before income tax	476,125	244,968	136,301	(23,587)	833,807
Income tax expense					(152,132)
Profit for the year					681,675
Significant Non-Cash Transactions					
Depreciation	336	80,153	50,754	782	132,025
Amortisation	–	–	–	11	11
Impairment losses on property, plant and equipment and investment properties	–	47,639	23,666	–	71,305
2007					
Segment revenue	861,791	1,986,513	201,467	56,335	3,106,106
Segment results	247,332	274,261	116,242	30,068	667,903
Share of after-tax profit/(loss) of associates and jointly-controlled entities	258,989	11,161	17,326	(766)	286,710
Profit before income tax	506,321	285,422	133,568	29,302	954,613
Income tax expense					(65,394)
Profit for the year					889,219
Significant Non-Cash Transactions					
Depreciation	349	88,276	46,740	762	136,127
Amortisation	–	–	–	12	12
Impairment losses on property, plant and equipment and investment properties charged/(written back)	–	20,320	(75,017)	–	(54,697)

38 Segment reporting (cont'd)

Business Segments (cont'd)

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2008					
Assets and Liabilities					
Segment assets	3,970,939	4,196,038	3,001,608	294,394	11,462,979
Investments in associates	114,873	(44,605)	279,057	(681)	348,644
Investments in jointly-controlled entities	510,697	200,888	(18,928)	1,203	693,860
	4,596,509	4,352,321	3,261,737	294,916	12,505,483
Tax recoverable					15,616
Deferred tax assets					2,427
Total assets					12,523,526
Segment liabilities	2,168,285	1,486,363	1,158,440	110,375	4,923,463
Deferred tax liabilities					410,616
Provision for taxation					167,130
Total liabilities					5,501,209
Capital expenditure	1,225	199,083	208,850	3,635	412,793
2007					
Assets and Liabilities					
Segment assets	3,588,985	4,519,429	2,914,706	343,941	11,367,061
Investments in associates	–	(111,491)	341,926	47,180	277,615
Investments in jointly-controlled entities	355,987	185,916	11,454	(144)	553,213
	3,944,972	4,593,854	3,268,086	390,977	12,197,889
Tax recoverable					17,503
Deferred tax assets					3,158
Total assets					12,218,550
Segment liabilities	2,036,638	1,670,995	939,830	111,984	4,759,447
Deferred tax liabilities					426,812
Provision for taxation					115,894
Total liabilities					5,302,153
Capital expenditure	811	125,004	290,553	1,202	417,570

38 Segment reporting (cont'd)

Geographical Segments

	Asia $'000	North America and Europe $'000	Australia and New Zealand $'000	Total $'000
2008				
Revenue	1,700,545	1,119,249	125,435	2,945,229
Segment assets	9,377,734	2,753,675	374,074	12,505,483
Capital expenditure	265,225	105,908	41,660	412,793
2007				
Revenue	1,676,282	1,243,230	186,594	3,106,106
Segment assets	8,595,421	3,085,467	517,001	12,197,889
Capital expenditure	342,349	43,524	31,697	417,570

39 New accounting standards and interpretations not yet adopted

The Group has not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

- FRS 1 (revised 2008) *Presentation of Financial Statements*
- FRS 23 (revised 2007) *Borrowing Costs*
- Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
- Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards* and FRS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate*
- Amendments to FRS 102 *Share-based Payment – Vesting Conditions and Cancellations*
- FRS 108 *Operating Segments*
- Improvements to FRSs 2008
- INT FRS 113 *Customer Loyalty Programmes*
- INT FRS 116 *Hedges of a Net Investment in a Foreign Operation*

FRS 1 (revised 2008) will become effective for the Group's financial statements for the year ending 31 December 2009. The revised standard requires an entity to present, in a statement of changes in equity, all changes in equity arising from transactions with owners. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in a single statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. FRS 1 (revised 2008) does not have any impact on the Group's financial position or results.

FRS 23 (revised 2007) will become effective for financial statements for the year ending 31 December 2009. FRS 23 (revised 2007) removes the option to expense borrowing costs and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group's current policy to capitalise borrowing costs is consistent with the requirement in the revised FRS 23.

The amendments to FRS 39 on eligible hedged items will become effective for the Group's financial statements for the year ending 31 December 2010. The amendments clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in two particular situations: (i) the designation of a one-sided risk in a hedged item and (ii) the designation of inflation in particular situations. The application of these amendments is not expected to have any significant impact on the Group's financial statements.

The amendments to FRS 101 and FRS 27 on the cost of an investment in a subsidiary, jointly-controlled entity or associate will become effective for the Company's financial statements for the year ending 31 December 2009. The amendments remove the definition of the "cost method" currently set out in FRS 27, and instead require an entity to recognise all dividends from a subsidiary, jointly-controlled entity or associate as income in its separate financial statements when its right to receive the dividend is established. The application of these amendments is not expected to have any significant impact on the Company's financial statements.

39 New accounting standards and interpretations not yet adopted (cont'd)

The amendments to FRS 102 on vesting conditions and cancellations will become effective for the Group's financial statements for the year ending 31 December 2009. The amendments clarify the definition of vesting conditions and provide the accounting treatment for non-vesting conditions and cancellations. The application of these amendments is not expected to have any significant impact on the Group's financial statements.

FRS 108 will become effective for financial statements for the year ending 31 December 2009. FRS 108, which replaces FRS 14 *Segment Reporting*, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Currently, the Group presents segment information in respect of its business and geographical segments (see note 38). At this juncture, the Group is reviewing the presentation of segment disclosures in respect of operating segments as stipulated under FRS 108. As this is a disclosure standard, it will have no impact on the financial position of the Group when implemented in 2009.

Improvements to FRSs 2008 will become effective for the Group's financial statements for the year ending 31 December 2009, except for the amendment to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* which will become effective for the year ending 31 December 2010. Improvements to FRSs 2008 contain amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. The Group is in the process of assessing the impact of these amendments.

INT FRS 113 will become effective for the Group's financial statements for the year ending 31 December 2009. INT FRS 113 concludes that where entities grant award credits as incentives to customers to buy their goods or services (e.g. loyalty points or free products), such customer loyalty programmes should be accounted for by taking a multiple sales approach, i.e. by deferring some of the revenue received from the initial sales transaction, to be recognised as revenue as and when the entity provides the goods or services promised under the customer loyalty programmes. The Company does not have such customer loyalty programes. The application of this interpretation is not expected to have any significant impact on the Group's financial statements.

INT FRS 116 will become effective for the Group's financial statements for the year ending 31 December 2009. INT FRS 116 provides guidance on identifying foreign currency risks and hedging instruments that qualify for hedge accounting in the hedge of a net investment in a foreign operation. It also explains how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. The application of this Interpretation is not expected to have any significant impact on the Group's financial statements.

Other than the changes in disclosures relating to FRS 1 and FRS 108, the initial application of these standards (including their consequential amendments) and interpretations is not expected to have any material impact on the Group's financial statements. The Group has not considered the impact of accounting standards issued after the balance sheet date.

40 Significant investments

The following are the Group's significant investments:

		Principal Activity	Country of Incorporation	Effective Group Interest 2008 %	Effective Group Interest 2007 %
	Subsidiaries				
	Direct/Indirect Subsidiaries of the Company				
*	100G Pasir Panjang Road Pte Ltd	Property holding	Singapore	99	99
*	Allinvest Holding Pte Ltd	Property owner	Singapore	100	100
*	Aston Properties Pte Ltd	Property owner, developer and investment holding	Singapore	100	100
*	Bloomsville Investments Pte Ltd	Property owner, developer and investment holding	Singapore	100	100
*	CBM Pte. Ltd.	Provision of building maintenance, security, cleaning and related services to commercial and residential buildings	Singapore	100	100
*	CBM Parking Pte. Ltd.	Provision of car park operation, management and related services	Singapore	100	100
*	CDL Land Pte Ltd	Property owner and developer	Singapore	100	100
*	CDL Management Services Pte. Ltd.	Provision of project and property management and consultancy services	Singapore	100	100
*	CDL Properties Ltd	Property owner and investment holding	Singapore	100	100
*	Central Mall Pte Ltd	Property owner	Singapore	100	100
*	Cideco Pte. Ltd.	Property owner	Singapore	100	100
*	City Centrepoint Pte Ltd	Property owner and investment holding	Singapore	100	100
*	City Condominiums Pte Ltd	Property owner, developer and investment holding	Singapore	100	100
*	City Developments Realty Limited	Investment in shares and investment holding	Singapore	100	100
*	City e-Solutions Limited	Investment holding and provision of consultancy services	Cayman Islands	53	52
*	City Serviced Offices Pte. Ltd.	Operating serviced offices	Singapore	100	100
*	Citydev Investments Pte. Ltd.	Investment in shares and investment holding	Singapore	100	100

40 Significant investments (cont'd)

		Principal Activity	Country of Incorporation	Effective Group Interest 2008 %	Effective Group Interest 2007 %
	Subsidiaries (cont'd)				
	Direct/Indirect Subsidiaries of the Company (cont'd)				
*	Citydev Nahdah Pte. Ltd.	To issue Islamic trust certificates and to act as trustee for the certificate holders	Singapore	100	–
*	Citydev Real Estate (Singapore) Pte Ltd	Property owner	Singapore	100	100
*	Cityview Place Holdings Pte. Ltd.	Property owner and developer	Singapore	100	100
*	Darfera Pte Ltd	Property owner and developer	Singapore	100	100
*	Eccott Pte Ltd	Investment holding and property owner	Singapore	100	100
***	Educado Company Limited	Investment holding and share dealing	Hong Kong	100	100
*	Elishan Investments Pte Ltd	Property owner	Singapore	100	100
*	Elite Holdings Private Limited	Property owner and developer	Singapore	100	100
*	Empire City Consultant Pte Ltd	Management of properties	Singapore	100	100
^	eMpire Investments Limited	Investment holding	Bermuda	100	100
*	Fairsteps Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
*	Glades Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
*	Grande-Terre Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
*	Guan Realty (Private) Limited	Property owner and developer	Singapore	100	100
*	Highgrove Investments Pte Ltd	Property owner	Singapore	100	100
*	Hong Leong Properties Pte. Limited	Property owner	Singapore	100	100
*	Island City Garden Development Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
*	Land Equity Development Pte Ltd	Property owner	Singapore	100	100
**	Lingo Enterprises Limited	Property holding and property investment	Hong Kong	100	100
**	Millennium & Copthorne Hotels plc	Investment holding	England and Wales	54	53
*	North Bridge Commercial Complex Pte Ltd	Property holding	Singapore	99	99
**	Pacific Height Enterprises Company Limited	Property investment	Hong Kong	100	100

40 Significant investments (cont'd)

		Principal Activity	Country of Incorporation	Effective Group Interest 2008 %	Effective Group Interest 2007 %
	Subsidiaries (cont'd)				
	Direct/Indirect Subsidiaries of the Company (cont'd)				
**	Palmerston Holdings Sdn. Bhd.	Property owner and developer	Malaysia	51	51
^	Reach Across International Limited	Investment holding	British Virgin Islands	100	100
*	Republic Plaza City Club (Singapore) Pte Ltd	Owner and operator of clubs	Singapore	100	100
*	Singapura Developments (Private) Limited	Property owner, developer and investment holding	Singapore	100	100
*	Sunshine Plaza Pte Ltd	Property owner, developer and investment holding	Singapore	100	100
*	Target Realty Limited	Property owner, developer and investment holding	Singapore	99	99
****	Tianjin Trophy Real Estate Co., Ltd.	Property investment	People's Republic of China	100	100
*	The Corporate Building Pte Ltd	Property holding	Singapore	99	99
*	The Corporate Office Pte Ltd	Property holding	Singapore	99	99
*	The Office Chamber Pte Ltd	Property holding	Singapore	99	99
^	Wideachieve Holdings Limited	Investment holding	British Virgin Islands	100	100
	Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels plc				
**	Anchorage-Lakefront Limited Partnership	Hotel owner	United States of America	54	53
**	Bostonian Hotel Limited Partnership	Hotel owner	United States of America	54	53
**	CDL (New York) LLC	Hotel owner	United States of America	54	53
**	CDL Hotels (Chelsea) Limited	Hotel owner and operator	England and Wales	54	53
**	CDL Hotels (Korea) Ltd.	Hotel owner and operator	Republic of Korea	54	53
**	CDL Hotels (Malaysia) Sdn. Bhd	Hotel owner and operator	Malaysia	54	53
**	CDL Hotels (U.K.) Limited	Hotel owner and operator	England and Wales	54	53
**	CDL Hotels USA Inc.	Hotel investment holding company	United States of America	54	53
**	CDL Investments New Zealand Limited	Investment and property management company	New Zealand	24	24

40 Significant investments (cont'd)

		Principal Activity	Country of Incorporation	Effective Group Interest 2008 %	2007 %
	Subsidiaries (cont'd)				
	Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels plc (cont'd)				
**	CDL West 45th Street LLC	Hotel owner	United States of America	54	53
**	Chicago Hotel Holdings, Inc.	Hotel owner and operator	United States of America	54	53
*	City Hotels Pte. Ltd.	Hotel operator and investment holding company	Singapore	54	53
**	Copthorne Hotel (Birmingham) Limited	Hotel owner and operator	England and Wales	54	53
**	Copthorne Hotel (Gatwick) Limited	Hotel owner and operator	England and Wales	54	53
**	Copthorne Hotel (Manchester) Limited	Hotel owner and operator	England and Wales	54	53
**	Copthorne Hotel (Newcastle) Limited	Hotel owner and operator	England and Wales	50	50
**	Copthorne Hotel (Slough) Limited	Hotel owner and operator	England and Wales	54	53
**	Copthorne Hotel Holdings Limited	Hotels investment holding company	England and Wales	54	53
**	Copthorne Hotels Limited	Hotels investment holding company	England and Wales	54	53
*	Copthorne Orchid Hotel Singapore Pte Ltd	Hotel owner and operator	Singapore	54	53
**	Gateway Regal Holdings LLC	Hotel owner and operator	United States of America	54	53
**	Grand Plaza Hotel Corporation	Hotel owner and operator and investment holding company	Philippines	35	35
*	Harbour View Hotel Pte. Ltd.	Hotel operator	Singapore	54	53
**	Hong Leong Hotel Development Limited	Hotel owner and operator	Taiwan	43	42
^	Hong Leong Hotels Pte Ltd.	Investment holding company	Cayman Islands	54	53
**	Hospitality Group Limited	Holding company	New Zealand	26	26
*	Hospitality Holdings Pte Ltd	Investment holding company	Singapore	54	53
*	King's Tanglin Shopping Pte. Ltd.	Property owner	Singapore	54	53
**	London Britannia Hotel Limited	Hotel owner and operator	England and Wales	54	53
**	London Tara Hotel Limited	Hotel owner and operator	England and Wales	54	53
**	M&C Crescent Interests, LLC	Property owner	United States of America	54	53
**	M&C Hotel Interest, Inc	Hotel management services company	United States of America	54	53

40 Significant investments (cont'd)

		Principal Activity	Country of Incorporation	Effective Group Interest 2008 %	Effective Group Interest 2007 %
	Subsidiaries (cont'd)				
	Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels plc (cont'd)				
**	M&C Hotels France SAS	Hotel owner	France	54	53
*	M&C REIT Management Limited	REIT investment management services	Singapore	54	53
**	Millennium & Copthorne Hotels New Zealand Limited	Hotel investment holding company	New Zealand	38	37
*	Millennium & Copthorne International Limited	Hotels and resorts management	Singapore	54	53
**	Quantum Limited	Holding company	New Zealand	26	26
*	Republic Hotels & Resorts Limited	Hotel operator and investment holding company	Singapore	54	53
**	RHM-88, LLC	Hotel owner and operator	United States of America	54	53
**	WHB Biltmore LLC	Hotel owner and operator	United States of America	54	53
	Direct/Indirect Subsidiaries of City e-Solutions Limited				
*	CDL Hotels (Singapore) Pte Ltd	Property investment	Singapore	53	52
**	Richfield Hospitality, Inc.	Investment holding and provision of hospitality related services	United States of America	53	52
**	Sceptre Hospitality Resources, Inc.	Provision of reservation system services	United States of America	53	52
^	SWAN Holdings Limited	Investment holding	Bermuda	53	52
**	SWAN USA, Inc.	Holding company	United States of America	53	52
	Associates				
	Associates of Millennium & Copthorne Hotels plc				
*	CDL Hospitality Trusts	See Note (1)	Singapore	21	20
*	First Sponsor Capital Limited	Investment holding company	British Virgin Islands	21	19

40 Significant investments (cont'd)

		Principal Activity	Country of Incorporation	Effective Group Interest 2008 %	Effective Group Interest 2007 %
	Associates (cont'd)				
	Associate of City e-Solutions Limited				
**	Tune Hospitality Investments FZCO	Developer and owner of a portfolio of "no-frills" limited service hotels in ASEAN	United Arab Emirates	21	21
	Jointly-controlled Entities				
	Jointly-controlled Entities of the Company				
*	Aster Land Development Pte Ltd	Property development and investment dealing activities	Singapore	30	30
*	Branbury Investments Ltd	Property owner	Singapore	43	43
*	Burlington Square Investment Pte Ltd	Holding of properties for long-term investment and rental purposes	Singapore	25	25
*	Burlington Square Properties Pte Ltd	Property trading	Singapore	25	25
*	City Sunshine Holdings Pte. Ltd.	Property owner and developer	Singapore	50	50
**	Exchange Tower Ltd.	Investment holding	Thailand	39	39
*	Glengary Pte. Ltd.	Property owner and developer	Singapore	50	50
*	Grange 100 Pte. Ltd.	Property investment and owner	Singapore	40	40
*	Granmil Holdings Pte Ltd	Property owner and developer	Singapore	40	40
**	Krungthep Rimnam Ltd.	Hotel business	Thailand	49	49
******	OOO "Soft-Project"	Hotel and property owner and developer	Russia	50	–
**	P.T. City Island Utama	Property owner and developer	Indonesia	30	30
*	Richmond Hotel Pte Ltd	Property owner and developer	Singapore	33	33
*	South Beach Consortium Pte. Ltd.	Property owner and developer	Singapore	33	33
*	Summervale Properties Pte. Ltd.	Property owner and developer	Singapore	50	50
*	TC Development Pte. Ltd.	Property owner and developer	Singapore	50	50
*	Tomlinson Hotel Pte. Ltd.	Hotel owner	Singapore	33	33
*	Tripartite Developers Pte. Limited	Property developer	Singapore	33	33

40 Significant investments (cont'd)

	Principal Activity	Country of Incorporation	Effective Group Interest 2008 %	Effective Group Interest 2007 %
Jointly-controlled Entities (cont'd)				
Jointly-controlled Entities of Millennium & Copthorne Hotels plc				
*****Beijing Fortune Hotel Co. Ltd.	Hotel owner	People's Republic of China	16	16
** Fena Estate Company Limited	Investment holding company	Thailand	27	27
^ New Unity Holdings Limited	Investment holding company	British Virgin Islands	27	27
Jointly-controlled Entity of City e-Solutions Limited				
* MindChamps Holdings Pte. Ltd.	Provision of education and learning related services	Singapore	26	26

* Audited by KPMG LLP Singapore

** Audited by other member firms of KPMG International

*** Audited by S.Y. Yang & Company, Hong Kong

**** Audited by Sino-Reality Certified Public Accountants, People's Republic of China

***** Audited by Deloitte Touche Tohmatsu CPA Ltd - Tianjin Branch

****** Audited by BDO Unicorn Inc

^ Not subject to audit by law of country of incorporation

Note (1) CDL Hospitality Trusts is a stapled group comprising CDL Hospitality Real Estate Investment Trust ("H-REIT"), a real estate investment trust, and CDL Hospitality Business Trust ("HBT"), a business trust. H-REIT has an investment strategy of investing directly or indirectly, in a diversified portfolio of income-producing real estate which is primarily used for hospitality and/or hospitality-related purposes, whether wholly or partially, and real-estate related assets in relation to the foregoing.

HBT is a business trust which is dormant. It exists primarily as a "master lessee of last resort" and will become active if H-REIT is unable to appoint a master lessee for any of the Singapore hotels in its portfolio at the expiry of the relevant master lease agreement or for a newly acquired hotel. HBT may also become active if it undertakes certain hospitality and hospitality-related development projects, acquisitions and investments which may not be suitable for H-REIT.

41 Comparative figures

Lease premium prepayments previously classified under other non-current assets and trade and other receivables amounting to $217,343,000 and $2,141,000 respectively have been reclassified to property, plant and equipment to conform with the current year's presentation.

Statistics Of Ordinary Shareholdings

As at 28 February 2009

Class of Shares	:	Ordinary shares
No. of Ordinary Shares issued	:	909,301,330
No. of Ordinary Shareholders	:	12,022
Voting Rights	:	1 vote for 1 ordinary share

There are no treasury shares held in the issued share capital of the Company.

Range of Ordinary Shareholdings	No. of Ordinary Shareholders	%	No. of Ordinary Shares	%
1 - 999	1,308	10.88	389,122	0.04
1,000 - 10,000	9,741	81.03	25,630,613	2.82
10,001 - 1,000,000	939	7.81	40,556,164	4.46
1,000,001 and above	34	0.28	842,725,431	92.68
	12,022	100.00	909,301,330	100.00

Based on information available to the Company as at 28 February 2009, approximately 51.25% of the issued ordinary shares of the Company is held by the public, and accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

MAJOR ORDINARY SHAREHOLDERS LIST – Top 20 as at 28 February 2009

No.	Name	No. of Ordinary Shares Held	%
1	DBS Nominees Pte Ltd	155,144,293	17.06
2	Hong Leong Holdings Limited	129,287,477	14.22
3	Hong Leong Investment Holdings Pte. Ltd.	128,669,335	14.15
4	HSBC (Singapore) Nominees Pte Ltd	80,317,575	8.83
5	Citibank Nominees Singapore Pte Ltd	67,964,686	7.48
6	DBSN Services Pte Ltd	59,031,997	6.49
7	UOB Nominees (Pte) Ltd	31,035,581	3.41
8	Hong Realty (Private) Limited	18,598,799	2.05
9	Garden Estates (Pte.) Limited	18,152,365	2.00
10	Euroform (S) Pte. Limited	17,603,045	1.94
11	Hong Leong Corporation Holdings Pte Ltd	15,929,833	1.75
12	Raffles Nominees (Pte) Ltd	15,444,954	1.70
13	NIN Investment Holdings Pte Ltd	13,161,490	1.45
14	SGI Investment Holdings Pte Ltd	12,752,414	1.40
15	Mayban Nominees (S) Pte Ltd	12,006,842	1.32
16	Gordon Properties Pte Ltd	9,304,616	1.02
17	Smith New Court (Singapore) Pte Ltd	7,399,723	0.81
18	Singapore Nominees Pte Ltd	6,547,000	0.72
19	Interfab Private Limited	5,648,781	0.62
20	Hong Leong Foundation	4,301,106	0.47
		808,301,912	88.89

Statistics Of Ordinary Shareholdings

As at 28 February 2009

Substantial Shareholders as shown in the Register of Substantial Shareholders

	No. of ordinary shares in which they have interest			
	Direct Interest	**Deemed Interest**	**Total**	**%**
Hong Realty (Private) Limited	32,088,024	30,499,756 (1)	62,587,780	6.883
Hong Leong Holdings Limited	148,787,477	19,547,220 (2)	168,334,697	18.513
Hong Leong Investment Holdings Pte. Ltd.	140,169,335	301,958,566 (3)	442,127,901	48.623
Davos Investment Holdings Private Limited	-	442,127,901 (4)	442,127,901	48.623
Kwek Holdings Pte Ltd	-	442,127,901 (4)	442,127,901	48.623
Aberdeen Asset Management plc and its subsidiaries	-	109,362,288 (5)	109,362,288	12.027
Aberdeen Asset Management Asia Limited	-	83,332,688 (6)	83,332,688	9.164
Aberdeen Asset Managers Limited	-	55,260,200 (7)	55,260,200	6.077

Notes

(1) Hong Realty (Private) Limited ("HR") is deemed under Section 7 of the Companies Act to have an interest in the 30,499,756 ordinary shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(2) Hong Leong Holdings Limited ("HLH") is deemed under Section 7 of the Companies Act to have an interest in the 19,547,220 ordinary shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(3) Hong Leong Investment Holdings Pte. Ltd. ("HLIH") is deemed under Section 7 of the Companies Act to have an interest in the 301,958,566 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 62,587,780 ordinary shares held directly and indirectly by HR; and (ii) the 168,334,697 ordinary shares held directly and indirectly by HLH, out of which 9,305,391 ordinary shares have been identified as ordinary shares in which HR is also deemed to have an interest in under note (1) above.

(4) Davos Investment Holdings Private Limited and Kwek Holdings Pte Ltd are deemed under Section 7 of the Companies Act to have an interest in the 442,127,901 ordinary shares held directly and/or indirectly by HLIH in which each of them is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(5) The deemed interest of Aberdeen Asset Management plc and its subsidiaries (the "Aberdeen Group") is based on the last notification to the Company on 11 November 2008 and relates to ordinary shares held by various accounts managed or advised by the Aberdeen Group whereby the Aberdeen Group is given disposal rights and voting rights for 64,352,071 ordinary shares and disposal rights without voting rights for 45,010,217 ordinary shares.

(6) The deemed interest of Aberdeen Asset Management Asia Limited ("AAMAL") is based on the last notification to the Company on 30 October 2008 and relates to ordinary shares held by various accounts managed or advised by AAMAL whereby AAMAL is given disposal rights and voting rights for 49,551,871 ordinary shares and disposal rights without voting rights for 33,780,817 ordinary shares.

(7) The deemed interest of Aberdeen Asset Managers Limited ("AAML") is based on the last notification to the Company on 30 October 2008 and relates to ordinary shares held by various accounts managed or advised by AAML whereby AAML is given disposal rights and voting rights for 25,114,500 ordinary shares and disposal rights without voting rights for 30,145,700 ordinary shares.

StatisticsOfPreferenceShareholdings

As at 28 February 2009

Class of Shares	:	Non-Redeemable Convertible Non-Cumulative Preference Shares ("Preference Shares")
No. of Preference Shares issued	:	330,874,257
No. of Preference Shareholders	:	2,738
Voting Rights	:	Entitled to attend, speak and vote at any class meeting of the Holders of Preference Shares. 1 vote for each Preference Share.

Not entitled to attend and vote at any General Meeting of the Company except as provided below:

(a) If the Preference Dividend (or any part thereof) due and payable and accrued is in arrears and has remain unpaid for at least 6 months, such right to attend and vote shall continue until such Preference Dividend (or any part thereof) in arrears and unpaid has been paid in full;

(b) If the resolution in question varies the rights attached to the Preference Shares; or

(c) If the resolution in question is for the winding up of the Company.

Range of Preference Shareholdings	No. of Preference Shareholders	%	No. of Preference Shares	%
1 - 999	405	14.79	181,020	0.05
1,000 - 10,000	1,997	72.94	5,513,531	1.67
10,001 - 1,000,000	319	11.65	23,347,832	7.06
1,000,001 and above	17	0.62	301,831,874	91.22
	2,738	100.00	330,874,257	100.00

MAJOR PREFERENCE SHAREHOLDERS LIST – Top 20 as at 28 February 2009

No.	Name	No. of Preference Shares Held	%
1	DB Nominees (Singapore) Pte Ltd	133,074,868	40.22
2	Mandai Properties Pte Ltd	64,931,000	19.62
3	Citibank Nominees Singapore Pte Ltd	35,704,333	10.79
4	Aster Land Development Pte Ltd	26,913,086	8.13
5	Fairmount Development Pte Ltd	7,000,000	2.12
6	Infocomm Investments Pte Ltd	5,700,000	1.72
7	Lim & Tan Securities Pte Ltd	5,007,864	1.51
8	Guan Hong Plantation Private Limited	5,000,000	1.51
9	Hong Leong Foundation	3,564,038	1.08
10	Upnorth Development Pte Ltd	3,000,000	0.91
11	HSBC (Singapore) Nominees Pte Ltd	2,725,250	0.82
12	Interfab Private Limited	2,054,102	0.62
13	Ng Kin In	1,550,000	0.47
14	DBS Nominees Pte Ltd	1,454,124	0.44
15	Liew Chee Kong	1,450,000	0.44
16	Hong Leong Finance Nominees Pte Ltd	1,448,000	0.44
17	United Overseas Bank Nominees Pte Ltd	1,255,209	0.38
18	Kim Eng Securities Pte. Ltd.	975,000	0.30
19	Sun Yuan Overseas Pte Ltd	972,000	0.29
20	DBS Vickers Securities (Singapore) Pte Ltd	953,980	0.29
		304,732,854	92.10

NoticeOfAnnualGeneralMeeting

NOTICE IS HEREBY GIVEN that the Forty-Sixth Annual General Meeting of City Developments Limited (the "Company") will be held at Orchard Ballroom 3, Level 3, Orchard Hotel Singapore, 442 Orchard Road, Singapore 238879 on Wednesday, 29 April 2009 at 3.00 p.m. for the following purposes:

(A) ORDINARY BUSINESS

1. To receive the audited financial statements and the reports of the Directors and Auditors for the year ended 31 December 2008.

2. To declare a final tax-exempt (one-tier) ordinary dividend of 7.5 cents per ordinary share for the year ended 31 December 2008 as recommended by the Directors.

3. To approve Directors' Fees of $308,000 for the year ended 31 December 2008 (year 2007: $308,000.00) and Audit Committee Fees of $47,500.00 per quarter for the period from 1 July 2009 to 30 June 2010 (period from 1 July 2008 to 30 June 2009: $47,500.00 per quarter), with payment of the Audit Committee Fees to be made in arrears at the end of each calendar quarter.

4. To re-elect the following Directors retiring in accordance with the Articles of Association of the Company:

   (a) Mr Foo See Juan
   (b) Mr Kwek Leng Peck

5. To re-appoint the following Directors pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act") to hold office from the date of this Annual General Meeting until the next Annual General Meeting:

   (a) Mr Chee Keng Soon
   (b) Mr Tang See Chim

6. To re-appoint Messrs KPMG LLP as Auditors and to authorise the Directors to fix their remuneration.

(B) SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without any modifications, the following resolutions as Ordinary Resolutions:

7. That authority be and is hereby given to the Directors to:

   (a) (i) issue ordinary shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require ordinary shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into ordinary shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

   (b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue ordinary shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution was in force;

   provided that:

   (1) the aggregate number of ordinary shares to be issued pursuant to this Ordinary Resolution (including ordinary shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding ordinary shares which may be issued pursuant to any adjustments effected under any relevant Instrument):

   (A) by way of renounceable rights issues on a *pro rata* basis to shareholders of the Company ("Renounceable Rights Issues") does not exceed 100% of the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (3) of this Ordinary Resolution); and

(B) otherwise than by way of Renounceable Rights Issues ("Other Share Issues") does not exceed 50% of the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (3) of this Ordinary Resolution), of which the aggregate number of ordinary shares to be issued other than on a *pro rata* basis to shareholders of the Company does not exceed 20% of the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (3) of this Ordinary Resolution);

(2) the Renounceable Rights Issues and Other Share Issues shall not, in aggregate, exceed 100% of the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (3) of this Ordinary Resolution);

(3) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of ordinary shares that may be issued under paragraphs (1)(A) and (1)(B) of this Ordinary Resolution, the total number of issued ordinary shares, excluding treasury shares, shall be based on the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for:

(i) new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding and subsisting at the time this Ordinary Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of ordinary shares;

(4) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(5) (unless revoked or varied by the Company in general meeting) the authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

8. That, contingent on the passing of the Ordinary Resolution in 7 above, authority be and is hereby given to the Directors of the Company to fix the issue price for ordinary shares in the capital of the Company that may be issued by way of placement pursuant to the 20% sub-limit for Other Share Issues on a non *pro rata* basis referred to in Resolution 7 above, at a discount exceeding 10% but not more than 20% of the price as determined in accordance with the Listing Manual of the SGX-ST.

9. That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares ("Ordinary Shares") and/or non-redeemable convertible non-cumulative preference shares ("Preference Shares") in the capital of the Company not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "Market Purchase") on the SGX-ST; and/or

(ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they may, in their absolute discretion, deem fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("Share Purchase Mandate");

(b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked in general meeting; or

(iii) the date on which the purchases or acquisitions of Ordinary Shares and/or Preference Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"Prescribed Limit" means in relation to any purchase or acquisition of Ordinary Shares, the number of issued Ordinary Shares representing 10% of the total number of issued Ordinary Shares as at the date of the passing of this Resolution, (excluding any Ordinary Shares held as treasury shares), and in relation to any purchase or acquisition of Preference Shares, the number of issued Preference Shares representing 10% of the total number of issued Preference Shares as at the date of the passing of this Resolution; and

"Maximum Price" in relation to an Ordinary Share or Preference Share to be purchased (as the case may be) means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price of the Ordinary Shares or Preference Shares (as the case may be); and

(ii) in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price of the Ordinary Shares or Preference Shares (as the case may be),

where:

"Average Closing Price" means the average of the Closing Market Prices of the Ordinary Shares or Preference Shares (as the case may be) over the last five (5) Market Days on the SGX-ST, on which transactions in the Ordinary Shares or Preference Shares were recorded, immediately preceding the day of the Market Purchase by the Company, and deemed to be adjusted for any corporate action that occurs after such 5-Market Day period;

"Closing Market Price" means the last dealt price for an Ordinary Share or Preference Share (as the case may be) transacted through the SGX-ST's Central Limit Order Book (CLOB) trading system as shown in any publication of the SGX-ST or other sources;

"Highest Last Dealt Price" means the highest price transacted for an Ordinary Share or Preference Share (as the case may be) as recorded on the SGX-ST on the Market Day on which there were trades in the Ordinary Shares or Preference Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

"day of the making of the offer" means the day on which the Company makes an offer for the Off-Market Purchase of Ordinary Shares or Preference Shares, as the case may be, from holders of Ordinary Shares or holders of Preference Shares, stating the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase, calculated on the foregoing basis) for each Ordinary Share or Preference Share, and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"Market Day" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

10. That approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the City Developments Share Option Scheme 2001 (the "Scheme") and to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options granted under the Scheme provided that the aggregate number of new ordinary shares to be issued pursuant to the Scheme shall not exceed 8% of the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company from time to time.

11. (a) That approval be and is hereby given for the purpose of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and its associated companies that are not listed on the SGX-ST, or an approved exchange, over which the Company, its subsidiaries and/or its interested person(s), have control, or any of them, to enter into any of the transactions falling within the category of Interested Person Transactions, particulars of which are set out in the Company's Circular to Shareholders dated 28 April 2003 (the "Circular") with any party who is of the class or classes of Interested Persons described in the Circular, provided that such transactions are entered into in accordance with the review procedures for Interested Person Transactions as set out in the Circular, and that such approval (the "IPT Mandate"), shall unless revoked or varied by the Company in General Meeting, continue in force until the next Annual General Meeting of the Company; and

(b) That the Directors of the Company and each of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

(C) TO TRANSACT ANY OTHER BUSINESS

By Order of the Board

Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong
Company Secretaries

Singapore
27 March 2009

The Company had on 26 February 2009 advised that the Ordinary Shares Transfer Books and Register of Holders of ordinary shares of the Company will be closed on 8 May 2009. Duly completed registrable transfers received by the Company's Registrar, M & C Services Private Limited of 138 Robinson Road #17-00, The Corporate Office, Singapore 068906, up to 5.00 p.m. on 7 May 2009 will be registered to determine ordinary shareholders' entitlement to the dividends for the year ended 31 December 2008. Entitlements of ordinary shareholders, being Depositors, to the said dividends will be determined based on the ordinary shares credited to their securities accounts with The Central Depository (Pte) Limited as at 5.00 p.m. on 7 May 2009.

The Directors have recommended a final tax-exempt (one-tier) ordinary dividend of 7.5 cents per ordinary share in respect of the financial year ended 31 December 2008 for approval by ordinary shareholders at the Annual General Meeting to be held on 29 April 2009. The final dividends, if approved, will be payable on 22 May 2009.

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be deposited at the registered office of the Company at 36 Robinson Road, #04-01 City House, Singapore 068877 not less than 48 hours before the time appointed for holding the Meeting.

3. Completion and return of the instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy, to the Meeting.

4. With reference to item 3 of the Ordinary Business above, the Directors' Fees of $308,000.00 excludes Audit Committee Fees of $47,500.00 per quarter.

5. With reference to item 4(a) of the Ordinary Business above, Mr Foo See Juan will, upon re-election as a Director of the Company, remain as a member of the Audit, Nominating and City Developments Share Option Scheme 2001 Committees, and is considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

6. With reference to item 5(a) of the Ordinary Business above, Mr Chee Keng Soon will, upon re-appointment as a Director of the Company, remain as Chairman of the Audit, Nominating, Remuneration and City Developments Share Option Scheme 2001 Committees, and is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

7. With reference to item 5(b) of the Ordinary Business above, Mr Tang See Chim will, upon re-appointment as a Director of the Company, remain as a member of the Audit, Remuneration and City Developments Share Option Scheme 2001 Committees, and is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

8. Mr Chow Chiok Hock, a Director retiring at the Meeting pursuant to Section 153(6) of the Companies Act, Chapter 50, has notified the Company that he will not be seeking re-appointment as a Director of the Company at the Meeting.

9. The Ordinary Resolution proposed in 7 above, if passed, will empower the Directors of the Company from the date of the Meeting until the next Annual General Meeting (unless such authority is previously revoked or varied at a general meeting), to issue ordinary shares and/or make or grant Instruments that might require new ordinary shares to be issued up to a number not exceeding (i) 100% for Renounceable Rights Issues, and (ii) 50% for Other Share Issues of which up to 20% may be issued other than on a *pro rata* basis to shareholders, provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company. The aggregate number of ordinary shares which may be issued under this Ordinary Resolution will be calculated based on the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company at the time that this Ordinary Resolution is passed, after adjusting for new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding and subsisting at the time this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of ordinary shares. The authority for 100% Renounceable Rights Issues is proposed pursuant to the SGX news release of 19 February 2009 which introduced further measures to accelerate and facilitate listed issuers' fund raising efforts ("SGX News Release").

10. The Ordinary Resolution proposed in 8 above, if passed, will empower the Directors of the Company to fix the issue price for ordinary shares that may be issued by way of placement pursuant to the 20% sub-limit for Other Share Issues on a non *pro rata* basis (referred to in the Ordinary Resolution proposed in 7 above) at a discount exceeding 10% but not more than 20% of the price as determined in accordance with the Listing Manual of the SGX-ST. This Ordinary Resolution is proposed pursuant to the SGX News Release.

11. The Ordinary Resolution proposed in 9 above, if passed, will empower the Directors of the Company to make purchases or otherwise acquire the Company's issued Ordinary Shares and/or Preference Shares from time to time subject to and in accordance with the guidelines set out in Annexure I of the Appendix Accompanying this Notice. This authority will expire at the conclusion of the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting or when such purchases or acquisitions are carried out to the full extent mandated.

12. The Ordinary Resolution proposed in 10 above, if passed, will empower the Directors of the Company to offer and grant options under the Scheme and to issue from time to time such number of new ordinary shares in the capital of the Company pursuant to the exercise of share options under the Scheme subject to such limits or sub-limits as prescribed in the Scheme.

13. The Ordinary Resolution proposed in 11 above, if passed, will renew the IPT Mandate first approved by Shareholders on 29 May 2003 to facilitate the Company, its subsidiaries and its associated companies to enter into Interested Person Transactions, the details of which are set out in Annexure II and Appendix A of the Appendix Accompanying this Notice. The IPT Mandate will continue in force until the conclusion of the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.

City Developments Limited
(Co. Reg. No. 196300316Z)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT:
1. For investors who have used their CPF monies to buy the Company's ordinary shares, this Summary Report/Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and holders of the Company's Preference shares and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the 46th Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format, with the Company Secretary of City Developments Limited. (Agent Banks : please see note No. 9 on required format).

* I/We, ______________________________ with NRIC/Passport Number : ____________________

of ____
being a *member/members of City Developments Limited (the "Company"), hereby appoint

Name	**Address**	**NRIC/ Passport Number**	**Proportion of Shareholdings (%)**

*and/or

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Forty-Sixth Annual General Meeting of the Company ("AGM") to be held at Orchard Ballroom 3, Level 3, Orchard Hotel Singapore, 442 Orchard Road, Singapore 238879 on Wednesday, 29 April 2009 at 3.00 p.m., and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the AGM.

No.	Resolutions		For	Against
	ORDINARY BUSINESS:			
1.	Adoption of Reports and Financial Statements			
2.	Declaration of a Final Ordinary Dividend			
3.	Approval of Directors' Fees and Audit Committee Fees			
4.	Re-election of Directors:	(a) Mr Foo See Juan		
		(b) Mr Kwek Leng Peck		
5.	Re-appointment of Directors under Section 153(6) of the Companies Act, Chapter 50:	(a) Mr Chee Keng Soon		
		(b) Mr Tang See Chim		
6.	Re-appointment of KPMG LLP as Auditors			
	SPECIAL BUSINESS:			
7.	Authority for Directors to issue ordinary shares and/or make or grant offers, agreements or options pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited			
8.	Approval of Share Placement Discount			
9.	Renewal of Share Purchase Mandate			
10.	Authority for Directors to offer and grant options and issue new ordinary shares in accordance with the provisions of the City Developments Share Option Scheme 2001			
11.	Renewal of IPT Mandate for Interested Person Transactions			

Dated this ____________ day of ____________ 2009

No. of ordinary shares held

*Delete accordingly
IMPORTANT: PLEASE READ NOTES ON THE REVERSE

____
Signature(s) of
Member(s)/Common Seal

Notes:

1. Please insert the total number of ordinary shares held by you. If you have ordinary shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of ordinary shares. If you have ordinary shares registered in your name in the Register of Members, you should insert that number of ordinary shares. If you have ordinary shares entered against your name in the Depository Register and ordinary shares registered in your name in the Register of Members, you should insert the aggregate number of ordinary shares. If no number is inserted, this instrument appointing a proxy or proxies shall be deemed to relate to all the ordinary shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the AGM.
5. This instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 36 Robinson Road, #04-01 City House, Singapore 068877 not less than 48 hours before the time appointed for the AGM.
6. This instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney duly authorised or a duly authorised officer. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50.
8. The Company shall be entitled to reject an instrument of proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any instrument of proxy or proxies lodged if the member, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
9. Agent Banks acting on the request of CPF Investors who wish to attend the AGM as Observers are required to submit in writing, a list with details of the investor's name, NRIC/Passport Number, address and number of ordinary shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary, at the registered office of the Company not less than 48 hours before the appointed time for the AGM.

Fold Here

AGM
Proxy Form

Affix
Stamp
Here

The Secretary
CITY DEVELOPMENTS LIMITED
36 Robinson Road
#04-01 City House
Singapore 068877

Fold Here

Produced by
Group Corporate Affairs
Hong Leong Group Singapore &
Corporate Communications Department
City Developments Limited

Designed by
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