Annual Reports and Related Documents::

Issuer & Securities

Issuer/ Manager	CITY DEVELOPMENTS LIMITED
Securities	CITY DEVELOPMENTS LIMITED - SG1R89002252 - C09
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Announcement Details

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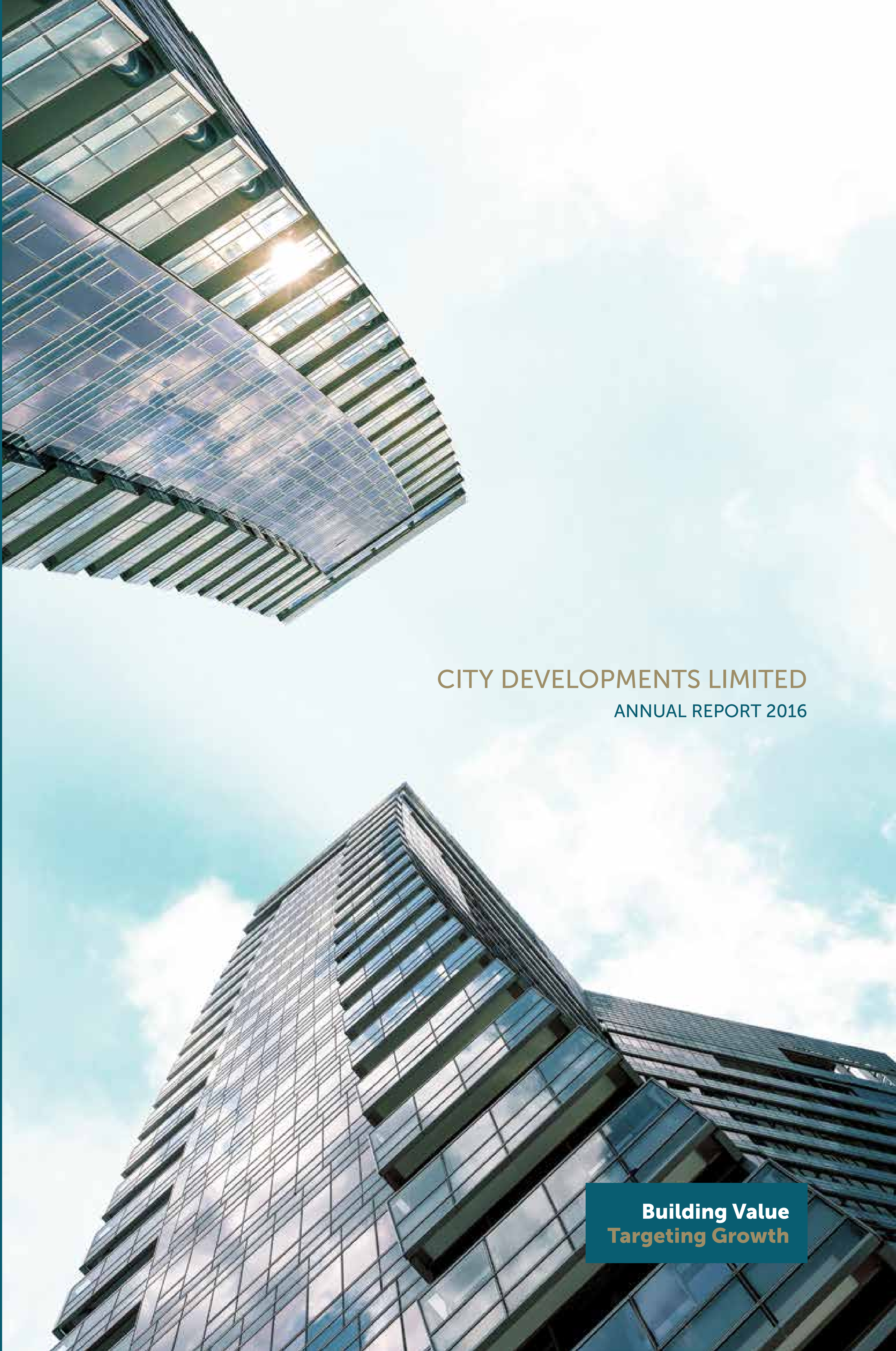
Additional Details

Period Ended	31/12/2016

Attachments	CDL_Annual_Report_2016_.PDF CDL-Appendix.pdf Total size =3393K



CITY DEVELOPMENTS LIMITED
ANNUAL REPORT 2016

Building Value
Targeting Growth

Building Value
Targeting Growth

Driven by a passion and purpose to 'Build Value', we define our success by the value we have created for our stakeholders. Against the backdrop of a rapidly evolving business landscape, we continue to transform our organisational frameworks and develop our growth platforms. Our multi-dimensional focus on innovation and collaboration will be the key drivers of our business success in the new economy. By leveraging our enterprise agility, we will accelerate our strategic diversification objectives for sustained growth – and deliver enhanced value for our stakeholders.

OVERVIEW

CORPORATE GOVERNANCE

SUSTAINABILITY

BUSINESS OVERVIEW

PROPERTY PORTFOLIO

FINANCIALS & OTHER INFORMATION

Cover: Gramercy Park, Singapore

CORPORATE PROFILE

City Developments Limited (CDL) is a Singapore-listed international real estate operating company with a global presence spanning 97 locations in 26 countries. As one of Singapore's largest companies by market capitalisation, its income-stable and geographically-diversified portfolio comprises residences, offices, hotels, serviced apartments, integrated developments and shopping malls, totalling over 18 million square feet of floor area globally. CDL has hotel assets in one of the world's largest hotel groups – its London-listed subsidiary, Millennium & Copthorne Hotels plc (M&C), has over 130 hotels globally, many in key gateway cities. Globally, CDL has developed over 40,000 homes and is one of Singapore's largest commercial landlords, with one of the biggest landbanks amongst Singapore private-sector developers. Building on its track record of over 50 years in real estate development, investment and management, CDL has developed growth platforms in five key international markets – UK, US, China, Japan and Australia. The Company is also leveraging its stable of prime assets and growing its real estate funds management business. It currently has over $3.5 billion in funds under management.

VISION

Building Value for Tomorrow, Today

VALUES

Committed to positive results
Competitive in setting standards and beating the competition
Caring towards people we work with, products we create, and the environment we operate in

MISSION

As a trusted property pioneer and a global hotelier, CDL builds value everywhere we go.

- We build quality and innovative spaces to house desirable homes, competitive businesses and secure investments
- We build sustainable profitability while conserving the environment
- We build partnerships to achieve better results
- We build engaging careers so staff can grow with the company
- We build bonds with the community by supporting worthy causes

At CDL, we believe the future is ours to build.

STAYING
FOCUSED
DELIVERING
RESULTS

As Singapore's property pioneer since 1963, we have shaped the cityscape with many iconic landmarks.

Leveraging our core competencies in real estate development and investment, we remain focused on building a solid portfolio to drive excellence and create value.

In 2016, property development segment was the highest contributor in terms of pre-tax profit, led by the strong sales performance of our domestic and international projects.

Artist's Impression

STRONG
PERFORMANCE

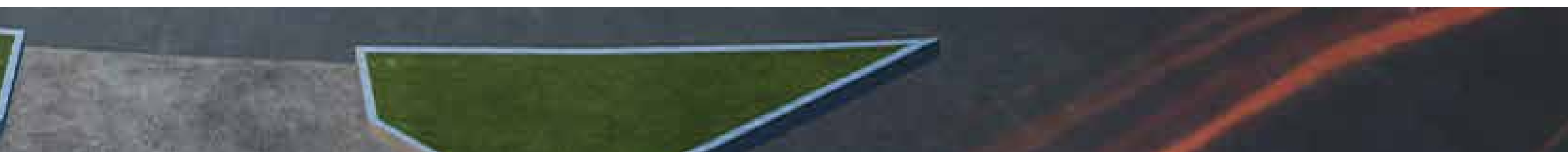
1,017 apartments sold

one of Singapore's Top-Selling Private Developers for FY 2016

Forest Woods | Singapore

$1.25 billion
Sales Value
in Singapore for FY 2016

$520 million
in pre-tax profit generated by property development segment



ACCELERATING DIVERSIFICATION DEEPENING INVESTMENTS

Positioned for growth, we continue to advance our two-pronged "5-5-5" diversification strategy launched in 2014, to build value in new geographies and products. We identified two key objectives to be achieved in five years. First, to invest $5 billion in five key overseas markets – UK, US, China, Japan and Australia; and second, to raise $5 billion in Funds under Management.

Today, we have a stabilised property development business overseas, with over 80% of our proposed gross floor area (GFA) outside of Singapore. Our international development projects achieved strong sales performance in 2016, with maiden profit contributions from our China and UK projects.

Beyond asset acquisitions, we also made strategic investments in new sharing economy businesses that complement our core businesses of real estate and hospitality.

Artist's impression

OVERSEAS INVESTMENTS

$2.5 billion

worth of acquisition assets since 2014

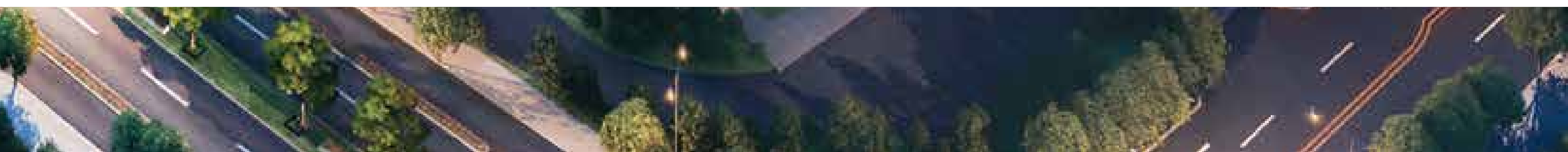
Hong Leong City Center | Suzhou, China

RMB 2.21 billion
Sales Value

for 1,038 units sold/booked in
Hong Leong City Center Phase 1 to date

RMB 100 million

strategic investment into mamahome – one of China's fast-growing online apartment rental platforms which will contribute to future long-term recurring income streams



LEVERAGING STRENGTHS HARNESSING VALUE

Beyond bricks and mortar, we are focused on harnessing our capital and capitalising on the value of our assets. We continue to pursue our funds management and capital recycling programmes, to diversify our business and also, in part, to fund our asset acquisition initiatives.

In 2016, we successfully raised $977.6 million through our third Profit Participation Securities (PPS) initiative, attracting a new pool of untapped Singaporean high net worth investors, as compared to the previous two PPS platforms, which were primarily targeted at institutional investors. The funds raised will be deployed toward our growth plans.

FUNDS MANAGEMENT

Over $3.5 billion

in funds under management (FUM) since 2014

Nouvel 18 | Singapore

Raised
$977.6 million

and unlocked value in **Nouvel 18** through successful execution of third PPS transaction

70% on target

to achieve $5 billion FUM by end 2018

REVITALISING PORTFOLIO ENHANCING OFFERINGS

With a focus on revenue generation, we continued to enhance our hospitality offerings and revitalise our hotel assets through refurbishments, as well as the launch of new brands and hospitality concepts.

Coupled with a broad geographic footprint, our diverse hospitality assets will cater to differing customer needs across various regions.

In Singapore, we debuted two new hotels in 2016 – the 293-room M Social Singapore located in the heart of Robertson Quay and the 634-room JW Marriott Hotel Singapore South Beach on Beach Road. The interiors of both hotels were designed by renowned French designer Philippe Starck.

EXTENSIVE
NETWORK

Over 130 hotels

global footprint largely led by subsidiary, Millennium & Copthorne Hotels plc (M&C), with over **37,000** rooms worldwide

M Social Singapore | Singapore

M Social

launch of M&C's new brand aimed at the savvy and busy global traveller, with first hotel in Singapore

JW Marriott Hotel Singapore South Beach

set to become one of Singapore's most coveted culinary destinations, and is part of the mega mixed-use development South Beach

INTEGRATING SUSTAINABILITY CREATING FUTURE VALUE

Beyond shaping skylines with architectural icons, we have transformed our built environment with numerous award-winning green buildings. For over two decades, we have embraced our ethos to "Conserve as we Construct", investing in game-changing innovations that have been key enablers of resource efficiency and productivity. We continue to future-proof our business by integrating Environmental, Social and Governance (ESG) principles into our strategy and harnessing our capital to create lasting value for our business, shareholders, stakeholders and the community-at-large.

2030 is a milestone year for sustainable development and global climate agreement. We have established the **CDL Future Value 2030** blueprint which sets out clear directions and robust ESG goals to guide us towards this milestone. This strategic blueprint is aligned with the United Nations Sustainable Development Goals which came into force in 2016, and reflects our voluntary commitment to raise our carbon emission reduction targets from 25% to 38% by 2030, against baseline year 2007.

CDL FUTURE VALUE 2030

SUSTAINABILITY
LEADER

World's Top
Real Estate Company

and Top 10 in the 2016 Global 100 Most Sustainable Corporations in the World ranking

Artist's Impression

Singapore Sustainability Academy | Singapore

$16 million in savings

as a result of the energy-efficient retrofitting and initiatives implemented for 8 office buildings from 2012 to 2016, directly benefiting CDL's financial bottom line

Collaborations for Sustainable Development

Singapore Sustainability Academy, NUS-CDL Smart Green Home and NUS-CDL Tropical Technologies Laboratory (T^2 Lab)

2016 BUSINESS HIGHLIGHTS

$3.9 bil
Revenue

$1.2 bil
EBITDA

$653 mil
PATMI

$19.8 bil
Total Assets

$10.22
Net Asset Value Per Share

16%
Net Gearing Ratio

12.5x
Interest Cover

16 cents
Ordinary Dividends Per Share

70.4 cents
Basic Earnings Per Share

10.3%
Total Shareholder Return

5-YEAR FINANCIAL HIGHLIGHTS

Year	2012	2013[1]	2014	2015	**2016**
For the financial year ($'million)					
Revenue	3,354	3,213	3,764	3,304	**3,905**
Profit before tax	960	948	1,004	985	**914**
Profit for the year attributable to owners of the Company (PATMI)	678	686	770	773	**653**
At 31 December ($'million)					
Property, plant and equipment	3,405	4,399	4,918	5,175	**5,136**
Investment properties	2,916	3,161	3,109	2,584	**2,346**
Development properties	4,311	4,327	4,793	5,515	**5,209**
Cash and cash equivalents	2,157	2,720	3,898	3,565	**3,673**
Other assets	2,819	2,947	2,983	3,480	**3,433**
Total assets	15,608	17,554	19,701	20,319	**19,797**
Equity attributable to owners of the Company	7,304	7,731	8,410	8,996	**9,294**
Non-controlling interests	1,953	2,485	2,366	2,217	**2,115**
Borrowings	4,467	5,294	6,699	6,483	**5,738**
Other liabilities	1,884	2,044	2,226	2,623	**2,650**
Total equity and liabilities	15,608	17,554	19,701	20,319	**19,797**
Per Share					
Basic earnings (cents)	73.2	74.0	83.2	83.6	**70.4**
Net asset value ($)	8.03	8.50	9.25	9.89	**10.22**
Dividends (cents)					
a) Ordinary dividend (gross)					
- final	8.0	8.0	8.0	8.0	**8.0**[2]
- special interim	-	8.0	4.0	4.0	**4.0**
- special final	5.0	-	4.0	4.0	**4.0**[2]
b) Preference dividend (net)	3.9	3.9	3.9	3.9	**3.9**
Financial ratios					
Return on equity (%)	9.3	8.9	9.2	8.6	**7.0**
Net gearing ratio (%)[3]	25	25	26	26	**16**
Net gearing ratio if fair value gains on investment properties are taken into consideration (%)	18	18	19	19	**12**
Interest cover ratios (times)	17.4	13.7	12.1	13.0	**12.5**

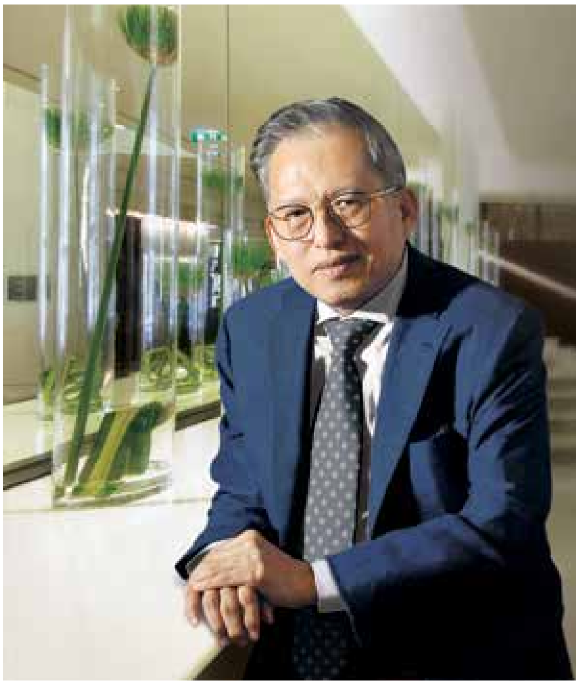
Notes:

[1] The 2013 comparative figures were restated to take into account the retrospective adjustments arising from the adoption of FRS 110 - *Consolidated Financial Statements*.

[2] Final and special final tax-exempt (one-tier) ordinary dividends proposed for financial year ended 31 December 2016 will be subject to the approval of the ordinary shareholders at the forthcoming Annual General Meeting.

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

CHAIRMAN'S STATEMENT



"Dear Shareholders,

On behalf of the Board of Directors, I am pleased to report that City Developments Limited Group achieved profit of $653.2 million. This is a creditable performance, in view of the challenging economic environment.

Looking ahead, our robust balance sheet and war chest place us in a strong position to deploy capital for acquisitions. We will continue to exercise strict discipline in capital management, remaining highly selective and value oriented, and may take a contrarian approach when needed, to enhance shareholders' returns."

KWEK LENG BENG
Executive Chairman

Group Performance

For the fourth quarter (Q4 2016) and full year (FY 2016) ended 31 December 2016, the Group delivered creditable results. Revenue for FY 2016 increased by 18.2% to $3,905.5 million (FY 2015: $3,304.1 million), setting a new record for the Group. For Q4 2016, the Group achieved a revenue of $1,167.0 million (Q4 2015: $855.0 million), up by 36.5%. These increases were driven by the property development segment contributing 51.3% and 44.7% to its Q4 2016 and FY 2016 revenue respectively.

$3.9 billion
Record Revenue for FY2016

Suzhou Hong Leong City Center (HLCC), which made its maiden contribution this quarter, positively impacted the quarterly performance. Phase 1 was completed in Q4 2016 and units are being progressively handed over to purchasers. Besides Suzhou HLCC, revenue in Q4 2016 was further boosted by steady sales from the Group's Singapore projects, namely Gramercy Park, Coco Palms, D'Nest, and The Venue Residences and Shoppes. Revenue for FY 2016 was also driven by revenue recognition in entirety from the fully sold Lush Acres Executive Condominium (EC), which obtained Temporary Occupation Permit (TOP) in June 2016.

In terms of pre-tax profit contribution by segments, property development made up 73.2% and 56.9% of the Group's Q4 2016 and FY 2016 profit respectively, followed by the rental properties segment. Hotel operations led by the Group's listed subsidiary, Millennium & Copthorne Hotels plc (M&C), were disappointing, impacted by ongoing refurbishment works, increased supply of rooms inventory in gateway cities where M&C's hotels are located, concerns over terrorist attacks in Europe, heightened competition from non-traditional lodging options and impairment losses required for several properties. The Group notes that with Sterling as the reported currency, M&C benefited favourably from the weakness versus other major currencies following Brexit; however, this favourable exchange to M&C has had the reverse effect at the Group level when consolidated, when reporting currency is in Singapore dollars.

The Group achieved PATMI of $243.8 million for Q4 2016 (Q4 2015: $410.5 million) and $653.2 million for FY 2016 (FY 2015: $773.4 million). Notably, lower PATMI was due to the substantial profits recognised in Q4 2015 from the Group's second Profit Participation Securities (PPS), which involved the

$653.2 million
PATMI for FY 2016

monetisation of three of the Group's office assets, namely 7 & 9 Tampines Grande, Manulife Centre and Central Mall Office Tower. The Group nonetheless boosted PATMI with divestitures in 2016 including its 52.52% interest in City e-Solutions Limited in Q3 2016, and Exchange Tower in Q4 2016, as well as recapitalising Summervale Properties Pte. Ltd. (which holds Nouvel 18) resulting in the establishment of the Group's third PPS.

Basic earnings per share stood at 26.1 cents for Q4 2016 (Q4 2015: 44.4 cents) and 70.4 cents for FY 2016 (FY 2015: 83.6 cents).

Despite headwinds facing the Singapore property market and challenging trading conditions for hotels located in key gateway cities, the Group's balance sheet remained robust. As at 31 December 2016, net gearing ratio was 16.0% (FY 2015: 26.0%) with cash position of approximately $3.9 billion, and interest cover for FY 2016 of 12.5 times (FY 2015: 13.0 times). Moving forward, these strong cash reserves will allow the Group to seize acquisition opportunities swiftly.

The Board is recommending a special final ordinary dividend of 4.0 cents per share, in addition to a final ordinary dividend of 8.0 cents per share. Together with the special interim dividend of 4.0 cents per share paid in September 2016, total dividends for 2016 amount to 16.0 cents per share.

Property

Singapore's economy expanded by 2.9% in Q4 2016 on a year-on-year basis, higher than the 1.2% growth recorded in Q3 2016. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 2.3%, a reversal from the 0.4% contraction of the preceding quarter.

The construction sector contracted by 2.8% year-on-year in Q4 2016, more than the 2.2% contraction in the previous quarter. The service sector in Q4 2016 recorded a slight expansion of 1.0%, compared to 0.4% growth in the preceding quarter.

For 2016, the economy grew by 2.0%, similar to the 1.9% growth in 2015, and is expected to grow by 1.0% to 3.0% in 2017.

Urban Redevelopment Authority (URA) data indicated that the price index for private residential properties decreased by 0.5% in Q4 2016 compared with the 1.5% decline in the previous quarter. This represents the 13th consecutive quarter of decline, with the index now 11.3% lower than the peak in Q3 2013. Rentals of private residential properties declined by 1.0% in Q4 2016 compared with the 1.2% decline of the previous quarter. Rentals declined by 4.0% for FY 2016 compared with the 4.6% fall in FY 2015.

In Q4 2016, developers sold 2,316 private residential units, excluding ECs. This is 16.9% more than the 1,981 units sold in Q3 2016. For the whole of 2016, developers sold 7,972 units, marginally higher than the 7,440 units in 2015. 3,999 EC units were sold in 2016 compared with 2,550 EC units in 2015.

1,017 units sold,
$1.25 billion sales value
in Singapore

Despite uncertainties in the residential property sector, the Group continued to achieve steady sales. In 2016, the Group, together with its joint venture (JV) associates, sold 1,017 units including ECs, at a sales value of about $1.25 billion, emerging as one of the top-selling private developers in Singapore (FY 2015: 674 units with total sales value of $691.5 million).

In October, the Group launched the 519-unit Forest Woods JV development located at Lorong Lew Lian, a short walk to the Serangoon MRT station and NEX Shopping Mall. It was met with an overwhelming response during launch and is one of 2016's bestselling private condominium projects. Over 75% of the units have been sold to date.

Forest Woods
One of 2016's best-selling condominium projects

The Group's upmarket luxury project, the 174-unit Gramercy Park located at Grange Road, has been selling strongly. Phase 1 comprising the 87-unit North Tower was soft launched in May 2016, and to date 56 units (or 64%) have been sold. In view of the good take-up, the Group is planning to launch the South Tower under Phase 2 by 1H 2017.

The Group's other ongoing projects have also been selling strongly. These include two JV EC projects, namely the 638-unit The Brownstone located next to the upcoming Canberra MRT station which is 84% sold, while the 505-unit The Criterion at Yishun, is 37% sold.

Other JV projects, namely the 266-unit The Venue Residences and Shoppes located at MacPherson and Serangoon Road, near to Potong Pasir MRT station, is now 78% sold. The 845-unit Commonwealth Towers located adjacent to the Queenstown

MRT station, is 58% sold. Coco Palms at Pasir Ris with 944 units is now over 92% sold. The 616-unit Jewel @ Buangkok has since been fully sold.

In Q4 2016, profits were booked in from Gramercy Park and Jewel @ Buangkok, as well as other JV projects including Coco Palms, D'Nest, The Venue Residences and Shoppes and Bartley Ridge.

For the office sector, URA data showed that prices decreased by 0.6% in Q4 2016, compared with the 0.4% decline of the previous quarter. Rental index for office space fell by 1.8% in Q4 2016, compared with the decline of 1.1% in Q3 2016. For FY 2016, prices and rentals of office space fell by 2.8% and 8.2% respectively.

The Group's office portfolio nonetheless continued to enjoy healthy occupancy of 95.9% as at 31 December 2016, versus the national average occupancy rate of 88.9%.

South Beach

South Beach, the Group's JV mixed-use development on Beach Road, obtained its final TOP for the entire project in December 2016. Both the South Beach Tower and the retail spaces are now fully leased.

The rebranded 634-room JW Marriott Hotel Singapore South Beach soft opened for business in mid-December 2016 and business is performing at expectations. The former NCO Club is currently undergoing renovation to create a dynamic entertainment destination to complement the Hotel, and will be ready by Q3 2017 together with the remodelled Ballroom. When completed, it will consist of a Chinese restaurant, sushi bar, wine room and jazz club.

Subject to market condition, the Group may consider marketing the 190-unit South Beach Residences in 2H 2017.

Overseas Platforms

UK

The UK economy largely weathered the initial Brexit shock better than many economists predicted, continuing to grow robustly. The Bank of England (BOE) is prepared to let inflation run above its 2.0% target rate, which may ultimately effect both UK consumer spending and interest rates. Growth forecasts by the BOE have increased from the current 1.0% to 2.75% by Q4 2018. Bank base rates look set to remain at 0.25% for the foreseeable future.

The UK real estate market is adjusting to a less favourable regulatory regime, marked successive increases in stamp duty rates and tighter mortgage regulation. However, overseas investors are taking advantage of currency weakness, resulting in higher than expected investment and sales activity across the UK real estate markets, while supply remains constrained given the UK planning system. While political events across Europe may have an influence in the near-term, nonetheless, the Group expects the underlying resilience of the UK economy and the global demand for London property to remain robust.

The Group's UK projects continue to progress well.

Chesham Street in Belgravia and Hans Road in Knightsbridge will be launched in Q2 2017. 90-100 Sydney Street Chelsea is expected to be completed during Q2 2018.

28 Pavilion Road in Knightsbridge, which will be redeveloped into a 34-unit luxury care home, remains on target to commence demolition works in Q2 2017.

Work on the basement car park at Teddington Riverside is now in an advanced stage and full planning has been received. Block A comprising 57 units will be launched in Q2 2017, with five further blocks to follow in succession.

For the 22 acre Stag Brewery site at Mortlake, a well-advanced master plan is currently available for public consultation. A wider consultation involving the Greater London Authority is underway with a planning application to be submitted by end-Q2 2017. The proposed scheme will comprise two phases – a parameter plan covering the entire site and, in the near-term, a detailed planning application covering Phase One.

For Development House at 56-64 Leonard Street, Shoreditch, the planning application is expected to be submitted in Q2 2017. The existing 28,000 square feet (sq ft) building remains fully leased and vacant possession is expected from Q2 2018.

In February 2017, the Group acquired Ransomes Wharf site in Battersea for £58 million. The site is located within the London Borough of Wandsworth, on the south bank of the River Thames, adjacent to the Albert Bridge. It is also a short distance from Battersea Park, which is one of London's best kept riverside open spaces. The site has existing planning permission for 118 apartments including 24 affordable homes, eight commercial units totalling 21,980 sq ft at ground and lower ground floors and 103 car parking spaces. The residential development comprising six residential buildings of up to 10 storeys will include 21 one-bedroom units, 45 two-bedroom units, 19 three-bedroom units and nine two- to four-bedroom penthouse apartments. Site demolition works are expected to commence in Q3 2017.

China

In September 2016, CDL China, a wholly-owned subsidiary of the Group, invested RMB 100 million for a 20% stake in mamahome, one of China's fastest growing online apartment rental platforms. This investment will contribute to the Group's future long-term recurring income streams. With more than 150,000 apartment listings spanning over 20 cities in China, the platform provides online management software and other value added services including housekeeping, renovation, 24-hour concierge and a call centre. Synergies can be shared with the Group's properties concentrated in the key gateway cities of Shanghai, Suzhou and Chongqing.

Many Chinese cities have announced tightening measures including purchase limits and tightened mortgage restrictions to prevent prices from rising out of control. Despite three waves of tightening measures in Shanghai in 2016, sales at Hongqiao Royal Lake have remained stable, albeit at a slower pace. This luxury low density villa development sits on a 163,837 square metres (sqm) site in the affluent residential enclave of Qingpu district. To date, 34 out of 85 villas have been sold/booked with a total sales value of RMB 668 million. Quality land parcels are scarce in Shanghai and developers are paying top dollar to secure such land. Given the excellent location of the villas, the growth in their value will accelerate as demand continues to hold strong for an increasingly rare product.

Shanghai remains a key destination for foreign investment due to its continued strong and rapid growth, relatively low levels of bureaucracy, a liquid market with an abundance of financial sector tenants, and a critical mass of foreign and domestic businesses. CDL China will continue to seek opportunities to increase its portfolio in Shanghai.

Given its close proximity to Shanghai, Suzhou is among the top Chinese cities for migrants. Despite the restrictive measures implemented in 2016, sales for Hong Leong City Center have been brisk. The high quality mixed-use development located on Jinji Lake in Suzhou Industrial Park is on track for completion in phases starting from Q4 2016. As at 31 December 2016, it has handed over 423 units in Tower 1 and 391 units in Tower 3 and also sold 194 carpark lots. To date, 1,038 out of 1,374 Phase 1 units have been sold/booked, amounting to a sales value of RMB 2.21 billion; and another 214 carpark lots were also sold. The Phase 2 launch of the development has sold 174 units in Tower 2, totalling RMB 502.1 million. Together with a five-star 287-room hotel, 56,000 sqm shopping mall and 30,000 sqm premium Grade A office tower, Phase 2 is scheduled to complete by Q4 2017.

Strong maiden contribution to profit

by Hong Leong City Center, Suzhou

In Chongqing, property prices and transaction volumes have remained stable in recent months after the Government's efforts to curb property speculation and stabilise the property market. The newly-launched 126-unit Eling Residences in the Yuzhong district of Chongqing has sold/booked eight units since October 2016, with a sales value of RMB 85 million. Its exclusive location on Eling Hill and scenic views has allowed the luxury development to achieve close to RMB 40,000 per square metre – one of the highest average sale prices. The units are expected to be handed over in December 2017.

RMB 3.47 billion

sales value

from launched China projects to date

The Group's other development in Chongqing, Huang Huayuan, also in the prime Yuzhong district, is scheduled for launch in 2019. The mixed-use development, which comprises three high-rise towers and a mall, has over 600 residential units. Both developments stand to benefit from the continual collaborative efforts between Singapore and Chongqing.

In the top-tier cities where land prices continue to increase with robust demand, CDL China will continue to seek out investments that appeal to changing demographics. Even as the property measures continue to exert pressure in the top tier cities of China, the Group holds a positive long-term view of the property market and growth opportunities in Shanghai, Suzhou and Chongqing.

Japan

According to preliminary estimates, Japan's economy expanded by 0.2% quarter-on-quarter in Q4 2016, following 0.3% growth in Q3 2016. This fourth consecutive quarter of growth was boosted by exports, government spending and private non-residential investment. For FY 2016, real GDP gained 1.0% in 2016 compared with 1.2% in 2015. The Bank of Japan (BOJ) is expected to achieve price stability of 2.0% while the economy is expected to recover in the near-term, supported by fiscal and monetary policies and higher employment and income.

Although the BOJ's monetary policy has further boosted investor appetite, real estate investment in Japan has declined since 2015 due to a shortage of properties for sale, especially in central Tokyo. Owners are reluctant to sell, and generally ask for sky-high prices, expecting that rents and valuations will continue to rise.

According to the Ministry of Land, Infrastructure, Transport and Tourism statistics, the Japan Residential Property Price Index for condominiums and residential land in Tokyo increased by 16% and 1.6% respectively over the past two years. There were 55,138 condominium transactions in Tokyo in the past 12 months, an increase of 10% over the prior corresponding period. Preliminary data from the Japan National Tourism Organization indicate a 22% year-on-year increase in the number of foreign visitors from 19.7 million in 2015 to 24.0 million in 2016, a major boost for tourism and hospitality.

In October 2016, the Group acquired a 20% stake in a prime freehold residential project by Mitsui Fudosan Residential Co., Ltd. Named Park Court Aoyama The Tower, the project is in the highly sought-after Aoyama district within central Tokyo, and targets high-end domestic and foreign buyers. Comprising a 26-storey tower with 163 apartments and facilities, it is expected to complete in 1H 2018. To date, over 50% of the units have been sold since its launch in October 2016.

The Group's other prime freehold site in the prestigious residential enclave of Shirokane district, also in central Tokyo, is set amidst lush greenery and rich history. The proposed luxury development will include a public park and open space to support the local community. The Group is in discussions with a potential JV partner with the necessary local expertise to help undertake the development and construction of the project.

To date, the Group has invested over JPY 50 billion in two residential developments and three hotels in Tokyo. It will continue to seek attractive opportunities to grow its presence in Japan.

Australia

In 2016, the Reserve Bank of Australia reduced the official cash rate by 50 basis points to 1.5% in response to low inflation. However, to mitigate the risks of a speculative real estate bubble, the government introduced supervisory measures to tighten credit extended towards the real estate sector, as well as additional levies on foreign purchasers of residential properties in the states of New South Wales, Victoria and Queensland. While these measures have caused certain developers to struggle to obtain the necessary pre-sales and financing to get developments off the ground, existing projects which are sufficiently well funded now benefit from the lower supply.

The Group's JV project Ivy and Eve, a 472-unit residential development at Merivale Street in the heart of Brisbane's South Bank precinct, is now approximately 95% sold. Construction began in late 2015 with completion expected for early 2018.

The Group is observing the changing dynamics of the Australian real estate market carefully, while continuing to seek attractive investment opportunities.

Funds Management

In October 2016, the Group announced its third PPS at a capitalisation of $977.6 million. The underlying asset was Nouvel 18, a 156-unit luxury freehold residential development on Anderson Road.

Under the PPS 3 structure, the Group exited its entire interest in Summervale Properties Pte Ltd (Summervale), the vehicle holding Nouvel 18, via a recapitalisation by high net worth Singaporeans and companies wholly-owned by Singapore citizens. The recapitalisation comprised $102 million issued in the form of ordinary and preference shares to Green 18 Pte Ltd, a special purpose vehicle company formed by the incoming investors. The investors will enjoy a preferred 5% annual internal rate of return (IRR) and upside beyond that, when the units are sold, less any incentives fees. Concurrently, two banks provided $579.2 million in senior loans facilities, and the remainder $296.4 million was raised via issuance of notes (fixed income securities).

The Group's wholly-owned subsidiary, Trentwell Management Pte. Ltd. (Trentwell), was appointed as the exclusive asset manager and marketing agent (for five years with an option to extend to seven) to manage, lease, market and sell the units of Nouvel 18. Trentwell will receive an incentive fee after a performance benchmark is met.

PPS 3 was unique in that it attracted a new pool of untapped Singaporean high net worth investors, as compared to the previous two PPS platforms which were primarily targeted at institutional investors.

Over $3.5 billion
Funds Under Management

The funds raised will enable the Group to unlock shareholder value and further recycle capital for its growth plans. To date, the Group has over $3.5 billion in funds under management (FUM) and is on track to achieve its $5 billion FUM target by end-2018.

Hotel

In recorded currency, M&C, in which the Group holds a 64.9% interest, achieved PATMI of £19 million for Q4 2016 (Q4 2015: £5 million) and £78 million for FY 2016 (FY 2015: £65 million). Basic earnings per share for FY 2016 increased by 20.6% to 24.0p (FY 2015: 19.9p). Correspondingly, also in recorded currency, revenue for FY 2016 increased by 9.3% to £926 million (FY 2015: £847 million). It should be noted that M&C's performance was mainly due to favourable foreign currency movements as a result of the weak pound against major currencies. However, this had the opposite effect when consolidated at the Group level when reported currency is in Singapore dollars.

However, in constant currency terms, revenue was flat, due to the significant depreciation in Sterling following the UK referendum on 23 June 2016 (Brexit). Specifically, although global RevPAR (in recorded currency) increased by 6.6% to £76.71 in FY 2016 (FY 2015: £71.98), RevPAR in constant currency decreased by 2.3% for the year, falling in every quarter.

At the asset level, properties in gateway cities faced intense pressure on both revenue and profit. In London, leisure business throughout 2016 was impacted by the end-2015 Paris terror attacks, while Brexit ushered in reduced corporate travel. New York was affected by significant under-performance at Millennium Broadway as well as the refurbishment works at ONE UN New York's east tower. In Singapore, there was an overall increase in visitor numbers but a reduction in the average length of visitor stay. M&C's rate strategy, advocated by its senior management in Singapore, was not suited for the local market conditions, which resulted in less corporate business, compounding the effect of the recent increase in new room supply and further reducing average room rates and occupancy. However, New Zealand performed very well.

On the development front, M&C's Yangdong development project in Seoul received its building permit in January 2017 to construct a 306-room hotel and a 209-unit serviced apartment complex. Additional certification processes are underway and expected to complete by mid-2017, before construction commences. At Sunnyvale, California, M&C is reviewing the project cost and specifications for a proposed freehold development of a 263-room hotel and a 250-unit residential apartment block, which is anticipated to take about 18 months to complete after commencement.

In FY 2016, M&C completed the US$32 million refurbishment of guest rooms in the east tower of ONE UN New York, which re-opened in time for the UN General Assembly.

In Asia, Grand Copthorne Waterfront Singapore, M Hotel Singapore and Grand Millennium Kuala Lumpur also completed their phased refurbishment works. The latter's remaining guestrooms to be refurbished will take place in mid-2017 during the low season.

M&C continues to review the scope and cost of refurbishment works at Millennium Hotel London Mayfair, which is planned to commence later this year. To minimise the impact on its London occupancy, we anticipate a gap of at least 12 months before Millennium Hotel London Knightsbridge embarks on its refurbishment works on a smaller scale.

In July 2015, Copthorne Hotel Auckland Harbour City in New Zealand was closed for extensive refurbishment. The hotel will be rebranded M Social Hotel Auckland and is scheduled to re-open in Q2 2017.

M&C's JV partners and associates, including its Singapore-listed associate, First Sponsor Group Limited (FSGL), contributed £26 million to FY 2016 profit. This was a 53% increase from £17 million in FY 2015.

Current Year Prospects

Property

Residential property prices in Singapore continued to moderate downwards across most market segments, contributing to increased sales activity. In Q4 2016, sales volume was about 40% higher compared with Q4 2015.

Market conditions continue to remain challenging, with property cooling measures still in place, and as deadlines from penalties arising from Qualifying Certificate (QC) conditions and Additional Buyer's Stamp Duty (ABSD) draw nearer, several developers have introduced innovative marketing schemes to move unsold inventory.

With interest rates likely to rise, buyers are taking a more cautious approach, which continues to hamper prices and rentals. Nonetheless, new launches which are strategically located near key transport modes and amenities are likely to continue to enjoy brisk sales.

The consistent moderated supply of new sites from the Government Land Sales (GLS) Programme ensures that the housing needs of the population are met while also allowing developers to replenish their land banks. The Group will continue to capitalise on available opportunities while maintaining discipline in its investments.

Upcoming New Launches

Gramercy Park (Phase 2) and New Futura in Singapore

Given the encouraging sales achieved by a limited release of units at Gramercy Park, the Group is contemplating launching its upmarket freehold condominium located at Leonie Hill Road in District 9, known as New Futura, in 2H 2017. Comprising 124 units, with two iconic 36-storey towers designed by world-renowned architect SOM, New Futura is a mere five-minute walk to the famous Orchard Road shopping precinct. This high-end condominium, perched on the hill, is designed with special features such as a double-storey clubhouse, lap pool and six sky terraces interspersed at various levels to take advantage of panoramic city views. All apartments are fitted with private lifts, premium finishes and branded appliances.

In February 2017, the Government unveiled the Committee on the Future Economy (CFE) report which sets the broad direction to help Singapore sustain growth by 2.0% to 3.0% yearly. This is Singapore's fourth economic restructuring blueprint for the next five to 10 years and sets out several opportunities for innovation, deepening capabilities, overseas diversification and being connected and relevant to the world. Recommendations include building a vibrant and sustainable city with greater flexibility in land use, creation of new spaces underground and collaboration with private sector to manage precincts amongst other ideas. Singapore is the Group's home ground and it has played a major role in nation building for over 50 years. The Group will continue to explore viable opportunities to support these initiatives and contribute to Singapore's long-term growth.

The outlook for the office sector is expected to remain subdued given both a slowing economy and lacklustre demand, particularly from the financial sector. Office rentals and occupancy will continue to face pressures for at least two years as new, large-scale supply comes on stream, specifically in the Marina and Tanjong Pagar districts.

Given the office market cycle, tenants continue to take advantage of declining rental conditions. The Group is proactively engaging with its tenants to lock in renewals ahead of their lease expiry dates. It is also seeking to tap new emerging industries with growth potential, such as co-working operators and technology-driven sectors.

In January 2017, the Group signed an agreement to invest RMB 72 million for a 24% stake in Distrii, a leading operator of co-working spaces in China. Distrii currently has a capacity of over 2,200 seats across ten locations in Shanghai, of which over 80% has already been taken up. It is opening five more co-working facilities – three in Shanghai, one in Beijing and one in Hangzhou in 1H 2017– bringing the total to 15 locations, with a seating capacity of 3,700. It plans to further expand in other global gateway cities. Distrii will make its first international foray by leasing more than 60,000 sq ft of space at Republic Plaza, the Group's flagship Grade A office building in Raffles Place. This will help backfill some of the space that will be vacated by one of the Group's anchor tenants in the building. It is expected to open in 1H 2018. Additionally, the Group is in advanced negotiations with other potential tenants to take up the space, seeking to maintain high occupancy levels in its flagship properties. The Group is also actively exploring asset enhancement initiatives for its existing office portfolio to ensure its assets remain relevant, up-to-date and competitive.

Diversification Platforms

In view of the headwinds in the domestic market, the Group has been active in seeking opportunities primarily in its five key overseas markets – UK, US, China, Japan and Australia.

Revenue from overseas development projects is recognised on completion, and moving forward, the Group expects these projects to contribute significantly to its profits. Over 80% of the Group's land bank in terms of proposed Gross Floor Area (GFA) is now overseas, with China and UK as its largest markets.

Over 80%
proposed GFA overseas
China and UK – largest markets

The Group is also actively evaluating innovative offerings and new growth platforms that are complementary to its core businesses. The sharing economy is expected to grow significantly, and consequently, investments such as mamahome and Distrii, which allow the Group to gain entry into these growing sectors and contribute to its long-term recurring income streams, are expected to increase.

Hotel

M&C is taking steps to increase revenue and profit, particularly in New York and Singapore. This includes an ongoing restructuring of the sales function and strategy, and enhancement of its e-commerce capability.

On the management front, M&C's Director and Group Chief Executive Officer, Mr Aloysius Lee, will retire end-February 2017. M&C has appointed Mr Tan Kian Seng, M&C Group Chief of Staff, as interim CEO from 1 March 2017.

Full year prospects could potentially surprise on the upside. In January 2017, global RevPAR increased by 4.5%. London, which had a poor comparative quarter in 2016, recorded a 19.5% increase. New York and Australasia increased by 8.9% and 12.3% respectively. However, performance by market can be expected to vary. For example, RevPAR in Singapore for January 2017 fell by 5.2%, indicating that several of challenges encountered during 2016 (such as falling corporate demand and lower overall rates) may persist.

Group Prospects

The Group is on track to achieve its $5 billion target for acquisitions and to grow its FUM business to $5 billion by 2018 – a five year target set in 2014 as part of its accelerated diversification strategy.

In 2017, given continued unpredictability, the Group plans to be more acquisitive with a focus on finding in-place income in Singapore and overseas. Its strong balance sheet and war chest place it in an enviable position to deploy capital for acquisitions, which can be in the form of physical assets, equities or debt instruments. The Group will continue to exercise strict discipline in its capital management, remaining highly selective and value oriented. When needed, it may take a contrarian approach.

The Group will continue to pursue its funds management and capital recycling programme. This may take the form of another PPS or traditional private equity structures. It will also seek investments in new emerging economies to future-proof itself as the business landscape continually transforms.

In Singapore, the cooling measures and the oversupply of office space will continue to dampen market sentiment in the near-term. However, the Group remains highly plugged-in to its home market with defensive measures in place to navigate headwinds.

Acknowledgements

We welcomed Mr Koh Thiam Hock as the latest member to the Board, pursuant to his appointment as an Independent Non-Executive Director in September 2016. He brings with him extensive experience in the areas of corporate and investment banking, as well as in strategic planning and enterprise risk functions which will complement the core competencies of the Board.

Mr Tang See Chim who has served on the Board for more than 20 years since his appointment in 1995 as an Independent Non-Executive Director will be retiring from the Board upon the conclusion of the upcoming Annual General Meeting. On behalf of the Board of Directors, I would like to express my deep appreciation to Mr Tang for his invaluable contribution and strong support over the past years in his role as an Independent Non-Executive Director and a member of the Board Committee, Audit & Risk Committee and Remuneration Committee. The Board and the Management have benefited from his wise counsel and guidance over the years.

On behalf of the Board of Directors, I would like to express my heartfelt appreciation to our stakeholders, including our shareholders, customers and business associates and partners, for their continued support of the Group. I would also like to thank my fellow Directors for their invaluable advice and guidance and the Management and staff for their dedication and commitment in the past year.

23 February 2017

CORPORATE STRUCTURE

As at 28 February 2017

HONG LEONG GROUP SINGAPORE

CITY DEVELOPMENTS LIMITED*

209
Subsidiary Companies

33
Associated Companies[@]

1
Trust

65%
Millennium & Copthorne Hotels plc*

ASIA

55
Subsidiary Companies

13
Associated Companies

Grand Plaza Hotel Corporation* (66%)

1
Associated Company

CDL Hospitality Trusts* (37%)

29
Subsidiary Companies

5
Trusts

First Sponsor Group Limited* (37%)

31
Subsidiary Companies

13
Associated Companies

1
Trust

1
Limited Partnership

1
Joint Venture Partnership

NEW ZEALAND/ AUSTRALIA

1
Subsidiary Company

CDL Hotels Holdings New Zealand Limited (100%)

1
Subsidiary Company

Millennium & Copthorne Hotels New Zealand Limited* (75%)

20
Subsidiary Companies

CDL Investments New Zealand Limited* (67%)

1
Subsidiary Company

EUROPE

40
Subsidiary Companies

1
General Partnership

NORTH AMERICA

34
Subsidiary Companies

18
Limited Liability Corporations

13
Limited Partnerships

2
General Partnerships

* Listed Companies/Trust.
@ Includes Limited Liability Corporations.

HIGHLIGHTS OF THE YEAR

1st Quarter (January – March)

- CDL was ranked the Top Real Estate Company and Top 10 Corporations in the prestigious **2016 Global 100 Most Sustainable Corporations in the World ranking.** This was announced at the World Economic Forum in Davos, Switzerland, in January.

- **HAUS@SERANGOON GARDEN**, a landed residential development with 97 terraces at Serangoon Garden Close, obtained its Temporary Occupation Permit (TOP) in March. The fully sold project was jointly developed by CDL and Hong Realty (Private) Limited.

- In March, CDL and the National University of Singapore (NUS) School of Design and Environment (SDE) announced their partnership to develop innovations in smart, green building technologies. CDL gifted $2.25 million to the School to establish two new research laboratories – **NUS-CDL Smart Green Home and NUS-CDL Tropical Technologies Laboratory (T² Lab)** – which are dedicated to the study of smart building technologies for indoor and outdoor environments.

Mr Grant Kelley, CDL CEO (right) presented the $2.25 million gift to NUS SDE to establish two first-of-its-kind laboratories that will develop novel technologies for smart, green living. (From left) Professor Heng Chye Kiang, Dean of NUS SDE, Professor Tan Eng Chye, NUS Provost and Mr Desmond Lee, Senior Minister of State, Ministry of National Development and Ministry of Home Affairs.

2nd Quarter (April – June)

- CDL announced several **new senior management appointments** in April. Mr Sherman Kwek was appointed as Deputy Chief Executive Officer (CEO), Ms Yiong Yim Ming as Chief Financial Officer (a position vacated in end January 2016), and Mr Kwek Eik Sheng was appointed Head of Asset Management, in addition to his existing role as Chief Strategy Officer. Mr Mark Yip, CDL Chief Marketing Officer was also appointed CEO of CDL's wholly-owned subsidiary, CDL China Limited (CDL China); and Mr Galen Lee as Head of Capital Markets.

- **The Inflora**, a 396-unit condominium along Flora Drive in Upper Changi, obtained its TOP in April. This fully sold development is jointly developed by CDL, Hong Leong Holdings Limited (HLH) and TID Pte. Ltd. (TID).

- In May, CDL completed the acquisition of **Development House**, an existing 28,266 square feet (sq ft) six-storey office building in Shoreditch (north of the City of London) for £37.4 million. The property will be redeveloped into a nine-storey office development of about 90,000 sq ft.

- **Gramercy Park**, a 174-unit freehold luxury residential development on Grange Road, obtained its TOP in end May, and was soft launched.

- CDL was re-included into the **FTSE EPRA/NAREIT Global Real Estate Index**, Asia region in June. This Index tracks the performance of listed real estate companies and real estate investment trusts globally, and is widely used as a benchmark by exchange-traded funds worldwide.

- **M Social Singapore**, a 293-room lifestyle design hotel designed by renowned French designer Philippe Starck, opened in June. Located at Robertson Quay along the Singapore River, it is M&C's first hotel under the M Social brand.

- CDL signed two management contracts with Marriott International in June. The first was to introduce the **JW Marriott Brand** to The South Beach hotel which is part of the integrated South Beach project, developed jointly by CDL and IOI Properties Group Berhad. The second was to open Singapore's first boutique luxury EDITION in 2019. Granmil Holdings Pte. Ltd. (a joint venture by CDL, HLH and Lea Investments Pte Ltd), together with Ian Schrager, will be introducing **The Singapore EDITION**, an eight-storey boutique hotel with 190 rooms, located on the former Boulevard Hotel site on Orchard Boulevard and Cuscaden Road.

- **Lush Acres**, a 380-unit Executive Condominium (EC), obtained its TOP in June. Located just a short walk to the Layar LRT station, this EC project is fully sold.

3rd Quarter (July – September)

- Through its wholly-owned subsidiary, Sunmaster Holdings Pte. Ltd., CDL acquired its joint venture partner Wing Tai Land Pte. Ltd.'s 50% shareholding interest in Summervale Properties Pte. Ltd., owner and developer of **Nouvel 18**, a 156-unit luxury residence on Anderson Road, for $410.96 million. The acquisition was completed in July.

- In July, CDL completed the divestment of its 52.52% interest in its Hong Kong-listed subsidiary, **City e-Solutions Limited**, for HK$566.4 million.

- **Hanover House** in Reading, UK, was completed in July. All buyers for the 82 units completed their purchases, with total sales value of £18.3 million.

- M&C Middle East & Africa officially opened the 214-room **Biltmore Hotel Tbilisi** in Georgia in August. The 32-storey luxury hotel marks M&C's debut in Georgia.

- In August, CDL and the Sustainable Energy Association of Singapore (SEAS), announced the launch of the **Singapore Sustainability Academy** (SSA), a training and networking facility for the industry and community. The 4,300 sq ft zero energy building will be sited at the roof terrace of City Square Mall, Singapore's first Eco-mall, and is slated to open in early June 2017.

- CDL announced in August that it had obtained planning consent for a first-ever luxury care home development at its **Pavilion Road** carpark site in Knightsbridge, London. With a potential value of up to £200 million, the scheme comprises 34 two-bedroom apartments for sale.

- **Jewel @ Buangkok**, a 616-unit condominium located near Buangkok MRT station, received its TOP in August. The project is fully sold.

- CDL China announced its RMB 100 million investment for a 20% stake in **mamahome**, a fast-growing China online apartment rental platform, in September. Catering to the rapidly growing demand for mid- to long-term leasing, mamahome offers over 150,000 apartment listings, spanning over 20 cities in China.

CDL Chief Marketing Officer and CDL China CEO Mr Mark Yip (left), CDL Deputy CEO Mr Sherman Kwek (second from left) and investment partners at the press conference held in Shanghai, announcing CDL China's investment in mamahome.

- M&C opened the rebranded **Grand Millennium Auckland**, its largest New Zealand property with 452 rooms and M&C's first Grand Millennium hotel in New Zealand.

- **Echelon**, a 508-unit condominium jointly developed by CDL, HLH and Hong Realty (Private) Limited, obtained its TOP in September. Located along Alexandra Road, the project is 99% sold to date.

4th Quarter (October – December)

- **Bartley Ridge**, an 868-unit condominium jointly developed by HLH, CDL and TID, obtained its TOP in October. Located close to Bartley MRT station, the project is fully sold.

- **Forest Woods**, a 519-unit condominium jointly developed by CDL, HLH and TID, was launched in October. Strategically located near Serangoon MRT interchange and NEX Shopping Mall, 65% of the units were snapped up over its launch weekend.

- In October, CDL signed an agreement with Mitsui Fudosan Residential Co., Ltd., to acquire a 20% stake in **Park Court Aoyama The Tower**, a prime residential project in Central Tokyo with gross development value of over JPY 50 billion.

- M&C Middle East & Africa added to Oman's growing hotel industry with the opening of the 296-room **Grand Millennium Muscat** in October.

- CDL announced in October that it had unlocked value in **Nouvel 18** through its third Profit Participation Securities (PPS) platform for $977.6 million. This marked CDL's first capital market transaction targeted at Singapore high net worth investors and increased CDL's funds under management to over $3.5 billion.

- CDL announced the completion of the divestment of its 39.0% interest in Exchange Tower Ltd which owns **Exchange Tower**, a commercial building comprising a 42-storey office tower and five-storey retail mall located in Sukhumvit in Bangkok, Thailand, for THB 4.8 billion.

- The 126-unit **Eling Residences** in Chongqing, China was launched in October. Located on Eling Hill, eight units of the high-end project have been sold/booked with sales value of RMB 85 million to date.

- The **JW Marriott Hotel Singapore South Beach** (formerly known as The South Beach) soft opened in December. The 634-room luxury hotel is the first JW Marriott in Singapore.

- **South Beach Residences** received its TOP in December. The residential component of the integrated South Beach development comprises 190 luxury apartment units.

AWARDS & ACCOLADES

Business & Performance Excellence

- **Governance and Transparency Index (GTI) 2016**
  – Ranked 10th out of 631 Singapore Exchange (SGX)-listed companies evaluated
- **Securities Investors Association Singapore (SIAS) Investors' Choice Awards 2016**
  – Most Transparent Company Award (Winner, Real Estate category)
  – Singapore Corporate Governance Award (Merit, Diversity category)
  – Internal Audit Excellence Award (Runner-up)
- **Singapore Corporate Awards 2016**
  – Special Recognition Award for Sustainability
- **South East Asia Property Awards 2016***
  – Best Developer, Singapore
  – Special Recognition in CSR, Singapore
  – Special Recognition in Sustainable Development, Singapore

Sustainability

- **CDP (formerly known as Carbon Disclosure Project)**
- **Channel NewsAsia Sustainability Ranking 2016**
  – Ranked Top Property Developer and Top Singapore Company
- **Dow Jones Sustainability Indexes 2016**
- **FTSE4Good Index Series**
- **Global 100 Most Sustainable Corporations in the World 2016**
  – Ranked Top Real Estate Company and Top 10
- **Global Real Estate Sustainability Benchmark (GRESB)**
  – Green Star rating
- **MSCI Global Sustainability Indices 2016**
- **Patron of the Arts Award 2016**
- **RobecoSAM The Sustainability Yearbook 2016**
- **Singapore Exchange (SGX) Sustainability Indices**
  – SGX Sustainability Leaders Index component company
- **STOXX® Global ESG Leaders Indices 2016**
- **United Nations Global Compact 100 Index**
- **Workplace Safety & Health (WSH) Awards 2016***
  – Developer Award
- **2016 Bulldog Corporate Social Responsibility (CSR) PR Awards**
  – Bronze Award

Product Excellence

- **Asia Pacific Property Awards 2016**
  – Echelon (Best Residential High-Rise Architecture, Singapore)
  – South Beach (Best Mixed-Use Development, Singapore and Best Mixed-Use Architecture, Singapore)

- **Building and Construction Authority (BCA) Awards 2016***
  – Quality Excellence Award – Quality Champion (Platinum)
  – 7 & 9 Tampines Grande (Green Mark Pearl Prestige Award)
  – 11 Tampines Concourse (Green Mark Pearl Award)
  – Central Mall Office Tower (Green Mark Pearl Award)
  – Exchange Tower (Green Mark Award – Gold^{PLUS})
  – H_2O Residences (Universal Design Mark Award – Gold^{PLUS})
  – The Palette (Universal Design Mark Award – Gold^{PLUS})
  – The Rainforest (Universal Design Mark Award – Gold)

- **FIABCI Singapore Property Awards 2016**
  – The Palette (Winner, Residential Mid-Rise category)
  – H_2O Residences (Winner, Sustainable Development category)

- **MIPIM Asia Awards 2016**
  – Gramercy Park (Best Residential Development – Gold)
  – H_2O Residences (Best Innovative Green Building – Gold)
  – M Social Singapore and UP@Robertson Quay (Best Hotel & Tourism Development – Silver)

- **Public Utilities Board (PUB) Active Beautiful Clean (ABC) Waters Certification 2016**
  – Coco Palms

- **Singapore Green Building Council (SGBC)-BCA Sustainability Leadership Award 2016**
  – Tree House (Sustainability in Design & Performance – Residential Category)

- **Singapore Good Design Mark (SG Mark) Awards 2016**
  – South Beach (SG Mark Platinum Award)
  – Jewel @ Buangkok
  – Gramercy Park
  – The Brownstone
  – M Social Singapore & UP@Robertson Quay
  – The Criterion
  – Echelon

- **South East Asia Property Awards 2016***
  – Gramercy Park (Best Condo Development – South East Asia and Best Luxury Condo Development – Singapore)

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

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Executive Director
Kwek Leng Beng, Executive Chairman

Lead Independent Director
Chan Soon Hee Eric

Non-Executive Directors
Kwek Leng Peck
Tang See Chim, Independent
Philip Yeo Liat Kok, Independent
Tan Poay Seng, Independent
Tan Yee Peng, Independent
Koh Thiam Hock, Independent

BOARD COMMITTEE

Kwek Leng Beng
Kwek Leng Peck
Tang See Chim
Chan Soon Hee Eric
Tan Yee Peng

AUDIT & RISK COMMITTEE

Chan Soon Hee Eric, Chairman
Tang See Chim
Tan Yee Peng
Koh Thiam Hock

NOMINATING COMMITTEE

Philip Yeo Liat Kok, Chairman
Kwek Leng Beng
Chan Soon Hee Eric

REMUNERATION COMMITTEE

Chan Soon Hee Eric, Chairman
Tang See Chim
Philip Yeo Liat Kok

BOARD SUSTAINABILITY COMMITTEE (FORMERLY KNOWN AS CORPORATE SOCIAL RESPONSIBILITY & CORPORATE GOVERNANCE COMMITTEE)

Chan Soon Hee Eric, Chairman
Philip Yeo Liat Kok
Tan Poay Seng

SECRETARIES

Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong

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(Partner-in-charge: Tay Puay Cheng, appointment commenced from the audit of the financial statements for the year ended 31 December 2015)

PRINCIPAL BANKERS

Agricultural Bank of China
Bank of America Merrill Lynch
Bank of China Limited
Bank of Communications Co., Ltd
CIMB Bank Berhad
Credit Agricole Corporate & Investment Bank
CTBC Bank Co., Ltd
DBS Bank Ltd.
Industrial and Commercial Bank of China Limited
KASIKORNBANK Public Company Limited
Malayan Banking Berhad
Mizuho Bank, Ltd.
Oversea-Chinese Banking Corporation Limited
Sumitomo Mitsui Banking Corporation
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
The Hongkong and Shanghai Banking Corporation Limited
The Royal Bank of Scotland plc
United Overseas Bank Limited

BOARD OF DIRECTORS


Kwek Leng Beng


Kwek Leng Peck

KWEK LENG BENG, 76
Executive Director

Appointed as a Director and Executive Chairman of City Developments Limited (CDL) on 1 October 1969 and 1 January 1995 respectively, Mr Kwek was last re-appointed as a Director on 20 April 2016. He also sits on the Board Committee (BC) and the Nominating Committee (NC) of CDL.

Mr Kwek is the non-executive Chairman of Millennium & Copthorne Hotels plc (M&C). He is the Chairman and Managing Director of Hong Leong Finance Limited (HLF) and the Executive Chairman of Hong Leong Investment Holdings Pte. Ltd. (HLIH), the immediate and ultimate holding company of CDL. Mr Kwek is also the non-executive Chairman of Hong Leong Asia Ltd. (HLA) but would be stepping down as Chairman and Director of HLA at its upcoming annual general meeting in April 2017. HLA, HLF and M&C are subsidiaries of HLIH and thus, are related companies under the Hong Leong Group of companies. In the preceding 3-year period, he was the Chairman and Managing Director of City e-Solutions Limited (CES) until his resignation on 9 September 2016 after CES ceased to be a subsidiary of CDL.

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

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

Mr Kwek was presented with several awards in 2015, namely the Singapore Chinese Chamber of Commerce and Industry SG50 Outstanding Chinese Business Pioneers Award, which honours the Republic's outstanding Chinese business pioneers and their exemplary contributions to nation-building; the Best Singaporean Investor to Italy Award which was presented by the Italian Chamber of Commerce in Singapore to business people who have made impactful investments in Italy and helped to boost bilateral ties between Italy and Singapore; and the Lifetime Achievement Award from Hotel Investment Conference Asia Pacific (HICAP), which honours exceptional individuals who have distinguished themselves through their accomplishments and contributions to expanding, enhancing and advancing the hotel industry in the Asia Pacific region and the world.

Other prestigious awards received in the past include the inaugural Real Estate Developers' Association of Singapore (REDAS) Lifetime Achievement Award in 2014 which was introduced to honour a pioneering group of real estate industry leaders in Singapore, and the "Partners in the Office of the CEO" in the Brendan Wood International – Securities Investors Association Singapore (SIAS) TopGun CEO Designation Award in 2012 which was jointly accorded to the late Mr Kwek Leng Joo (former Deputy Chairman of CDL). The latter award was accorded to CEOs who are best in class rated by shareholders.

KWEK LENG PECK, 60
Non-Executive and Non-Independent Director

Appointed a Director of CDL on 1 August 1987, Mr Kwek was last re-elected as a Director on 20 April 2016. He is a member of the BC of CDL.

Mr Kwek is an Executive Director of HLA and HLIH. He is also the non-executive Chairman of Tasek Corporation Berhad (TCB) and a non-executive Director of HLF, M&C and China Yuchai International Limited (CYI). HLA, HLF, M&C, TCB and CYI are subsidiaries of HLIH and thus, are related companies under the Hong Leong Group of companies.

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

BOARD OF DIRECTORS

TANG SEE CHIM, 84
Non-Executive and Independent Director

Appointed a Director of CDL on 28 August 1995, Mr Tang was last re-appointed as a Director on 20 April 2016. He also sits on the BC, the Remuneration Committee (RC) and the Audit & Risk Committee (ARC) of CDL. Mr Tang will be retiring upon the conclusion of the forthcoming Annual General Meeting of CDL.

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

Mr Tang also sits on the board of Dutech Holdings Limited. Mr Tang's other appointments include being the honorary legal adviser to Ren Ci Community Hospital, Singapore Hospice Council and Nanyang Girls' High School, and Trustee of Dover Park Hospice.

PHILIP YEO LIAT KOK, 70
Non-Executive and Independent Director

Appointed a Director of CDL on 11 May 2009, Mr Yeo was last re-elected as a Director on 22 April 2015. He is also the Chairman of the NC and a member of the RC and the Board Sustainability Committee (BSC) (formerly known as Corporate Social Responsibility & Corporate Governance Committee) of CDL.

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

Mr Yeo is an independent Director of Hitachi Ltd, Baiterek National Managing Holding and Kerry Logistics Network Limited and the Chairman of Accuron Technologies Limited, Hexagon Development Advisors Pte. Ltd. and MTIC Holdings Pte. Ltd.

Mr Yeo holds a Bachelor of Applied Science (Industrial Engineering), an honorary Doctorate in Engineering from the University of Toronto, Canada, an honorary Doctorate in Medicine from the Karolinska Institutet, Sweden, a Master of Science (Systems Engineering) from the University of Singapore, a Master of Business Administration from Harvard University, USA, a Doctor of Science from Imperial College, London, an honorary Doctor of Letters from National University of Singapore and an honorary Doctor of Law from Monash University of Australia. He also received the Order of the Rising Sun, Gold and Silver Star from the Government of Japan (2007) and the Distinguished Service (Star) award from the Singapore Labour Movement, National Trade Union Congress (2008).

TAN POAY SENG, 50
Non-Executive and Independent Director

Appointed a Director of CDL on 2 February 2012, Mr Tan was last re-elected as a Director on 22 April 2015. He also sits on the BSC of CDL.

Mr Tan is the Managing Director of Magni-Tech Industries Berhad and Coronation Springs Sdn. Bhd., which is involved in niche property development. He has been named as one of the best CEOs of companies listed in nine sectors on Bursa Malaysia in 2016.

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

CHAN SOON HEE ERIC, 63
Non-Executive and Lead Independent Director

Appointed a Director of CDL on 26 July 2012, Mr Chan was last re-elected as a Director on 20 April 2016. He is the Lead Independent Director and is also the Chairman of the ARC, the RC and the BSC, and a member of the BC and the NC.

Mr Chan is a founder and the Chief Executive Officer of Thoughts Advisory Pte. Ltd. which provides consultancy services to entrepreneurs to further develop their strategic and business plans.

Mr Chan has more than 35 years of experience working in a public accounting firm environment, serving as audit partner with KPMG LLP (KPMG) from 1989 to 2001, and subsequently as partner in charge of Transaction Services at KPMG until his retirement in September 2011. He was the audit engagement partner for CDL for a number of years until 1999.

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

TAN YEE PENG, 43
Non-Executive and Independent Director

Appointed a Director of CDL on 7 May 2014, Ms Tan was last re-elected on 22 April 2015. She also sits on the BC and the ARC of CDL.

Ms Tan is an Adjunct Associate Professor of the Nanyang Business School, Nanyang Technology University (NTU), and a Fellow of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

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

Since her retirement as a practising accountant, Ms Tan, at the request of KPMG, served as principal advisor from 2010 to 2011 on matters related to the healthcare industry, and assisted the firm in establishing the AsPAC Healthcare network. She has also been contributing actively to the non-profit sector and is a member of the Audit Committee (non-board position) of Jurong Health Services Pte. Ltd. and Medifund Committee of Vanguard Healthcare.

KOH THIAM HOCK, 66
Non-Executive and Independent Director

Appointed a Director of CDL on 5 September 2016, Mr Koh also sits on the ARC of CDL.

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

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

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

SENIOR MANAGEMENT

Grant L. Kelley
Chief Executive Officer

Sherman Kwek
Deputy Chief Executive Officer

Chia Ngiang Hong
Group General Manager

Yiong Yim Ming
Chief Financial Officer

Kwek Eik Sheng
Chief Strategy Officer and Head, Asset Management

Mark Yip
Chief Marketing Officer

Esther An
Chief Sustainability Officer

Ivan Ng
Chief Technology Officer

Steven Tan
Chief Human Resource Officer

Anthony Chia
Executive Vice President, Projects

Daniel T'ng
Executive Vice President, Property & Facilities Management

Ananda Arawwawela
Executive Vice President, Hotel Assets Management

Galen Lee
Executive Vice President, Capital Markets

GRANT L. KELLEY
Chief Executive Officer

Mr Grant L. Kelley was appointed as CDL's Chief Executive Officer (CEO) in 2014. He has over 25 years of global experience in corporate strategy, private equity and real estate investment.

Mr Kelley commenced his career in 1989 at Booz Allen & Hamilton, advising CEOs of major listed companies in the financial services, natural resources and healthcare industries. Before his CDL appointment, Mr Kelley was the Co-Head of Asia Pacific for Apollo Global Management, and also led their real estate investment activities in the region.

In 2008, Mr Kelley founded Holdfast Capital Limited, an Asian-based real estate investment firm, which was acquired by Apollo in 2010. From 2004 to 2008, he was the CEO of Colony Capital Asia where he guided the strategic planning, acquisition and asset management activities of Colony in Asia.

From 2002 to 2004, he was based in New York, where he was a Principal at Colony with responsibility for the identification of US and European investment opportunities.

Mr Kelley holds a Bachelor of Laws degree from the University of Adelaide, a Master's degree in International Relations from the London School of Economics, and an M.B.A. from the Harvard Business School. He is a Council Member of the Asia Society Policy Institute.

SHERMAN KWEK
Deputy Chief Executive Officer

Mr Sherman Kwek was appointed as Deputy CEO of CDL and Chairman of CDL China Limited in April 2016. In his previous roles as Chief Investment Officer of CDL and CEO of CDL China Limited, he established a presence for the Group in Japan and Australia, as well as spearheaded the expansion and development of the Group's projects in China, helping to obtain prime sites in Shanghai, Suzhou and Chongqing.

As Deputy CEO, he continues to lead the investment team to source for new investment opportunities and drives the growth of the Group's international portfolio. He also assists in the management of the domestic operations in Singapore.

Prior to joining CDL, Mr Kwek has taken on various executive management roles in companies both within the Hong Leong Group and in multinational corporations. He has experience in the areas of investments, mergers and acquisitions, real estate and hospitality, and has worked in New York, Hong Kong, Shanghai and Singapore.

He graduated from Boston University with a Bachelor of Science in Business Administration, majoring in Finance and Marketing with a minor in Psychology. He has been serving as a Council Member of the Singapore Chinese Chamber of Commerce and Industry (SCCCI) since March 2013.

CHIA NGIANG HONG
Group General Manager

Mr Chia Ngiang Hong joined CDL in 1981 and has over 35 years of experience in the real estate industry in Singapore and the region. He holds a Bachelor of Science in Estate Management (Honours) from the University of Singapore and a Masters in Business Administration with distinction from University of Hull, UK. Mr Chia is a Fellow of the Singapore Institute of Surveyors & Valuers (SISV) and the current Second Vice President of Real Estate Developers' Association of Singapore (REDAS).

A much-respected contributor to the real estate industry of Singapore, Mr Chia is currently the President of the Singapore Green Building Council (SGBC) and also sits on the Advisory Panel in the Building and Construction Authority (BCA) Academy. He chairs the Consultative Committee to the Department of Real Estate at National University of Singapore (NUS). He is a Board Member of the Institute of Real Estate Studies, NUS and serves as a member of the NUS SDE School Advisory Committee. He is a Certified Property Manager with the Institute of Real Estate Management (USA).

YIONG YIM MING
Chief Financial Officer

Ms Yiong Yim Ming was appointed CDL's Chief Financial Officer in April 2016. An executive of the Company since 2007, she has extensive knowledge on CDL Group's financial and operation matters, both domestically and overseas, covering the Group's operations in property development, investment properties and hotels. She is also actively involved in the development of the CDL's new funds management platform.

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

Ms Yiong holds a Bachelor of Accountancy degree from Nanyang Technological University and is a member of the Institute of Singapore Chartered Accountants.

KWEK EIK SHENG
Chief Strategy Officer and Head, Asset Management

Mr Kwek Eik Sheng joined CDL in 2009, covering Business Development for overseas projects before being appointed as Head of Corporate Development. He assumed his current role as Chief Strategy Officer in 2014 and was additionally appointed Head, Asset Management in April 2016. Prior to this, he was with the Hong Leong Group of companies in Singapore specialising in corporate finance roles since 2006. He was appointed to the Board of Millennium & Copthorne Hotels plc in 2011 and holds the position of Non-Executive Director.

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

SENIOR MANAGEMENT

MARK YIP
Chief Marketing Officer

Mr Mark Yip was appointed as CDL's Chief Marketing Officer in 2014. He is responsible for the Marketing & Sales, and Leasing operations of residential, retail and commercial spaces. In April 2016, he was also appointed CEO of CDL China Limited to oversee the overall management of the Group's investments and development projects in China, as well as develop and implement the Group's real estate investment and business strategies for China.

Mr Yip has a wealth of experience in management, sales, marketing and operations from a diverse range of industries including property, retail sports and fashion, transport, and supply chain and logistics. Before joining CDL, he was with Far East Organization as Deputy Director, focusing on planning and operations. Other senior management positions he has held include CEO of Royal Sporting House, Malaysia and Director of PUMA, Executive Director of CircleFreight, Brunei/ Eagle Global Logistics Corporation and General Manager of ComfortDelGro Bus.

Mr Yip holds a Bachelor and Master's of Business and was recipient of the Logistics Management Group Prize from RMIT in Melbourne. He completed the Senior Executive Programme at London Business School and Asia Pacific Advanced Management Programme from the National University of Singapore.

ESTHER AN
Chief Sustainability Officer

Ms Esther An joined CDL in 1995 to establish the Company's Corporate Communications department and subsequently CDL's Corporate Social Responsibility (CSR) portfolio. She has been instrumental in building up CDL's leadership in sustainability. A forerunner in CSR and a member of the management committee of Global Compact Network Singapore since 2005, she also sits on board the Corporate Advisory Board of World Green Building Council. A founding member of the Singapore Business Council for Sustainable Development, she is a signatory of the UN Caring for Climate initiative and a member of the Urban Land Institute Women's Leadership Initiative Singapore Steering Committee. Her latest appointment includes the UN Environment Programme (UNEP) Finance Initiative Investor Work Group. She holds a Bachelor of Arts (Honours) degree from the University of Hong Kong and has extensive experience in communications, advertising and community engagement, as well as media and investor relations, in both the public and private sectors before joining CDL.

IVAN NG
Chief Technology Officer

Mr Ivan Ng joined CDL as Chief Technology Officer in 2016, with overall responsibility for CDL's Technology Strategy and Operations. He has over 20 years of experience in the IT industry with a track record in consulting, business and IT management.

Prior to joining CDL, Mr Ng has held senior leadership roles in technology multi-nationals such as HP, Dell and ServiceNow, where he led their IT solutions and services business. He was Chief Information Officer of Pactera (previously HiSoft International), a global IT Services Leader listed on NASDAQ, where he managed their IT, Quality and Security operations worldwide. He has gained a deep appreciation of the Asia Pacific market, having worked in Japan, China, Indonesia and Singapore.

He graduated from National University of Singapore with a Bachelor of Science, majoring in Computing and Information Systems.

STEVEN TAN
Chief Human Resource Officer

Mr Steven Tan joined CDL as Chief Human Resource Officer in July 2016. He has more than 20 years of human resource experience across the real estate, financial services, energy and semi-conductor industries.

Prior to joining CDL, he was the Vice President of Human Resource in CapitaLand and OCBC Bank. He had been credited for driving and implementing the full Human Resource Information System (HRIS) suite and shared services business model resulting in improving productivity. He had also put in place the necessary manpower, compensation and benefits scheme, policies and procedures to support the company's rapid expansion plans. He holds a Bachelor of Science in Physics from National University of Singapore and a Master of Science in Human Resource Management from University of Bradford, UK.

ANTHONY CHIA
Executive Vice President, Projects

Mr Anthony Chia has been directing the Department on all projects from concept, design, to construction and delivery. A designer and a construction man at heart, he is instrumental in key developments ranging from commercial mixed-use, hotels and residential offerings. He has helped CDL lead in innovations and green features in its projects, as well as spearhead the new Prefabricated, Prefinished Volumetric Construction.

Graduating from Harvard, he has extensive experience in planning, architecture and construction, in both the public and private sectors, having previously headed departments in the Urban Redevelopment Authority (URA) and the Housing and Development Board. He is active in various URA and BCA panels and is a former member of the Board of Architects Singapore. He has been awarded the Public Service Administration medal and the Ministry of National Development Medallion for his contributions. Following his service with the Singapore government, he relocated to Hong Kong, completing several large commercial and residential projects before returning home.

DANIEL T'NG
Executive Vice President, Property & Facilities Management (PFM)

Mr Daniel T'ng joined CDL in 2012 to head the PFM Division. He holds a Bachelor of Science degree in Estate Management (Honours) from Heriot-Watt University and two Master's Degrees, one in Business Administration from the University of Adelaide (Australia) and another in Project Management from the National University of Singapore. He has over 30 years of experience in the property and facilities management industry in Singapore and the region. He also has extensive experience in managing strata-titled developments, lease management, project consultancy and general management, as well as business development. He is currently the Chairman of the Workplace Safety and Health Council's Facilities Management Workgroup, and a member of the Workplace Safety and Health Council (Construction and Landscape) Committee.

ANANDA ARAWWAWELA
Executive Vice President, Hotel Assets Management

Mr Ananda Arawwawela has a wealth of experience in hotel management spanning over 37 years in Singapore, Hong Kong, Fiji, China and the Middle East. Prior to joining CDL in 2013, he was the Managing Director of The St. Regis Singapore and Area Managing Director for Singapore, responsible for Starwood Hotels and Resorts' operations in Singapore. Other senior regional positions in the hospitality industry he has held include Managing Director of Sheraton Hong Kong Hotel and Towers and Area Managing Director of Starwood Hotels and Resorts Hong Kong and Macau. Mr Arawwawela has also served as Chairman of the Hong Kong Hotels Association and Board Member of the Hong Kong Tourism Board.

GALEN LEE
Executive Vice President, Capital Markets

Mr Galen Lee joined CDL as Head of Capital Markets in 2016. He brings with him extensive experience in debt and equity capital markets, mergers and acquisitions, private capital raising and financing in the Asian real estate sector, covering key real estate investors including sovereign wealth funds, pension investors and private equity funds. Prior to joining CDL, he headed real estate investment banking in South East Asia at UBS, and Bank of America Merrill Lynch. He started coverage of the real estate sector at DBS, where he was involved in the origination, structuring and distribution of real estate investment trusts for key real estate sponsors in Asia. Mr Lee holds a Bachelor of Accountancy from Nanyang Technological University, and an M.B.A. from Columbia Business School.

HEADS OF DEPARTMENTS
As at 8 March 2017

CINDY TAN
Administration

MARK FONG
Branding & Strategic Marketing

SIM BOON HWEE
Business Development & Investments

BELINDA LEE
Investor Relations &
Corporate Communications

CATHERINE LOH
Corporate Secretarial Services

FOO CHUI MUI
Customer Service

ONG SIEW TOH
Group Accounts

JENNIFER VAYDING
Internal Audit

CORINNE YAP
Leasing

SHARIFAH SHAKILA SHAH
Legal

LEE MEI LING
Marketing

TAY CHEOW CHUAN
PFM (Development Property)

ANTHONY GOH
PFM (Investment Property)

GINNA LEE
PFM (Investment Property)

KELLY TAN
Projects (Operations)

LIM WHEE KONG
Treasury

CORPORATE GOVERNANCE

Note:
The questions listed out in this column are extracted from the Singapore Exchange Limited's Disclosure Guide on Compliance with the Code of Corporate Governance 2012. The response to each question is set out in bold after the question.

General:
(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.
The Company has complied with most of the principles and guidelines of the Code. Where there are differences in the Company's practices, these are set out within this report.

(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?
The reasons for the differences in practices are also set out within this report.

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

To demonstrate its commitment towards excellence in corporate governance, CDL had joined the Securities Investors Association Singapore ("SIAS") and its partners since 2010 in making the following public Statement of Support, which was reiterated at the 7th Singapore Corporate Governance Week 2016 (organised by SIAS) in September 2016:

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

Corporate Governance Accolades
- At the SIAS Investors' Choice Awards 2016, CDL was declared the winner in the prestigious "Most Transparent Company Award 2016" in the Real Estate category for our efforts in upholding high standards of corporate disclosure and transparency.
- CDL was also conferred the Merit award for Diversity under the Singapore Corporate Governance Award. The Diversity Award recognises excellence in promoting diversity of boards of directors amongst SGX listed companies.
- CDL also took the Runner-Up award for Internal Audit Excellence, an award which seeks to honour and recognise public listed companies that have put in place an effective internal audit function which enhances companies' corporate governance, risk management and internal controls.
- As CDL continues its journey to uphold the highest standards of corporate governance, it is heartening to note that we have improved our ranking on the Singapore Governance and Transparency Index (SGTI) from the 24th position in 2015 to the 10th position in 2016. The SGTI is aimed at assessing companies on their corporate governance disclosure and practices, as well as the timeliness, accessibility and transparency of their financial results announcement.

The Company has complied with Listing Rule 710 by describing in this report CDL's corporate governance practices with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 ("2012 Code"). Where the Company's practices differ from the principles and guidelines under the 2012 Code, the Company's position in respect of the same is also set out in this report.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Primary Functions of the Board
The Board oversees the Company's business and its performance under its collective responsibility for the long-term success of the Company, working with the Senior Management to achieve the strategic objectives of the Company. The Board's primary functions are to provide leadership, set broad policies, provide guidance on and approve strategic objectives, ensure that necessary financial, operational and human resources are in place for the Company to meet its objectives, review the performance of the Company and its subsidiaries (the "Group") and Management's performance, and satisfy itself as to the adequacy and effectiveness of the framework and processes for internal controls (including financial, operational, compliance and information technology ("IT") controls) and risk management for the safeguarding of shareholders' interests and the Group's assets. The Board assumes responsibility for good corporate governance and sets the Company's corporate values and ethical standards through the Company's policies

with a view to ensuring that its obligations to shareholders and stakeholders are clearly understood and met.

Sustainability

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

In this regard, the Board has delegated to the Board Sustainability Committee ("BSC") the general oversight of the Board's attention to sustainability issues and sustainability reporting. Previously known as the Corporate Social Responsibility & Corporate Governance (CSR-CG) Committee, the BSC was renamed in 2016 to better reflect the role of the Board in advancing sustainability within the organisation. The BSC comprises three Directors, all of whom are independent non-executive Directors. The BSC's terms of reference sets out, *inter alia*, the objectives, roles and responsibilities of the BSC and include its purview over matters relating to the environmental, social and governance (ESG) framework, ESG targets, the sustainability reporting framework and also the Company's policies, practices and performance on its material ESG factors which are significant and contribute to the Company's performance, business activities, and/or reputation as a global corporate citizen. Further information on the Board Statement and the Company's sustainability practices are set out in the Sustainability Board Statement on pages 70 to 77 of this Annual Report 2016 ("AR").

The Company also publishes an annual full Sustainability Report that provides more details on CDL's ESG activities and performance. The dedicated report on CDL's sustainability efforts addresses the social and environmental impacts that are pertinent to the Company's business, as well as shares the Company's engagement with stakeholders. CDL's Sustainability Reports are prepared in accordance with the Global Reporting Initiative (GRI) Guidelines. The last Integrated Sustainability Report 2016 was aligned with GRI's latest G4 Guidelines at the Comprehensive level and for the first time, CDL adopted the International Integrated Reporting Council's (IIRC) Integrated Reporting approach. The Company will be issuing its Integrated Sustainability Report 2017 by the second quarter of 2017. These Sustainability Reports are available on CDL's corporate website.

Directors' Objective Discharge of Duties & Declaration of Interests

All Directors are required to objectively discharge their duties and responsibilities in the interests of the Company. As part of the Nominating Committee's annual evaluation of the Board, one of the assessment criteria pertains to the ability of the individual Director to exercise objectivity in the discharge of his responsibilities in the interests of the Company.

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

Delegation by the Board

The primary functions of the Board are either carried out directly by the Board or through committees established by the Board, namely, the Board Committee ("BC"), the Audit & Risk Committee ("ARC"), the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Board Sustainability Committee ("BSC"), all collectively referred to hereafter as the "Committees".

Specific written terms of reference for each of the Committees set out the authority and responsibilities of the Committees. All terms of reference for the Committees are approved by the Board and reviewed periodically to ensure their continued relevance taking into account the changes in the business, governance and legal environment.

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

Committees	Composition
Board Committee	Kwek Leng Beng Kwek Leng Peck Tang See Chim Chan Soon Hee Eric Tan Yee Peng
Audit & Risk Committee	Chan Soon Hee Eric (chairman) Tang See Chim Tan Yee Peng Koh Thiam Hock
Nominating Committee	Philip Yeo Liat Kok (chairman) Kwek Leng Beng Chan Soon Hee Eric
Remuneration Committee	Chan Soon Hee Eric (chairman) Tang See Chim Philip Yeo Liat Kok
Board Sustainability Committee	Chan Soon Hee Eric (chairman) Philip Yeo Liat Kok Tan Poay Seng

Please refer to the sections on Principles 4, 5, 7 and 12 in this report for further information on the activities of the NC, RC and ARC. Information on the activities of the BC can be found under the "Board Approval" paragraph in this section on Principle 1, whilst information on the activities of the BSC can be found under the "Sustainability" paragraph within this section on Principle 1 in the earlier part of this report.

Board Processes

Meetings of the Board and Committees are held regularly, with the Board meeting no less than four times a year. Five Board meetings were held in 2016. At the regular quarterly Board meetings, the Board agenda includes presentations by the Senior Management and other key executives on the Group's strategic initiatives, updates on the Group's investments and developments in Singapore and overseas, and the Group's financial performance.

A meeting of the non-executive Directors ("NEDs"), chaired by the Lead Independent Director ("Lead ID"), was held in 2016. Meetings of the NEDs and IDs are convened as often as may be warranted by circumstances.

The proposed meetings for the Board and all Committees for each new calendar year are set out in a schedule of meetings and notified to all Board members before the start of that calendar year. Additional meetings are convened as and when circumstances warrant. Records of all such meetings including discussions on key deliberations and decisions taken are maintained by the Company Secretary. The Company's Constitution allows for the meetings of its Board and the Committees to be held via teleconferencing and video-conferencing. The Board and the Committees may also make decisions by way of circulating written resolutions.

The attendance of the Directors at the Annual General Meeting of the Company ("AGM") and meetings of the Board and the Committees, as well as the frequency of such meetings in 2016, is disclosed below. Notwithstanding such disclosure, the Board is of the view that the contribution of each Director should not be focused only on his/her attendance at meetings of the Board and/or the Committees. A Director's contribution also extends beyond the confines of the formal environment of such meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company. The Directors also, whether individually or collectively, engage with the Senior Management, heads of the Group's business units and departments and the Group's external consultants in order to better understand the challenges faced by the Group and the input of the Directors, through such engagement, provide valuable perspective to the Management.

Directors' Attendance at the AGM, and Meetings of the Board, the Committees and the NEDs in 2016

	Board	ARC	NC	RC	BSC	NEDs	AGM
Number of meetings held in 2016	5	5	4	3	1	1	1
Name of Directors	**Number of meetings attended in 2016**						
Kwek Leng Beng[3]	5	N.A.	3	N.A.	N.A.	N.A.	1
Kwek Leng Peck	5	N.A.	N.A.	N.A.	N.A.	1	1
Tang See Chim	5	5	N.A.	3	N.A.	1	1
Philip Yeo Liat Kok[3]	4	N.A.	4	3	1	–	1
Tan Poay Seng	5	N.A.	N.A.	N.A.	1	1	1
Chan Soon Hee Eric[1][3]	5	5	4	3	1	1	1
Tan Yee Peng	5	5	N.A.	N.A.	N.A.	1	1
Koh Thiam Hock[2]	1	1	N.A.	N.A.	N.A.	N.A.	N.A.

Notes:

(1) Mr Chan Soon Hee Eric was appointed the chairman of the BSC on 4 February 2016.

(2) Mr Koh Thiam Hock was appointed a Director and a member of the ARC on 5 September 2016.

(3) All Directors, including Mr Kwek Leng Beng (the Chairman of the Board), Mr Philip Yeo Liat Kok (the chairman of the NC) and Mr Chan Soon Hee Eric (the chairman of the ARC, RC and BSC), were in attendance at the AGM in 2016, together with the Senior Management and the Company's external auditors.

Guideline 1.5

What are the types of material transactions which require approval from the Board?

Please refer to the section under the header "Board Approval".

Board Approval

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

Aligned with the Company's strategy to develop growth platforms in key international markets, the Board has put in place an investment matrix with established authority limits for the Group's overseas acquisitions in some of these key markets in which the Group is actively developing its presence.

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

Board in approving banking-related matters such as the opening, closing and maintenance of banking accounts of the Company and the acceptance of up to certain limits of banking facilities extended to the Company, operational matters relating to property development activities and other matters determined by the Board from time to time.

Management is fully apprised of such matters which require the approval of the Board or the Committees. The Company also has a structured authority matrix which sets out the delegated authority to various levels of Management.

Guideline 1.6

(a) Are new directors given formal training? If not, please explain why.
Yes. Please refer to the section under the header "Board Orientation and Training".

(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?
The types of information and training provided are set out in the section under the header "Board Orientation and Training".

Board Orientation and Training

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

The Company also conducts a comprehensive induction programme for newly appointed Directors and for existing Directors pursuant to their appointments to any of the Committees, which seeks to familiarise Directors with the Group's principal businesses, the Company's board processes, internal controls and governance practices. The induction programme includes meetings with various key executives of the Management to allow the new Directors to be acquainted with the Management team and to facilitate their independent access to the Management team in future. The programme also includes briefings by the Management team on key areas of the Company's operations.

In February 2016, Mr Chan Soon Hee Eric was appointed the chairman of the BSC. In addition, Ms Tan Yee Peng was appointed a member of the BC. Both Mr Chan and Ms Tan were provided the respective terms of reference setting out the authority and responsibilities of the BSC and the BC. Mr Chan was also briefed by the Chief Sustainability Officer, with the Chief Executive Officer ("CEO") in attendance, on the Company's sustainability initiatives.

Mr Koh Thiam Hock, who was appointed to the Board in September 2016, was given detailed briefings by the Senior Management, primarily, the CEO, Deputy CEO, Group General Manager ("GGM") and Head of Asset Management/Chief Strategy Officer ("CSO") in respect of the Group's businesses and operations. The Company Secretaries briefed Mr Koh separately on the Company's internal corporate governance practices, and the directors' duties and responsibilities pursuant to relevant legislations. In addition, Mr Koh who was also appointed to the ARC, was similarly briefed by the Chief Financial Officer ("CFO"), the Head of Internal Audit and the Senior Manager of Enterprise Risk Management department on the Group's financial, internal controls and risk management matters respectively.

For a first time Director who has no prior experience as a director of a listed company, in addition to the induction as detailed above, he or she will be encouraged to also attend the Listed Company Director ("LCD") Programme conducted by the Singapore Institute of Directors ("SID") in order to acquire relevant knowledge of what is expected of a listed company director. Completion of the LCD Programme, which focuses on comprehensive training of company directors on compliance, regulatory and corporate governance matters, should provide the first time Director with a broad understanding of the roles and responsibilities of a director of a listed company under the requirements of the Companies Act, Chapter 50, the Listing Manual of SGX-ST ("Listing Manual") and the 2012 Code.

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

Two in-house seminars were conducted by invited external speakers in 2016, the first relating to a review of the Singapore Budget 2016 and the second being a Sustainability Forum on the subject of global and local trends of sustainability integration to enhance business value and long term growth.

Approximately 90% of the Board attended various training seminars and workshops in 2016	=	Accounted for more than 80 training hours in aggregate

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

Guideline 2.1

Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.
Yes. Please refer to the section under the header "Board Independence".

Guideline 2.3

(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.
No.
(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.
Not Applicable.

Guideline 2.4

Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.
Yes. The Director is identified in paragraph 3 of the section under the header "Board Independence". However, the Director has informed the Board of his intention to step down from the Board upon the conclusion of the 2017 AGM.

Principle 2: Board Composition and Guidance

Board Independence

The Board currently comprises eight members. All members of the Board, except for the Board Chairman, are NEDs. Of the seven NEDs, the NC has recommended and the Board has determined six of them, being more than half of the Board, to be independent ("6 IDs"), thus providing for a strong and independent element on the Board capable of exercising objective judgement on the corporate affairs of the Company. No individual or small group of individuals dominates the Board's decision making. No alternate Directors have been appointed in respect of any of the Directors.

When reviewing the independence of the 6 IDs, the NC has considered the guidelines for independence set out in Guideline 2.3 of the 2012 Code. As part of the consideration, the NC also took into account their other directorships, annual declaration regarding their independence, disclosure of interest in transactions in which they have a direct/indirect interest, their ability to avoid any apparent conflicts of interests especially by abstaining from deliberation on such transactions and their ability to maintain objectivity in their conduct as Directors of the Company. The 6 IDs are Mr Tang See Chim, Mr Philip Yeo Liat Kok, Mr Tan Poay Seng, Mr Chan Soon Hee Eric, Ms Tan Yee Peng and Mr Koh Thiam Hock. For purposes of determination of independence, the 6 IDs have also provided confirmation that they are not related to the Directors and 10% shareholders of the Company. The NC is satisfied that there is no other relationship which could affect their independence.

Mr Tang See Chim, who has served on the Board for more than nine years, has informed the Board of his intention to step down as an ID upon the conclusion of the forthcoming AGM to be held in April 2017. The Board extends its appreciation to Mr Tang for his long and dedicated service. The NC and the Board concurred that Mr Tang maintained his independence throughout his service on the Board, having observed instances of Mr Tang's active discussion in debating and evaluating actions taken by or proposals from Management and his seeking of clarification, as and when necessary, in order to make informed decisions, whilst remaining open to other viewpoints. The Company has also benefited from his years of experience in his field of expertise.

The 6 IDs had also avoided apparent conflicts of interests especially by abstaining from deliberation on transactions in which they had a direct/indirect interest, and were able to maintain objectivity in their conduct as Directors of the Company. They have objectively raised issues and sought clarification as and when necessary from the Board, Management and the Group's external advisers on matters pertaining to their area of responsibilities whether on the Board or on the Committees.

Guideline 2.6

(a) What is the Board's policy with regard to diversity in identifying director nominees?
Please refer to the section under the header "Board Composition and Size".

(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.
Please refer to the section under the header "Board Composition and Size".

(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?
Please refer to the section under the header "Board Composition and Size".

Board Composition and Size

The NC reviews the size and composition mix of the Board and the Committees annually. The Board comprises business leaders and professionals with real estate, hospitality, financial (including audit and accounting), legal, risk management and business management backgrounds. The Board currently includes one female member, Directors with ages ranging from mid-40s to more than 70 years old, who have served on the Board for different tenures including the latest member of the Board being an independent Director who was just appointed last year. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction. Further information on the individual Directors' background, experience and skills can be found in the 'Board of Directors' section in the AR.

In consideration of the scope and nature of the operations of the Group, the Board is satisfied that the current composition mix and size of the Board provide for sufficient diversity and allow for informed and constructive discussion and effective decision making at meetings of the Board and Committees.

Board Diversity Pledge

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

NEDs' Participation

NEDs are encouraged to participate actively at Board meetings in the development of the Company's strategic plans and direction, and in the review and monitoring of Management's performance against targets. To facilitate this, they are kept informed of the Company's businesses and performance through monthly and quarterly reports from the Management, and have unrestricted access to the Management. They also sit on various Committees established by the Board to provide unbiased and independent views, constructive input and the independent review and monitoring of performance of the Company and Management. A meeting of the NEDs chaired by the Lead ID was held in 2016 without the presence of Management. The NEDs would also confer among themselves without the presence of Management as and when the need arose.

Principle 3: Chairman and Chief Executive Officer

Role of Chairman and the Chief Executive Officer

The Chairman of the Board, Mr Kwek Leng Beng, is also the Executive Chairman. Mr Kwek Leng Beng plays an instrumental role in providing the Company with strong leadership and vision, assisting the Board to develop policies and strategies, and ensuring that these are implemented effectively. As the Board Chairman, Mr Kwek also promotes and leads the Group in its commitment to achieve and maintain high standards of corporate governance. He bears primary responsibility for the workings of the Board, by ensuring effectiveness on all aspects of its role including setting agenda for Board meetings with input from Management, ensuring sufficient allocation of time for thorough discussion of each agenda item at Board meetings, promoting an open environment within the Boardroom for constructive debate, encouraging the NEDs to speak freely and contribute effectively, and exercising control over the quality, quantity and timeliness of information flow between the Board and Management. At AGMs and other shareholders' meetings, he plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management.

As Executive Chairman, he is the most senior executive in the Company and bears overall executive responsibility for the Group's business. Mr Kwek Leng Beng is assisted by the CEO, Mr Grant L. Kelley and other members of the Senior Management team. Mr Kelley has executive responsibilities for the business direction, overall development and management of the Group's businesses, as well as the implementation of the business strategies and decisions of the Board in the operations of the Group. He is not related to the Board Chairman.

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

Lead Independent Director

Taking cognisance that the Board Chairman is an Executive Director and thus not independent, the Board has appointed Mr Chan Soon Hee Eric as Lead ID to serve as a sounding board for the Board Chairman and also as an intermediary between the NEDs and the Board Chairman. The role of the Lead ID is set out under the written terms of reference for the Lead ID, which has been approved by the Board. The Lead ID is available to shareholders should they have concerns which cannot be resolved or are inappropriate to raise through the normal communication channels of the Board Chairman or the Senior Management. No query or request on any matter which requires the Lead ID's attention was received from shareholders in 2016. Under the chairmanship of the Lead ID, a meeting of the NEDs was convened in February 2016 without the presence of Management or the Board Chairman, and feedback from the NEDs was provided by the Lead ID to the Board Chairman and the Management, as appropriate.

Principle 4: Board Membership

NC Composition and Role

Two out of the three members of the NC, including the NC chairman, are independent. The Lead ID is one of the independent members of the NC.

The NC's responsibilities as set out in its written terms of reference approved by the Board, are to examine Board size, review all Board and Committees composition and membership, board succession plans for the Directors, determine each Director's independence annually and as and when circumstances require, evaluate performance of the Board as a whole, its Committees and the individual Directors, review appointments and the reasons for resignations and terminations of the Executive Chairman and the Senior Management which includes the CEO, the Deputy CEO, the GGM, the CFO, the CSO and other relevant Senior Management staff, review and confirm the induction programme for newly appointed Directors and for existing Directors in respect of their appointments to any of the Committees and review the training and continuous professional development programme for the Directors. Four NC meetings were held in 2016. The Company Secretary maintains records of all NC meetings including records of discussions on key deliberations and decisions taken.

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

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

Guideline 4.6

Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.

Please refer to the sections under the headers "Re-nomination of Directors" and "Criteria and Process for Nomination and Selection of New Directors".

Re-nomination of Directors

The NC reviews annually the nomination of the relevant Directors for election and re-election as well as the independence of Directors. When considering the nomination of Directors for election and re-election, the NC takes into account their contribution to the effectiveness of the Board (which includes their participation and candour at Board and Committee meetings) as well as their time commitment especially for Directors who have multiple board representations and/or other principal commitments, and also reviews their independence. The recommendation of the NC on the annual nomination of the Directors for election and re-election is submitted to the Board for decision and thereafter tabled at the annual general meeting of the Company for consideration and approval by shareholders.

The Constitution of the Company provides that not less than one-third of the Directors for the time being, shall retire as Directors at each annual general meeting of the Company ("AGM"). All new Directors appointed by the Board shall hold office until the next AGM, and are eligible for election at the said AGM.

In accordance with the Constitution of the Company, Mr Philip Yeo Liat Kok, Mr Tan Poay Seng and Ms Tan Yee Peng are due to retire by rotation at the forthcoming AGM ("2017 AGM") and have offered themselves for re-election at the 2017 AGM. Mr Koh Thiam Hock, being a Director appointed by the Board in 2016, will also retire and has offered himself for election at the 2017 AGM.

Criteria and Process for Nomination and Selection of New Directors

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

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

In September 2016, Mr Koh Thiam Hock was appointed as an independent NED of the Company. In reviewing his appointment, the NC considered his extensive experience in the areas of corporate and investment banking, especially in the real estate and construction space, as well as in strategic planning and enterprise risk functions which will complement and strengthen the core competencies of the Board.

Guideline 4.4

(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?
There is no maximum number prescribed.

(b) If a maximum number has not been determined, what are the reasons?
Please refer to the explanation in the section under the header "Directors' Time Commitments".

(c) What are the specific considerations in considering the capacity of Directors?
Please refer to the explanation in the section under the header "Directors' Time Commitments".

Directors' Time Commitments

When considering the re-nomination of Directors for re-election, the NC also takes into account the competing time commitments faced by Directors with multiple board representations and/or other principal commitments. An analysis of the directorships (which includes directorships by groups and executive appointments) held by the Directors is reviewed annually by the NC. Each Director is also required to confirm annually to the NC as to whether he has any issue with competing time commitments which may impact his ability to provide sufficient time and attention to his duties as a Director of the Company. Based on the analysis, the Directors' annual confirmation and the Directors' commitments and contributions to the Company which is also evident in their level of attendance and participation at Board and Committee meetings, the NC is satisfied that all Directors are able to carry out and have been adequately carrying out their duties as a Director of the Company.

It is recommended under the 2012 Code that the Board consider providing guidance on the maximum number of listed company representations which each Director of the Company may hold in order to address competing time commitments faced by Directors serving on multiple boards. The NC noted that, excluding the directorship held in the Company, the number of listed company board representations currently held by each of the Directors ranged from one to five in number and those held by Mr Kwek Leng Beng and Mr Kwek Leng Peck are on the boards of the related companies of the Company.

Having considered this issue, the NC does not recommend setting a maximum number of listed company board representations that a Director may hold. The Company considers an assessment of the individual Directors' participation as described above to be more effective for the Company than prescribing a numerical limit on the number of listed company directorships that a Director may hold. It would not wish to omit from consideration suitable individuals who, despite the demands of their time, have the capacity to participate and contribute as members of the Board.

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

Key Information on Directors

Please refer to the 'Board of Directors' section in the AR for key information on the Directors, including their date of first appointment and latest re-appointment to the Board, their academic/professional qualification, major appointments, directorships held in listed companies both currently and in the preceding three years, and other relevant information, and the Notice of AGM for information on Directors proposed for election or re-election at the 2017 AGM.

Succession Planning for the Board and the Board Chairman

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

As part of the ongoing Board renewal process, Mr Tang See Chim, an independent NED, who has served on the Board for more than nine years, will be stepping down as Director upon the conclusion of the 2017 AGM. The Board had in September 2016 appointed Mr Koh Thiam Hock as an independent NED. Upon Mr Tang's retirement, the percentage of independent Directors on the Board will still remain more than 50% of the Board, with five independent NEDs and two non-independent Directors.

In April 2016, the Board announced the appointments of the Deputy CEO, CFO and CSO, together with other management appointments, which reflect the Company's commitment to groom leaders internally to provide for succession planning and continuity of leadership within the Senior Management team, to ensure that the Group is well poised to meet the dynamic changing business environment and to push forward on the Company's diversification strategies.

Board Development

The NC reviews the training and development of the Directors to ensure that Directors receive appropriate development on a continuing basis, to perform their roles on the Board and where applicable, the Committees. The Directors are provided with updates and/or briefings to assist them to properly discharge their duties. The briefings are conducted either internally with invited speakers, or externally, at the Company's expense. A separate programme is established for new Directors, details of which together with details of the internal briefing and updates provided to the Directors in 2016 are set out in the paragraph above under the subject heading "Board Orientation and Training".

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

Guideline 5.1

(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?
Please refer to the sections under the headers "Board Evaluation Process", "Board Evaluation Criteria" and "Individual Director Evaluation Criteria".

(b) Has the Board met its performance objectives?
The NC's evaluation of the Board's performance was discussed and considered by the Board, and recommendations to strengthen the effectiveness of the Board and the Committees were accepted by the Board.

Principle 5: Board Performance

Board Evaluation Process

The Company has in place a formal process for assessment of the effectiveness of the Board as a whole, the various Committees and the contribution by each Director to the effectiveness of the Board and the Committees. No external facilitator has been used. The NC assesses the Board's performance as a whole annually, using objective and appropriate quantitative and qualitative criteria which were recommended by the NC and approved by the Board. When assessing the overall Board performance, the NC takes into consideration the feedback from individual Directors on areas relating to the Board's competencies and effectiveness. The results of the overall evaluation of the Board by the NC, including its recommendation, if any, for improvements, are presented to the Board.

The NC also undertook an evaluation of the performance of the Committees, specifically the ARC and the RC with the assistance of self-assessment checklists completed by these Committees.

The annual evaluation process for the individual Director's performance comprises three parts: (a) background information concerning the Director including his attendance records at Board and Committee meetings; (b) questionnaire for completion by each individual Board member; and (c) NC's evaluation based on certain assessment parameters. The questionnaires and the assessment parameters were recommended by the NC and approved by the Board. The completed questionnaires are then reviewed by the NC before the NC completes its evaluation of the individual Directors.

When deliberating on the performance of a particular Director who is also a member of the NC, that member abstains from the discussions in order to avoid any conflict of interests.

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

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

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

Individual Director Evaluation Criteria
Factors taken into account in the assessment of a Director's performance include his abilities and competencies, his objectivity and the level of participation at Board and Committee meetings including his knowledge and contribution to Board processes and the business strategies and performance of the Group.

Guideline 6.1

What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?
Please refer to the section under the header "Complete, Adequate and Timely Information and Access to Management", and the section under Principle 10 under the header "Accountability of the Board and Management".

Principle 6: Access to Information

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

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

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

On an on-going basis, the Directors have separate and independent access to the Company Secretaries.

Independent Professional Advice

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

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

RC Composition and Role

The RC comprises three NEDs, all of whom including the chairman of the RC are independent. The RC's principal responsibilities as set out in its written terms of reference approved by the Board are to review and recommend, for the endorsement of the Board, a framework of remuneration and the specific remuneration packages for each Board member and the Company's key management personnel ("KMP").

The Company has in place a remuneration framework (which covers all aspects of remuneration) for the Directors and the KMP. The Company has currently identified the CEO, the Deputy CEO, the GGM, the CFO and the CSO who are the most senior members of the Management team outside the Board as its KMPs. On an annual basis, the RC reviews and approves the annual increments, year-end and variable bonuses to be granted to the Executive Chairman and the KMPs which are within specific mandates sought from the Board. No remuneration consultants from outside the Hong Leong Group were appointed.

The Company Secretary maintains records of all RC meetings including records of discussions on key deliberations and decisions taken. Three meetings of the RC were convened during 2016. For the financial year under review, the RC conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities, which was facilitated through the use of a self-assessment checklist ("RC Self-Assessment Checklist").

The RC Self-Assessment Checklist covered, *inter alia*, the responsibilities of the RC under its terms of reference, and considered also the contribution of RC members to the deliberation and decision making process at RC meetings.

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

Guideline 9.6

(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.
Please refer to the sections under the headers "Remuneration of Directors and KMP" and "Disclosure of Remuneration".

(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?
Please refer to the sections under the headers "Remuneration of Directors and KMP" and "Disclosure of Remuneration". Remuneration components are determined by the individual's performance, the performance of the Group and industry practices.

Principle 8: Level and Mix of Remuneration

Remuneration of Directors and KMPs

The Company's remuneration policy for Directors comprises the following distinct objectives:

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

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

- to ensure that the remuneration packages are competitive in attracting and retaining employees capable of meeting the Company's needs;

(c) Were all of these performance conditions met? If not, what were the reasons?

The variable components of the remuneration for the Executive Director and the KMP were awarded for FY 2016 pursuant to the RC's review of the individual's performance, the Company's overall performance and industry practices.

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

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

When determining the fixed and variable components for a KMP, the KMP's individual performance is taken into consideration and remuneration recommendations are reviewed in the light of any annual guidance from the National Wages Council, competitive market practices and information gathered from market surveys conducted by the Company's Human Resource department. This is further reviewed along with the Group's performance, taking into consideration specific indicators tracked over time which align with shareholders' interest.

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

When reviewing the structure and level of Directors' fees, which comprise base director's fee and additional fees for services rendered on Committees, the RC takes into consideration the Directors' respective roles and responsibilities in the Board and Committees and the changes in the business, corporate governance practices and regulatory rules. The RC also compared the Company's fee structure against industry practices. Other factors taken into consideration in the fee review include the frequency of Board and Committee meetings, corporate performance for the financial year under review as well as the corporate and economic outlook in the new financial year, and the interval since the last fee review. No Director is involved in deciding his own remuneration.

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

The structure of the fees paid or payable to Directors of the Company for FY 2016 is as follows:

Appointment	Per annum
Board of Directors	
- Base fee	$60,000
Audit & Risk Committee	
- ARC Chairman's fee	$70,000
- ARC Member's fee	$55,000
Nominating Committee	
- NC Chairman's fee	$18,000
- NC Member's fee	$12,000
Remuneration Committee	
- RC Chairman's fee	$18,000
- RC Member's fee	$12,000
Board Sustainability Committee	
- BSC Chairman's fee	$6,000
- BSC Member's fee	$4,000
Lead Independent Director's fee	$10,000

Guideline 9.2

Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?

Yes. Please refer to the section under the header "Disclosure of Remuneration".

Principle 9: Disclosure of Remuneration

Disclosure of Remuneration

The compensation packages for employees including the Executive Chairman, the CEO, Deputy CEO, GGM, CFO and CSO comprised a fixed component (in the form of a base salary and fixed allowances), a variable component (which would normally include year-end and variable bonuses) and benefits-in-kind, where applicable, taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices.

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

Directors' and CEO's remuneration for FY 2016, rounded off to the nearest thousand dollars including a breakdown in percentage terms of the components of the remuneration, is set out below:

	Base Salary* %	Variable Bonuses/ Allowances* %	Board/ Committee Fees** %	Other Benefits %	Total $'000
Executive Director					
Kwek Leng Beng^	16	76	7	1	8,431
Non-executive Directors					
Kwek Leng Peck^	–	–	100	–	184
Tang See Chim	–	–	100	–	127
Philip Yeo Liat Kok	–	–	100	–	94
Tan Poay Seng	–	–	100	–	64
Chan Soon Hee Eric	–	–	100	–	170
Tan Yee Peng	–	–	100	–	115
Koh Thiam Hock[1]	–	–	100	–	18
Chief Executive Officer					
Grant L. Kelley	22	74	–	4	2,605

Notes:

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

** These fees comprise Board and Committee fees for FY 2016, which are subject to approval by shareholders as a lump sum at the 2017 AGM as well as ARC fees for FY 2016 that have already been approved by shareholders at the 2015 and 2016 AGMs.

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

(1) Mr Koh Thiam Hock was appointed a Director of the Company with effect from 5 September 2016 and the Board and Committee fees payable to him are pro-rated for FY 2016 accordingly.

Guideline 9.3

(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?
No. Please refer to the section under the header "Remuneration of Key Management Personnel" for the Company's reasons for non-disclosure of KMP's remuneration.

(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).
Please refer to the section under the header "Remuneration of Key Management Personnel".

Remuneration of Key Management Personnel (KMP)

The Company does not believe it to be in its interest to disclose the identity and remuneration of its top five KMP (who are not Directors), as having considered the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues. There would be negative impact to the Company if members of the experienced and qualified senior management team are poached, which may affect the ability to both nurture a sustainable talent pool and ensure the smooth continuity in leadership needed for the achievement of the strategic objectives of the Company. The Company believes that the interests of the shareholders will not be prejudiced as a result of such non-disclosure of the identity and remuneration of the Company's KMP (who are not Directors) in view of the abovementioned reasons.

To provide some insight on the level of remuneration paid to the Senior Management team, the Company has taken the step to disclose the aggregate total remuneration paid to the 13 members of the Senior Management team (including the CEO and Deputy CEO) who have been identified in the AR on page 30. The aggregate remuneration for these members of the Senior Management team for FY 2016 is $10,309,000.

Guideline 9.4

Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.
Yes. Please refer to the section under the header "Remuneration of Directors' Immediate Family Members for FY 2016".

Remuneration of Directors' Immediate Family Members for FY 2016

Other than the following disclosure, there are no other employees of the Company who are immediate family members of a Director or the CEO, and whose remuneration exceeds $50,000 during the year. The annual remuneration of Mr Sherman Kwek Eik Tse, the Deputy CEO, who is the son of the executive Board Chairman is set out as follows:

(disclosed in bands of $50,000)	Base Salary* %	Variable Bonuses/ Allowances* %	Board/ Committee Fees %	Other Benefits %	Total %
Above $1,200,000 and up to $1,250,000					
Sherman Kwek Eik Tse^	38	62	–	–	100

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

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

Accountability of the Board and Management

The Board provides shareholders with quarterly and annual financial results. Results for the first, second and third quarter are released to shareholders within 45 days of the end of each quarter whilst annual results are released within 60 days from the financial year end. In presenting the Group's annual and quarterly results, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance and financial position with a commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which it operates.

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

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

Guideline 11.3

(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems. ***Please refer to the section under the header "Risk Management and Internal Controls".***

(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above? ***Please refer to the sections under the headers "Accountability of the Board and Management" and "Risk Management and Internal Controls".***

Principle 11: Risk Management and Internal Controls

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

The ARC assists the Board in providing oversight of risk management in the Company. It is responsible for reviewing the adequacy and effectiveness of the Group's risk management systems and internal controls, including financial, operational, compliance and IT controls and reporting to the Board annually its observations on any matters under its purview including any risk management, internal controls or financial and management matters as it considers necessary and makes recommendations to the Board as it thinks fit.

The Company has in place an Enterprise Risk Management Framework. The implementation and maintenance of the Company's risk management framework is undertaken by the Risk Management Committee ("RMC"), comprising the senior management team, which in turn reports to the ARC on a quarterly basis on strategic business risks as well as provides updates on the risk management activities of the Company's property investment, development and management businesses and the Enterprise Risk Management implementation progress in the Company. Significant strategic risks identified are assessed, managed and monitored adequately within the Company's risk management framework. These strategic risks are also being reviewed and refreshed to ensure relevant emerging risks are being considered and included for proper assessment, monitoring and reporting as appropriate.

Having regard to the risks which the business is exposed, the likelihood of such risks occurring and the risk tolerance accepted by the Company, the internal controls structure of the Group has been designed and put in place by the Group's business units to provide reasonable assurance against material financial misstatements or loss, for the safeguarding of assets, for the maintenance of proper accounting records, for the provision of financial and other information with integrity, reliability and relevance, and in compliance with applicable laws and regulations. However, no internal controls system can provide absolute assurance in view of inherent limitations of any internal controls system against the occurrence of human and system errors, poor judgement in decision making, losses, fraud or other irregularities.

The Company's approach to risk management is set out in the "Risk Management" section on pages 62 to 66 of the AR. As part of the internal and external audit programmes, the internal and external auditors report to the ARC any audit findings relating to internal controls, and the ARC reviews the adequacy of the actions taken by Management to address the recommendations of the internal and external auditors.

The ARC reviewed the adequacy and effectiveness of the Group's internal controls that address the Group's financial, operational, compliance and IT risks, with the assistance of the internal and external auditors and the Management. Written assurance was received from the CEO and the CFO that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, as well as on the effectiveness and adequacy of the risk management and internal controls systems.

Based on the work performed by Internal Auditors during the financial year, as well as the statutory audit by the external auditors, and the written assurance from Management, the Board, with the concurrence of the ARC, is of the opinion that the system of internal controls to address the financial, operational, compliance and IT risks within the current scope of the Group's business operations, are adequate and effective as at 31 December 2016.

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

Principle 12: Audit & Risk Committee

Composition of the ARC

The ARC comprises four NEDs, all of whom including the chairman of the ARC are independent. The chairman of the ARC and at least two other members of the ARC, being the majority of the ARC, possess the relevant audit, accounting or related financial management and risk management expertise and experience, whilst the remaining member of the ARC possesses legal background.

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

Powers and Duties of the ARC

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

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

- to review with Management and, where appropriate, with the external auditors the quarterly and full year financial statements to be issued by the Company before their submission to the Board to ensure their completeness, consistency and fairness;
- to review the integrity of the financial statements of the Group to be announced or reported and any other formal announcements relating to the Group's financial performance;
- to review and approve the annual audit plans of the external and internal auditors;
- to review, on an annual basis, the scope and results of the external audit and its cost-effectiveness and the independence and objectivity of the external auditors, and also to review on a periodic basis the nature and extent of any non-audit services provided by the external auditors to the Group;
- to assess the role and effectiveness of the internal audit ("IA") function in the overall context of the Group's internal controls and risk management systems;
- to review annually with Management, the internal and external auditors the results of their review and evaluation of the Group's internal controls, including financial, operational, compliance and IT controls, and risk management policies and systems and report to the Board annually the adequacy and effectiveness of such internal controls;
- to make recommendations to the Board on the nomination for the appointment, re-appointment and removal of external auditors, and to approve the remuneration and terms of engagement of the external auditors;
- to approve the appointment, resignation or dismissal of the Head of IA;
- to review interested person transactions falling within the scope of Chapter 9 of the Listing Manual; and
- to review the Company's whistle-blowing policy and arrangements put in place for raising concerns about possible improprieties on matters of financial reporting or any other matters.

In the review of the financial statements for the year ended 31 December 2016, the ARC has discussed with both the Management and the external auditors the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with Management and the external auditors:

Significant Matters	How the ARC reviewed these matters and what decisions were made
Valuation of development properties	The ARC considered the approach and methodology applied to the valuation model in assessing the valuation of the development properties especially on development properties with low margins. Where applicable, the ARC reviewed either the Management's or valuers' underlying assumptions on estimated future selling prices by comparing to recently transacted prices or prices of comparable properties located in the same vicinity as the Group's development projects, taking into consideration the anticipated price decline. The ARC also considered the historical accuracy of the Group's estimate of future selling prices and research analysts' expectations of price movements in assessing the reasonableness of the estimated future selling prices. The valuation of the development properties was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in their audit report for the financial year ended 31 December 2016. Refer to page 116 of this AR.
Valuation of hotel assets	The ARC considered the approach and methodology applied to the valuation model in assessing the valuation of the hotel assets. The ARC noted that more than 90% of the hotel assets relates to Millennium & Copthorne Hotels plc, a subsidiary in which the Group owns 65% and which is listed on the London Stock Exchange. From discussion with Management, the approach adopted by the management of this listed subsidiary and its external auditors included the review of the reasonableness of cash flow forecasts, occupancy rates, revenue per available room, market growth and expected inflation with externally derived data including external hotel industry reports, estimated future costs, discount rates and terminal multipliers used in the valuation model. The valuation of the hotel assets was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in their audit report for the financial year ended 31 December 2016. Refer to page 117 of this AR.

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

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

The ARC Self-Assessment Checklist covered, *inter alia*, the responsibilities of the ARC under its terms of reference, and also considered the contribution of ARC members to the ARC's deliberation and decision making process.

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

Guideline 12.6

(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.

Please refer to note 28 of the Notes to the Financial Statements.

(b) If the external auditors have supplied a substantial amount of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.

Please refer to the section under the header "External Auditors".

External Auditors

Taking cognisance that the external auditors should be free from any business or other relationships with the Group that could materially interfere with their ability to act with integrity and objectivity, the ARC undertook a review of the independence of KPMG LLP ("KPMG") and gave careful consideration to the Group's relationships with them during 2016. In determining the independence of KPMG, the ARC reviewed all aspects of their relationships with them including the processes, policies and safeguards adopted by the Group and KPMG relating to audit independence. The ARC also considered the nature and volume of the provision of the non-audit services in 2016 and the corresponding fees and noted that the fees for non-audit services had exceeded 50% of the aggregate amount of all fees paid/payable to KPMG in 2016. The significant increase in the non-audit fees arose primarily from the tax and accounting advisory services provided in connection with the Group's investment platform involving profit participation securities (PPS). The ARC noted that these were not prohibited services and do not pose a threat to the external auditors' independence, and safeguards had been put in place by KPMG to ensure that the independence of the audit team is not impaired. The ARC is thus of the opinion that such non-audit fees did not impair or threaten the audit independence and objectivity. Based on the review, the ARC is of the opinion that KPMG is, and is perceived to be, independent for the purpose of the Group's statutory financial audit.

For details of the fees paid and/or payable by the Group in respect of audit and non-audit services for FY 2016, please refer to note 28 of the Notes to the Financial Statements.

In reviewing the nomination of KPMG for re-appointment for the financial year ending 31 December 2017, the ARC had considered the adequacy of the resources, experience and competence of KPMG, and had taken into account the Audit Quality Indicators relating to KPMG at the firm level and on the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members in handling the audit of multi-listed entities under different jurisdictions and in the real estate and hospitality segments. The size and complexity of the audit of the Group, and the number and experience of the supervisory and professional staff assigned were taken into account. The ARC had also considered the audit team's ability to work in a co-operative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed time-lines.

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

On the basis of the above, the ARC has recommended to the Board the nomination of KPMG for re-appointment as external auditors at the 2017 AGM.

Interested Person Transactions

On 29 May 2003, the Company obtained shareholders' approval for the Company, its subsidiaries and its associated companies not listed on the SGX-ST or an approved exchange, over which the Company, its subsidiaries and/or interested persons have control, to enter into transactions within the categories of Interested Person Transactions set out in the Company's circular to shareholders dated 28 April 2003, with such persons within the class or classes of Interested Persons as described in the said circular, provided that such transactions are entered into in accordance with the review procedures set out in the said circular (the "IPT Mandate"). The IPT Mandate was last renewed by the shareholders on 20 April 2016 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 2017 AGM of the Company for the renewal of the IPT Mandate.

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

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

Interested Persons	Aggregate value of all interested person transactions in FY 2016 (excluding transactions less than $100,000 and transactions conducted under the IPT Mandate pursuant to Rule 920) $'000	Aggregate value of all interested person transactions conducted in FY 2016 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than $100,000)	$'000
Hong Leong Investment Holdings Pte. Ltd. group of companies	25,624*	<u>Property-related</u> Provision to interested persons of: (i) project management services; (ii) property management and maintenance and customer services; (iii) security services; and (iv) marketing services.	27,585
		<u>Management and Support Services</u> Provision to interested persons of: (i) accounting and financial services; and (ii) hotel consulting services.	2,045
		<u>General Transactions</u> Purchase of goods and services from interested person.	967
		Total	30,597
Directors and their immediate family members	Nil		Nil

Note:
* The figure comprises the aggregate value of shareholders' loans extended to joint venture companies involving interested persons, and where applicable, interest accrued on shareholders' loans, in FY 2016, which were announced on 14 February 2017 pursuant to Rule 916(3). The shareholders' loans referred herein have been extended by all the joint venture parties or shareholders in proportion to their respective equity interest in the joint venture and on the same terms and conditions, including the interest rate, if any, accrued or to be accrued on the shareholders' loans.

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

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

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

In order to facilitate and encourage the reporting of such matters, the whistle-blowing policy, together with the dedicated whistle-blowing communication channels (email and postal address as well as toll-free telephone contact numbers in various countries) are available on the Company's website and intranet and is easily accessible by all employees and other persons.

The whistle-blowing policy is reviewed by the ARC from time to time to ensure that it remains current.

Guideline 13.1

Does the Company have an internal audit function? If not, please explain why.
Yes. Please refer to the section under the header "Reporting Line and Qualification".

Principle 13: Internal Audit
Reporting Line and Qualification
The IA function is independent of the activities it audits. The Head of IA's primary reporting line is to the chairman of the ARC with an administrative line of reporting to the CEO (previously the Managing Director) of the Company. The appointment, resignation and dismissal of the Head of IA is reviewed and approved by the ARC. The ARC also provides input on the annual performance appraisal of the Head of IA. The ARC meets the Head of IA at least once annually without the presence of Management. The Head of IA has unfettered access to the ARC, the Board and Management as well as the Group's documents, records, properties and personnel.

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

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

The ARC approved the annual IA plan in February 2016 and received regular reports during 2016 on the progress of the audit work under the IA plan. All IA reports are given to the ARC, the Board Chairman, CEO, Deputy CEO, GGM, CFO, Company Secretary and the Heads of the relevant departments. IA observations on control, operational and human lapses and recommendations to address them were also reviewed and discussed at ARC meetings. The

ARC was satisfied that recommendations made were dealt with by the Management in a timely manner, with outstanding exceptions or recommendations being closely monitored and reported back to the ARC.

The ARC reviewed the effectiveness and adequacy of the IA function through a review of the IA activities on a quarterly basis as well as its annual assessment of the IA function. The assessment was facilitated through the use of an evaluation framework modeled on the framework recommended in the Guidebook for Audit Committees in Singapore issued in October 2008. The evaluation framework is comprehensive and covers IA organisation, resources and continuing training, audit plans work scope, quality of reports and recommendations, IA Charter and IA internal control assessment. Based on the assessment, the ARC is satisfied with the quality and effectiveness of the IA function and that the IA function is currently adequately resourced and has appropriate independent standing within the Group to perform its functions effectively.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Shareholder Rights

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

All shareholders are entitled to attend and vote at general meetings in person or by proxy. The rules for the appointment of proxies, including information that voting will be conducted by way of poll, are set out in the notice of general meetings. In accordance with the Constitution of the Company, shareholders who are not relevant intermediaries may appoint not more than two proxies to attend, speak and vote at general meetings in their absence, and shareholders who are relevant intermediaries may appoint more than two proxies to attend, speak and vote at general meetings. The proxy forms must be deposited at such place or places specified in the notice or document accompanying the notice convening the general meetings at least seventy-two (72) hours before the time set for the general meetings.

Guideline 15.4

(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?
Please refer to the explanation under "Principle 15: Communication with Shareholders."

Principle 15: Communication with Shareholders

The Company ensures that shareholders are notified of all material information in an accurate and timely manner. The Company notifies its investors in advance of the date of release of its financial results via SGXNET. The Company announces its quarterly and full-year results within the mandatory period. The financial statements and other presentation materials presented at the Company's general meetings, including material and price-sensitive information, are disseminated and publicly released via SGXNET on a timely basis. All shareholders of the Company receive the annual report of the Company and the notice of AGM, which notice is also advertised in the press and released via SGXNET.

Shareholders and investors can contact the Company or access information on the Company at its website at www.cdl.com.sg which has a dedicated "Investors & Media" link that provides, *inter alia*, information on the Board of Directors and Senior Management team, the Company's Corporate Governance Reports, Sustainability Reports, Annual Reports, corporate policies, corporate announcements, press releases and financial results as released by the Company on SGXNET, and other information which may be relevant to investors.

From time to time, the Board Chairman and the Company's Senior Management hold briefings with analysts and the media to coincide with the release of the Group's half-year and full-year financial results. Media presentation slides are also released on SGXNET and are available on the Company's website. A live video webcast was arranged for investors at the analysts/ media briefing for the full year 2016 results in February 2017. In addition, the Management takes an active role in investor relations, meeting local and foreign fund managers regularly

(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?
The Company's Head of Investor Relations. Please refer to the third paragraph in the section under the header "Principle 15: Communication with Shareholders".

(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?
Please refer to the explanation under "Principle 15: Communication with Shareholders."

Guideline 15.5

If the Company is not paying any dividends for the financial year, please explain why.
Not applicable. The Company is paying dividends in respect of FY 2016.

as well as participating in investor roadshows and conferences both locally and overseas. To further enhance the Company's engagement with the investment community, the position of Head, Investor Relations was created in 2016 and the incumbent is responsible for managing the Group's investor relations programmes, including the communications with the financial community, research analysts and relevant stakeholders. Further information on the Company's investor relations activities can be found on pages 67 to 68 of the AR.

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

Principle 16: Conduct of Shareholder Meetings

At general meetings of the Company, shareholders are given the opportunity to communicate their views and are encouraged to ask the Directors and the Management questions regarding matters affecting the Company. The Board Chairman and the chairmen of the ARC, NC, RC and BSC and the external auditors were present at the last AGM, and will endeavour to be present at the 2017 AGM to assist the Directors in addressing queries raised by the shareholders.

Shareholders are given the opportunity to vote at general meetings. However, as the authentication of shareholder identity information and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means.

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

Pursuant to Rule 730A(2) of the Listing Manual, all resolutions proposed at the 2017 AGM and at any adjournment thereof shall be put to the vote by way of poll.

In support of greater transparency and to allow for a more efficient voting system, the Company has been conducting electronic poll voting instead of voting by show of hands since the 2012 AGM and would continue to do so in respect of all resolutions proposed at the 2017 AGM. With electronic poll voting, shareholders present in person or represented by proxy at the meeting will be entitled to vote on a 'one-share, one-vote' basis. The voting results of all votes cast in respect of each resolution will also be instantaneously displayed on-screen at the meeting. The detailed results setting out the number of votes cast for and against each resolution and the respective percentages would be announced via SGXNET after the 2017 AGM. The detailed procedures for the electronic poll voting would be explained at the AGM. An external firm is appointed as scrutineers for the AGM voting process, which is independent of the firm appointed to the undertake the electronic poll voting process.

Corporate Values and Conduct of Business

The Board and Senior Management are committed to conducting business with integrity and consistent with high standards of business ethics, and in compliance with all applicable laws and regulatory requirements. The Company has in place an internal code of business and ethical conduct crystallising the Company's business principles and practices with respect to matters which may have ethical implications. The code, which provides a communicable and understandable framework for 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 and amongst employees, is available on the Company's intranet and is easily accessible by all employees.

The code provides guidance on issues such as:

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

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

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

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

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

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

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

- **Environmental, Health & Safety (EHS) Policy** – Established in 2003, the EHS Policy sets the strategic direction for all departments and employees towards creating a "Green & Safe" corporate culture, conserving resources and preventing pollution.

- **Human Rights Policy** – Sets out the Company's commitment in upholding fundamental principles of human and workplace rights in places where the Company operates. Beyond compliance to the local government's policy and national legislation in protecting human rights, CDL is committed to respecting human rights in all aspects of its stakeholder engagement such as equitable employment practices, non-discrimination, fair welfare and compensation, as well as workplace health and safety within its developments.

- **Climate Change Policy** – In line with CDL's corporate social responsibility strategy and commitment to "Conserve as We Construct" since 1995, the Company is dedicated to achieving low carbon operations with reduction targets set at 22% in 2020 and 25% in 2030. Recognising that a sizeable proportion of the Company's carbon footprint lies outside its business operations and direct control, the Company actively engages its supply chain and stakeholders to mitigate climate impact and to add value to the communities in which the Company operates.

Internal Code on Dealings in Securities

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

RISK
MANAGEMENT

Risk management is a critical component in the Group's commitment to a high level of corporate governance and has an integral role in its business activities and strategic planning process.

The Board has overall responsibility to ensure that the Group has the capability and necessary framework to manage risks in new and existing businesses, and that business plans and strategies accord with the risk appetite that the Group undertakes to achieve its corporate objectives. To assist the Board in its risk management oversight, the Audit & Risk Committee (ARC) has been authorised by the Board to provide oversight and review on matters relating to the risk management policies and systems of the Group.

The ARC's risk management function is assisted by a Risk Management Committee (RMC), whose members comprise Senior Management and the Heads of Divisions, Business Units and Corporate Functions. The RMC is responsible for ensuring the effectiveness of the risk management framework of the Group. Its key objective is to provide an enterprise-wide view of the risks arising from the Group's core business of property investment, development and management activities and a systematic risk assessment methodology for the identification, assessment, management and reporting of such risks on a consistent and reliable basis.

The RMC is focused on strategic risks and key operational risks whilst ensuring that the business units are accountable for the management, monitoring and control of risks within their day-to-day operations. Since 2015, the RMC also receives quarterly risk reports from local operating subsidiaries and overseas operations from China and Thailand, as well as its subsidiary, Millennium & Copthorne Hotels plc (M&C).

The Enterprise Risk Management (ERM) function provides the RMC and Senior Management with regular updates on key strategic risks, global trends, assessment of key risk exposures from operations and any new emerging risks that may require management focus and coordination. The ERM function also assists the RMC to report quarterly to the ARC on the overall strategic and operational risks positions, including mitigating measures, treatment plans and the occurrence or potential occurrence of significant risk events. Additionally, the ERM function monitors and works closely with front-line operations to manage enterprise-wide regulatory compliance requirements. These compliance requirements include and are not limited to, regulations from the Personal Data Protection Act and the Anti-Money Laundering and Counter Financing Terrorism Act which took effect in 2014 and 2015 respectively.

The Group's risk management principles are set out in the enterprise risk management framework which advances a holistic, structured and consistent process for the identification, assessment, evaluation, monitoring and reporting of risks, supported by continuous training to reinforce awareness, competencies and accountabilities.

The Group recognises that risk management must be an on-going process and aims to continually look for ways to improve. The Group strongly believes that the most senior executive in the Group sets the "tone from the top" towards risk management and instils an effective risk culture. This is crucial for the success of risk management at both operational and strategic levels.

To reinforce the desired risk culture and to promote accountability and ownership at all levels, Management and staff are engaged regularly on risk management related activities such as risk identification and assessment workshops, topical talks as well as Control Self-Assessment (CSA) exercises. Management is also regularly updated on the latest risk management regulatory developments and best practices through talks, seminars and other programmes conducted by in-house ERM department and external consultants.

Strategic Risks

The Group strives to detect beyond its immediate horizon for strategic risks and emerging threats that may impact execution and outcome of its strategy. In the Group's annual risk assessment, we have identified Global Terrorism & Extremism, Cyber Security, Geopolitical & Macroeconomics and Emerging Global Trends as top strategic risks that will have long term impact to our global business portfolio.

Crisis Risks

In 2016, the threat of global terrorism and extremism has remained high globally. Several high profile attacks were recorded in Europe and the Middle East. With the international terrorist group, ISIS losing ground in the Middle East, there was a fear by the governments in Asia that some of their nationals who had joined ISIS in the Middle East may be returning and can cause serious problems in their home country. In view of the heightened threat assessed by the Singapore government, the Group has initiated a global insurance programme for special risk insurance coverage on its global property assets against property damages, liabilities and business interruption arising from terrorist or extremist events. To better prepare itself for any eventuality, the Group trained its corporate HQ on crisis management and communication protocols in a mock terrorism event. The Group senior management team was put through a crisis simulation exercise that featured a series of crisis scenarios to test crisis management and emergency response procedures. The exercise culminated in a mock press conference and one-on-one interview with the CEO to simulate the rigour and demand on our management team during and after a major crisis.

On the infectious diseases front, while the risk of global outbreaks has receded, domestic vector-borne viruses remained a key health risk in Singapore in 2016. These vector borne viruses include dengue, chikukuniya and the more recent Zika virus. The Group is committed to ensure its project sites and buildings under management maintain high standards of housekeeping and maintenance so as to reduce health risk to its staff, customers and partners.

IT and Cyber Security Risks

The Group adopts an uncompromising stand on information availability, control and governance of its critical IT assets. As it looks towards leveraging its digital assets to improve operational effectiveness and increase product differentiation, cyber security has rapidly grown in importance. Over the years, the Group has focused efforts towards building a strong and resilient technology platform, where critical enterprise IT systems and infrastructure are constantly monitored, and high availability and security policies are enforced. With cyber-attacks becoming more prevalent and sophisticated, the Group is adopting best practices from the industry and moving beyond technology defence and towards a much more holistic and risk-based cybersecurity framework. The objective of the framework is to allow the Group a robust foundation to identify and protect its critical assets and more importantly, be able to detect and respond to the relevant threats. Data recovery exercises are also carried out to ensure critical information can be made available quickly and business recovery objectives are met. Information security materials are also made available to better educate employees on prevailing risks, especially in the handling of sensitive corporate data. To further enhance its IT Risk management, the Group also engages external auditors annually to review and improve the Group's IT risk position.

Operational Risks

The risk management process has been embedded into the Group's core business operations. The respective divisions and departments are responsible for identifying, assessing, mitigating and managing the operational risks areas arising from their operations and functional areas. A risk responsibility structure has been formalised within each key department and subsidiary that define roles and responsibilities at operational levels. The risk management process and system of internal controls in place includes operating, reporting and monitoring processes and procedures (such as 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. These elements are critical to mitigate and monitor risks relating to product and service quality assurance, costs control, design and product innovation, market intelligence, marketing/sales, leasing, financial control and regulatory compliances in the Group's operations.

The Group's ability to deliver high quality products to its customers is a key focus in operational risk management. Management continues to apply stringent customer service standards and monitor customer satisfaction levels closely through surveys, feedbacks and inspections. These measures ensure projects design, development and delivery that can meet increasing and evolving customers' expectations on its products.

The Group is committed to complying with all existing and new laws and regulations, both locally and overseas. Management has emphasised the importance of regulatory compliance in all aspects of operations and non-compliance is dealt with appropriately. In addition, there is a reporting framework in place for its operational teams to highlight and report emerging regulatory changes to allow the Group and its relevant departments to assess any potential impact to costs and project timelines. The Group also maintains close working relationships with its business partners and the relevant authorities to keep abreast with developments and changes in the regulatory framework and business environment.

Since 2013, the Group has implemented a CSA programme to infuse a greater sense of ownership and accountability in managing risks in the operating divisions. This programme augments independent audits by the Internal Audit team and has added assurance to the Group's Senior Management and the Board that operational risks are being effectively and adequately managed and controlled. The Group is also in the process of finalising CSA programmes for its subsidiaries to further enhance risk awareness, achieve "buy-in" and cement accountability in its subsidiaries.

Market Risks

The Group's operating environment has remained challenging in 2016. The slew of property cooling measures on Singapore's property market especially in the residential sector represents a key market risk to the Group. To mitigate this risk, the Group strives to differentiate its products through upholding high standards in product delivery, innovative design, value-added features and services, as well as promoting customer loyalty through regular feedback and engagement channels. In addition, the Management has also successfully executed its Profit Participation Securities (PPS) strategies that progressively unlocked value from its portfolio assets at opportune times. Through these strategies and management initiatives, the Group has strived to continue to deliver above market returns to its shareholders.

Investment and Portfolio Risks

Risk evaluation forms an integral aspect of the Group's investment strategy. Balancing risk and returns across asset types and geographic regions are primary considerations to achieve continued corporate profitability and portfolio growth. With the increasing need to evaluate projects internationally, the Group's investment risk assessment has incorporated macro and country specific risk analysis on top of project focused risk assessment, feasibility studies and sensitivity analysis on key investment assumptions and variables. Each investment proposal is objectively evaluated to its fit with the corporate strategy and investment objectives. Potential business synergies including collaborations are identified early to ensure business partnership objectives are well-aligned and collaboration partners are like-minded and compatible. In addition, the views of independent directors were sought prior to Board approval to ensure good corporate governance and to safeguard our investments.

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 risk, liquidity risk and market risk, as well as interest rate risk and foreign currency risk.

The Group continually monitors its 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 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 a number of banks and financial institutions which are regulated and to maintain risk diversification.

Liquidity Risk

The Group monitors its liquidity risk by managing its debt maturity profile and operating cash flows, and maintains a level of cash, cash equivalents, and credit facilities sufficient to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group has in place various

Medium Term Note (MTN) programmes that provided a further funding avenue to support planned growth and investment opportunities.

Interest Rate Risk

The Group's exposure to 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 the extent that the perceived costs outweigh the benefits of having variable-rate borrowings, and the Group monitors the need and timing of such derivatives. Given the renewed volatility in the global interest rate environment following Brexit and the election of US President Donald Trump, the Group will continue to monitor interest rates in Singapore and in other key markets to manage its exposure within acceptable levels.

Foreign Currency Risk

The Group is exposed to foreign currency risks on investment, 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 with payments, and asset purchases with 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 investments by using the relevant local currency cash resources and arranging for bank facilities denominated in the same currency. This enables the Group to limit the translation exposure to its balance sheet arising from the consolidation of the Group's overseas net assets. In circumstances where foreign assets and borrowings cannot be adequately matched, the Group will evaluate entering into cross currency swaps to manage any residual currency risk exposure.

Human Resource (HR) Risk

The Group recognises HR as an important contributing factor towards the stable growth of the Group. We have put in place measures to enhance the processes for recruitment, remuneration, training and development of employees.

The identification, development and retention of talents are key areas for HR risk management. Leadership development programmes are in place to groom talents and ensure smooth succession planning for key positions. The implementation of a Learning Management system and Succession Planning module, coupled with career development and training programmes, are part of the Group's HR strategy to improve feedback and work performance, level up competencies and increase employee commitment. To further improve staff retention, the Management also supports work-life harmony programmes and family-friendly policies as part of its efforts to help employees achieve a balanced life between work and family, while creating a quality workplace.

Environmental, Health and Safety (EHS) Risks

As a developer and a major landlord with extensive operations, the Group is exposed to EHS risks arising from its activities. To manage significant EHS risks, strategic and concerted efforts have been put in place to mitigate the impacts on the environment and on the health and safety of the Group's key stakeholders.

Established in 2003, the Group's EHS Policy sets the strategic direction for all departments, employees and stakeholders to ensure effective EHS management in its operations. An externally certified EHS Management System based on ISO14001 and OHSAS18001 has also been established and integrated into the Group's operations.

The significant EHS risks are:

- **Climate Change Risk**
  This includes risks driven by changes in regulations, physical climate parameters and other climate-related developments. As the Paris Agreement came into force in November 2016, the policies and investments resulting from it will reshape national economies, development paths, and value chains for companies across the globe. The Group is committed to mitigating the effects of climate change through robust climate risk management and resilience strategies. Along with a formalised Climate Change Policy in place since 2015, the Group has also adopted the Sectoral Decarbonisation Approach to set Science Based Targets to demonstrate the commitment to keep global warming below the dangerous threshold of two degrees Celsius.

- **Water Risk**
  The supply of water and its subsequent discharge into water systems are key risks to the environment that the Group has identified. To ensure reduction of the use of potable water in construction, the Group monitors water consumption closely with set targets in place. Water recycling and silt water treatment systems have been set up onsite, and discharges into the water systems are closely monitored.

- **Raw Materials Supply Risk**
  The stability and the sustainability of the supply and material production of construction materials have a direct impact to the Group's core business operations. Within the EHS Management System, the Group has Green Procurement Policies and Guidelines that clearly state the requirement for the selection of products through sustainable sourcing.

- **Workplace Safety and Health Risk**
  Even though most of the work activities at the Group's development sites and managed buildings are carried out by contractors, the Group recognises that a safe work environment is a productive one. Within the EHS Management System, the Group has established an independent audit tool, the CDL 5-Star EHS Assessment System, to monitor and ensure contractors' onsite EHS performance. In addition, the Group requires a minimum of a bizSAFE level 3 or OHSAS18001 certification from contractors. This ensures that contractors can adequately address and manage workplace safety and health risks.

- **EHS Legal Compliance Risk**
  Any EHS legal non-compliances may impact operations onsite and affect the reputation of the Group. Within the EHS Management System, the applicable legal requirements are regularly monitored and evaluated for compliance. A system of incentives and penalties has also been implemented to improve and tighten contractors' site management.

  The Management continually monitors and reviews the risks and the mitigating controls to reflect changes due to emerging global trends and the Group's activities. To future-proof the business, a scenario planning workshop will be conducted in 2017 to surface risks and opportunities that could emerge for the business over the next 13 years.

Millennium & Copthorne Hotels plc (M&C)

The risk management activity of M&C, the Group's hotel arm, is directed by its executive committee members, including its regional operational heads and functional heads, led by M&C's Chief Executive Officer (CEO). He and the members of the executive committee undertake regular reviews of (i) the risk registers, compiled and updated to map the nature of the risks relative to their likelihood of occurrence, severity and associated trends, and (ii) the progress of the risk mitigation plans devised to eliminate, minimise or transfer risks. The board of directors of M&C has overall responsibility for the risk management processes of M&C and for ensuring that its risks are managed appropriately and, either directly or through the Audit and Risk Committee of M&C, reviews the effectiveness of M&C's risk management processes and other internal controls. Information on M&C's principal risks and risk management can be found in its most recent annual report and accounts.

In respect of EHS, M&C's UK region has published and launched health and safety management policies and procedures certified to OHSAS 18001 (externally audited by the British Standards Institution). The management of M&C's European region is currently in the process of rolling out across the remaining UK hotels a system which is designed to ensure robust and comprehensive risk assessment and recognition across the business. These efforts are being supported by new compliance management software resulting in tighter control of statutory/mandatory activities, inspections and creation of audit trails.

Whilst M&C continually assesses its environmental impact and actively seeks ways to reduce it through improvements in its hotels' operating infrastructure and by improving work practices, the management team also works with its suppliers to minimise the environment impact of their activities. Environmental performance is being integrated into the operational objectives of the hotel teams, a key requirement of the ISO 14001 management system certification, attained through external audit from the British Standards Institution. M&C has been reporting its global carbon footprint for all its owned and managed properties since 2010 and each year a summary of results is included within its annual report and accounts. In 2016, 26% of M&C's hotels were covered by an Environmental Management System.

As part of M&C's continual efforts to evolve its risk management process to meet future business demands, M&C's Board formed a dedicated Risk Committee in April 2016 together with a management level risk committee to roll-out an enhanced risk framework for M&C. This effort is supported by the Group to ensure alignment of desired value, outcome and strategic purpose.

Moving Forward

The Group recognises that risks cannot be completely eliminated and has taken effort to effectively and efficiently reduce them to acceptable levels. The Group's domestic and overseas operating environments are affected by shifts in geopolitical undercurrents, which slow global economic growth. To manage these risks and the risks from emerging global trends in the form of rapid digitalisation, technology disruptions and demographics shift, the Group will continue to refine and improve its risk management framework, systems and processes to ensure both inherent risks and risks arising from these emerging trends are being monitored and managed efficiently. In that way, we hope to strike a good balance between risks and returns in the increasingly dynamic business environment of the future.

INVESTOR RELATIONS

Building investor confidence through timely, accurate information disclosure and regular communication with the investment community is the key focus of CDL's Investor Relations (IR) function.

In April 2016, CDL announced new management appointments including an IR Head. The establishment of a dedicated IR function reflects our commitment to enhance our engagement with investors and is synergistic with ongoing efforts to enrich the Company's organisational structure and management systems.

Fostering Open Communication

In line with CDL's commitment towards achieving excellence in corporate transparency, the IR team upholds the principles of open communication and information accessibility with investors.

CDL provides timely release of its quarterly financial results, presentations, annual and sustainability reports, media statements and other material announcements, which are primarily disseminated on SGXNET (www.sgx.com), CDL website (www.cdl.com.sg) and other communication channels such as its quarterly publication, City News. Investors can also sign up online for email alerts to obtain latest updates on CDL as soon as they are announced.

Several key disclosure enhancements were achieved in 2016, which included the introduction of a live webcast of CDL's biannual financial results briefings and data granularity. These improvements have received positive outcomes.

In June 2015, CDL was excluded from the FTSE EPRA/NAREIT Global Real Estate Index, Asia region, based on a criterion that requires constituent real estate companies to have derived at least 75% of total earnings before interest, tax, depreciation and amortisation (EBITDA) from relevant real estate activities, in the previous full financial year. We actively engaged representatives of the Index to better understand its eligibility criteria, methodology and process. Insights gleaned guided the fine-tuning of the Group's financial data presentation and the disclosure improvements on its EBITDA composition, to address the Index requirements.

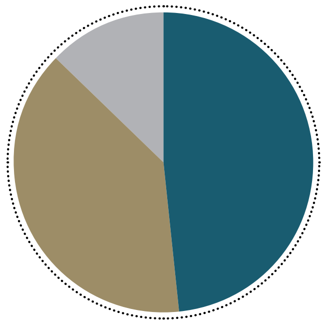
In CDL's Annual Report 2015, the Group provided more granular information regarding hotel operations and its contribution to the core real estate business. This included specific data on revenue and EBITDA attributable to hotel rooms owned by the Group. In June 2016, CDL was re-included into the Index, Asia region.

Similarly, through the feedback from analysts and investors, CDL made several refinements to our quarterly financial presentations, which included the provision of enhanced data granularity to allow investors to better assess our financial and operational performance and address their areas of interests and concerns.

OVERVIEW OF SHAREHOLDER BASE

As at 31 December 2016

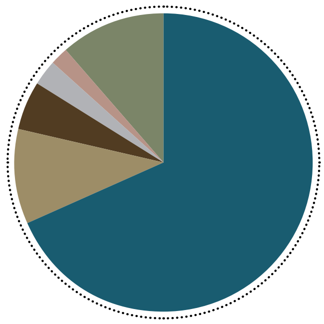
Investor Type



Hong Leong Investment Holdings Pte. Ltd.	48.4%
Institutions	38.6%
Retail & Others*	13.0%

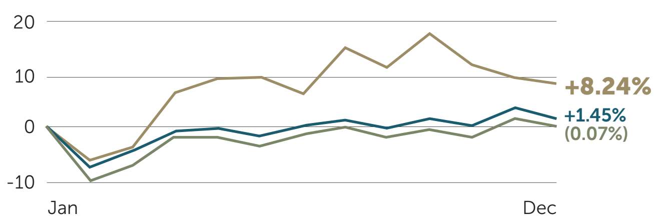
* Including shares held by brokers and undisclosed holdings.

Geographic Distribution



Singapore	68.4%
North America	10.3%
UK	5.3%
Asia (ex Singapore)	2.7%
Europe (ex UK)	2.0%
Rest of the World/ Unidentified holdings	11.3%

2016 SHARE PRICE PERFORMANCE



CDL +8.24%

FTSE ST All-Share +1.45%

Straits Times Index (0.07%)

INVESTOR RELATIONS

Active Engagement with the Investment Community

The CDL senior management and IR team engages with the investment community through platforms such as its Annual General Meeting (AGM), biannual results briefings for analysts and media, as well as post-results luncheons and non-deal roadshows, conferences, meetings and site visits.

These platforms enable us to effectively connect with our existing and potential investors, communicate our strategy and provide regular updates on our operational performance and business outlook.

In 2016, CDL senior management and IR team met with over 200 institutional shareholders and potential investors in Singapore, Hong Kong and Japan. In addition, we facilitated over 30 site visits to our developments in Singapore, China and UK for fund managers and analysts.

Beyond facilitating corporate access for investors, the IR team also cultivates a close relationship with over 20 sell-side analysts that cover our stock, engaging them in open interaction with CDL's senior executives and providing them access to property visits. In doing so, the research analysts gain insights on the market conditions, the operations and the Company's strategic intents.

The Group's share price strengthened in 2016. It closed at $8.28, an 8.2% increase from 2015. Taking into account the dividends paid out to our shareholders, CDL's Total Shareholder Return (TSR) in 2016 was 10.3%.

2016 INVESTOR RELATIONS CALENDAR

		Location
1st Quarter (Jan - Mar)	CDL FY 2015 Financial Results Briefing to Media & Analyst – Live Webcast	Singapore
	Post FY 2015 Results Luncheon hosted by Credit Suisse	Singapore
	Non-Deal Roadshow hosted by Morgan Stanley	Hong Kong
	Daiwa Investment Conference Tokyo 2016	Tokyo
2nd Quarter (Apr - Jun)	Credit Suisse 19th Annual Asian Investment Conference	Hong Kong
	CDL 53rd Annual General Meeting	Singapore
	Bank of Singapore Equity Forum	Singapore
	Post Q1 2016 Results Luncheon hosted by J.P. Morgan	Singapore
	Non-Deal Roadshow hosted by Bank of America Merrill Lynch	Hong Kong
	Deutsche Bank 7th Annual dbAccess Asia Conference 2016	Singapore
	Nomura Investment Forum Asia 2016	Singapore
3rd Quarter (Jul - Sep)	CDL 1H 2016 Financial Results Briefing to Media & Analyst – Live Webcast	Singapore
	Post 1H 2016 Results Luncheon hosted by UBS	Singapore
	Macquarie ASEAN Conference	Singapore
	Bloomberg CEO Breakfast Roundtable	Singapore
	Investor drinks hosted by Deutsche Bank	Singapore
	CDL Analyst Social at Gramercy Park	Singapore
	UBS Singapore Corporate Day	Hong Kong
4th Quarter (Oct - Dec)	Singapore Exchange-Credit Suisse Real Estate Corporate Day	Singapore
	Post Q3 2016 Results Breakfast hosted by Maybank Kim Eng Securities	Singapore
	Morgan Stanley 15th Annual Asia Pacific Summit	Singapore
	Lim & Tan Securities Client Seminar	Singapore
	Henderson Global Investors Outlook Lunch	Singapore

CALENDAR OF FINANCIAL EVENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2016

Date	Event
	Announcement of Results:
11 May 2016	Announcement of First Quarter Results
11 August 2016	Announcement of Second Quarter and Half Year Results
10 November 2016	Announcement of Third Quarter and Nine-Month Results
23 February 2017	Announcement of Fourth Quarter and Full Year Results
	Books Closure and Dividend Payment Dates:
9 June 2016	Books closure date for Preference Dividend^
30 June 2016	Payment of Preference Dividend^
24 August 2016	Books closure date for Special Interim Ordinary Dividend
9 September 2016	Payment of Special Interim Ordinary Dividend
9 December 2016	Books closure date for Preference Dividend^
3 January 2017	Payment of Preference Dividend^
3 May 2017	Books closure date for proposed 2016 Final and Special Final Ordinary Dividends*
22 May 2017	Proposed payment of 2016 Final and Special Final Ordinary Dividends*
	Shareholders' Meeting:
25 April 2017	54th Annual General Meeting

Notes:
^ The Preference Dividend is paid semi-annually in arrears.
* The declaration and payment of the 2016 Final and Special Final Ordinary Dividends is subject to approval of Ordinary shareholders at the 54th Annual General Meeting.

FINANCIAL YEAR ENDING 31 DECEMBER 2017

Date	Event
	Announcement of Results:
May 2017	Proposed Announcement of First Quarter Results
August 2017	Proposed Announcement of Second Quarter and Half Year Results
November 2017	Proposed Announcement of Third Quarter and Nine-Month Results
February 2018	Proposed Announcement of Fourth Quarter and Full Year Results
	Shareholders' Meeting:
April 2018	55th Annual General Meeting

SUSTAINABILITY
BOARD STATEMENT

2016 saw exponential development in global climate and sustainability actions. The landmark Paris Agreement was ratified by over 120 nations as at end 2016 and adoption of the United Nations (UN) Sustainable Development Goals (SDGs) has been fast growing globally.

At home, the Singapore Exchange (SGX) joined the global sustainable exchanges and launched the SGX Sustainability Indices and the Sustainability Reporting Guide for listed companies. The industry-led Singapore Stewardship Principles for Responsible Investment was also launched to encourage stewardship of good governance among investors.

CDL has long recognised that Environmental, Social and Governance (ESG) integration is the cornerstone of a successful and sustainable business. Since 1995, CDL has transformed its business model to one that "Conserves as it Constructs". Today, CDL has advanced its strategy to "Create Future Value" for its business, shareholders and stakeholders. As the first developer in Singapore to adopt the International Integrated Reporting Council (IIRC)'s Integrated Reporting <IR> approach since 2015, CDL continues to make business sense of its ESG performance.

2016 in Review

Managing material ESG issues is vital to create lasting value. CDL periodically reviews its material issues against the fast changing business environment, stakeholder opinions and emerging trends, as well as critical issues prioritised and endorsed by the Board.

CDL was among the first in Singapore to align its ESG issues and initiatives with nine SDGs that it can contribute towards.

In line with Singapore's vision and the Global Goals for smart and sustainable cities, CDL collaborated with the National University of Singapore (NUS) School of Design and Environment to catalyse innovations in smart and green building technologies, which can be test-bedded in CDL's future developments. Through the NUS-CDL Smart Green Home and NUS-CDL Tropical Technologies Laboratory (T^2 Lab), CDL will champion cutting-edge solutions to meet the lifestyle needs of homebuyers and tenants in an inclusive, climate-resilient and urbanised environment.

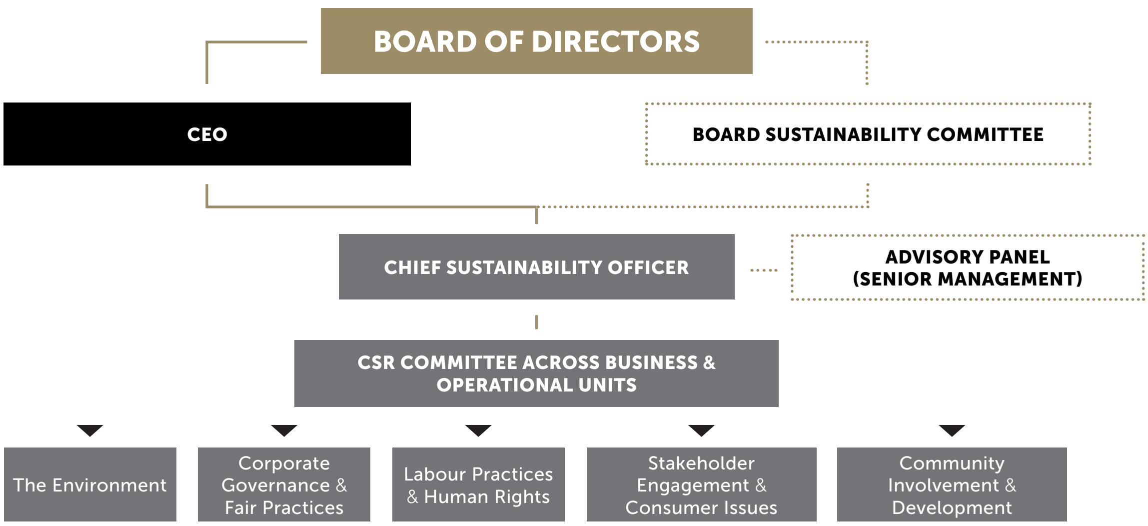
A testament to our unwavering commitment to long term value creation, CDL was ranked as the Top Real Estate Company and Top 10 in the eminent 2016 Global 100 Most Sustainable Corporations in the World ranking. CDL is also Asia's Top Property Developer and Top Singapore Company in the Channel NewsAsia Sustainability Ranking for three consecutive years. CDL remains as the first Singapore Corporation to be listed on four of the world's leading sustainability benchmarks – FTSE4Good Index Series (since 2002), MSCI ESG Indexes (since 2009), Global 100 Most Sustainable Corporations in the World (since 2010), and Dow Jones Sustainability Indices (since 2011).

To better reflect the Board's role in advancing sustainability within the organisation, the Board-level CSR and Corporate Governance Committee has been renamed as "Board Sustainability Committee" as of November 2016.

Leadership Commitment to Sustainability

Since 2008, a company-wide CSR Committee was set up to drive sustainability across all corporate and operational units that are material to the business. Above this Committee, the Board Sustainability Committee assumes an advisory role for CDL's sustainability strategy, and reviews CDL's sustainability plan and performance.

SUSTAINABILITY COMMITTEE STRUCTURE
As at November 2016



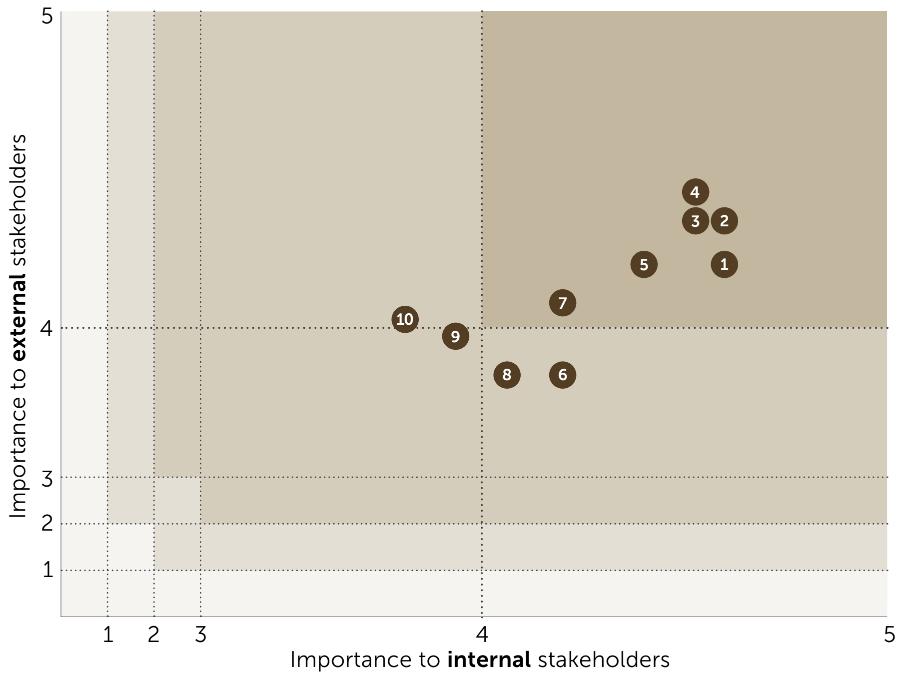
Strategic Management of Material Issues

To understand internal and external viewpoints on material issues that can impact CDL's long-term value creation, a second materiality review was conducted on its ESG issues to take into account stakeholders' expectation and the fast-changing business and sustainability landscape.

Administered by an independent consultant, an online survey engaged seven internal and external stakeholder groups for their feedback on ESG issues most relevant and of concern to them. Mapping to a materiality matrix, 10 most critical ESG issues, related risks and opportunities were identified to prioritise sustainability efforts and reporting to key investors and stakeholders.

CDL FUTURE VALUE 2030

CDL's material ESG issues are reflected in the newly introduced CDL Future Value 2030 blueprint, with specific commitments and targets outlined on pages 78 to 79.



Top 10 Material Issues	CDL's Capital
1 Legal Compliance	All
2 Anti-fraud and Anti-corruption	Organisational
3 Product Quality and Responsibility	Organisational, Manufactured
4 Employee Health and Safety	Human
5 Customer/Public Health and Safety	Manufactured, Social and Relationship
6 Economic Contribution to Society	Financial, Human, Social and Relationship
7 Supplier Health and Safety	Human, Social and Relationship
8 Customer and Tenant Engagement	Social and Relationship
9 Energy Efficiency	Natural
10 Environmental Impact Assessment and Mitigation	Natural

Alignment with the Sustainable Development Goals

In the Integrated Sustainability Report 2016, CDL took the initiative to align its material issues with the SDGs by effectively managing ESG issues and building innovative collaborations across sectors.

With the introduction of CDL Future Value 2030, further steps were taken to map sustainability goals and initiatives to the most relevant SDGs to which CDL can contribute. Details can be found on pages 78 to 79.

Our ESG Risks and Opportunities

CDL recognises that disconnection between our sustainability and risk management can lead to strategic and operational risks, as well as missed opportunities for growth. Through stakeholder engagement and materiality assessment, CDL is complementing its Enterprise Risk Management (ERM) in the identification and assessment of ESG risks and opportunities, having reviewed the impact of material ESG issues to its business and stakeholders.

RISKS

Climate Change Risks

This includes risks driven by changes in regulations, physical climate parameters and other climate-related developments. One example is the enforcement of the Paris Agreement that will reshape national economies, development paths, and value chains for companies across the globe. Along with a formalised Climate Change Policy since 2015, CDL also adopted the Sectoral Decarbonisation Approach to set science-based targets to demonstrate commitment to keep global warming below two degrees Celsius.

Health & Safety Risks

Although most work activities at the development sites and managed buildings are carried out by contractors, CDL recognises that a safe work environment is a productive one. Within the EHS Management System (EHS MS), CDL established an independent audit tool – the CDL 5-Star EHS Assessment System– to ensure contractors' onsite EHS performance. CDL also requires contractors to have a minimum of a bizSAFE level 3 or OHSAS18001 certification, to ensure that workplace safety and health risks can be adequately addressed and managed.

People Risks

This includes fraudulent and corrupt practices amongst employees and business contacts that may result in financial losses and reputational damage. CDL has a zero-tolerance policy towards fraud and corruption, and has in place whistle-blowing procedures enabling employees and other persons to raise concerns of possible improprieties in confidence. In addition, the loss of human talent will impact the company's daily operations and ability to sustain growth. Identification, development and retention of talent are key aspects of CDL's human capital risk management.

Product Risks

Property purchase and leasing is a significant investment or recurring expense for CDL's customers. The failure to meet customers' expectation on product quality and responsibility will affect CDL's market performance. CDL makes it a priority to deliver innovative green and safe designs, with high standards of workmanship and functionality, by voluntarily subscribing to the BCA Construction Quality Assessment System (CONQUAS). For quality assurance, CDL has set a target to rectify defects reported at new developments within 30 days.

Raw Materials Supply Risks

Developing new buildings require raw materials ranging from timber to steel. The stability and the sustainability of the supply production of such materials have direct impact on CDL's core business operations. Within the EHS MS, CDL has Green Procurement Guidelines that clearly state the requirements for sustainable sourcing.

Regulatory Risks

Legal non-compliance may result in monetary fines and non-financial sanctions which may impact CDL's operations and reputation. Failure to comply with local and international laws will also threaten CDL's licence to operate in those markets. Within the EHS MS, the applicable legal requirements are regularly monitored and evaluated for compliance. A system of incentives and penalties has also been implemented to improve and tighten contractors' site management.

OPPORTUNITIES

Demographics Shift

The UN Population Prospect in 2008 projected almost 10% of the world population will be above 65 years old by 2020 and by 2030, the statistic will go up to 15%. An aging population poses challenges to businesses on how they design jobs and fulfill customers' needs. It also presents opportunities for corporations to respond and position themselves to meet these new demands and realities. As a leading green developer, CDL can leverage on its track record and expertise to innovate product offerings to capitalise on the emerging senior homes and elderly care markets.

Low-Carbon Economy

By 2020, the global low-carbon and resource-efficient industry is projected to reach US$ 2.2 trillion*. With Singapore's pledge for 36% reduction in emissions intensity by 2030, Climate Action Plan and Sustainable Singapore Blueprint, governmental efforts are increasingly moving towards a green growth economy.

Beyond our long established commitment to invest 2% to 5% of a new development's construction cost on green features, CDL has partnered the NUS School of Design and Environment to catalyse innovations in smart and green building technologies, which can be test-bedded in our future developments. Through the NUS-CDL Smart Green Home and NUS-CDL Tropical Technologies Laboratory (T^2 Lab), CDL will champion novel solutions to meet the future lifestyle needs of homebuyers and tenants in a climate-resilient, urbanised environment.

In the year ahead, CDL will be reviewing the adoption of carbon pricing to stay ahead of the upcoming carbon tax regulation.

Responsible Investment and Green Financing

The UN Principles for Responsible Investment has amassed over 1,500 signatories, representing US$60 trillion assets under management pledged towards incorporating ESG factors into investment and ownership decisions. The expanding pool of socially responsible investors is also evident in the rapid growth of green bond markets, which saw a 91%** increase in 2016 and is expected to continue growing.

These developments present opportunities for CDL to attract fresh funds from the global responsible investment community, as well as raise capital for future green building initiatives and innovation through the issuance of green bonds.

Sharing Economy

While the burgeoning sharing economy has disrupted conventional businesses in office and residential lease, CDL has capitalised on these rapidly growing sectors by venturing into new business models for long-term recurring revenue streams.

- In January 2017, CDL invested in China's leading co-working space operator Distrii to create one of the largest co-working facilities in Singapore – over 60,000 square feet of space at Republic Plaza in the heart of the city's Central Business District to be completed in 2018.
- In September 2016, CDL China invested in the fast-growing Chinese online apartment rental platform mamahome – a one-stop solution for both apartment owners and rental customers – with more than 150,000 apartment listings in 20 China cities.

* Based on a study by UN Environment Programme, 2013.
** Study by HSBC Holding PLC, 2016.

The Management continually monitors and reviews the risks and mitigating controls, to reflect changes due to emerging global trends and its activities.

Strengthening Sustainability-centric Capitals

Adopting the IIRC's <IR> framework, CDL connects internal and external information on six capitals to identify issues that are material to value creation over the short, medium and longer term. This has enabled CDL to develop a long-term strategy for sustainable business while making a positive impact on the environment, business and society.

Financial Capital

CDL assesses its market performance beyond short-term gains and the financial bottom line, and firmly believes in a balanced triple bottom line for long-term growth and value creation for shareholders.

Highlights of CDL's FY2016 financial performance can be found on page 12.

Organisational Capital

The Board and Management are committed to good business ethics, a strong culture of responsibility and an effective control system.

- **Corporate Governance**
  CDL has a comprehensive set of Corporate Policies and Guidelines in place. These include the Code of Business Conduct and Ethics, as well as policies on Anti-corruption, Whistle-blowing, Human Rights etc. They are available on the corporate website and intranet, and disseminated to all employees for annual e-declaration. More information on CDL's Corporate Governance practices and guidelines can be found on pages 34 to 61.

- **Risk Management**
  Since 2002, CDL has established an Enterprise Risk Management (ERM) framework to identify, assess, monitor, manage and review significant business risks regularly. A Control Self-Assessment (CSA) programme implemented across CDL's core business operations further promotes ownership and accountability in proactively assessing risks, and inculcates good governance. The CSA programme was expanded to key local subsidiaries and CDL plans to introduce it to overseas operations in 2017.

  More information of CDL's ERM can be found on pages 62 to 66. Material ESG risks are also listed on page 72.

- **Brand and Reputation**
  Beyond our policies, processes and tacit knowledge, CDL values the trusted brand image and positive reputation gained through its sustainability track record and achievements which are listed on page 25.

Natural Capital

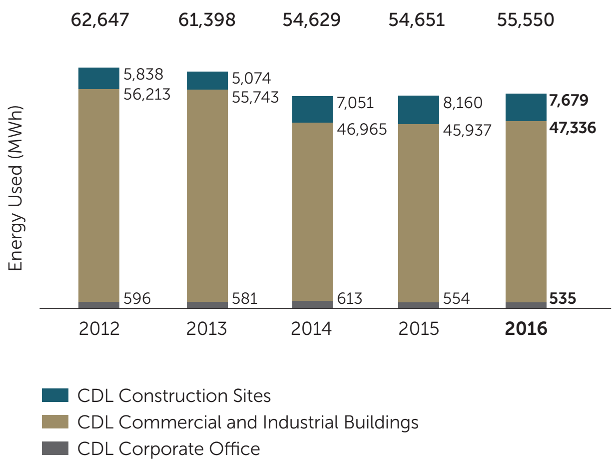
Natural resources are finite and their availability directly affects CDL's bottom line and capacity to create safe and efficient spaces for its customers.

Since 1995, CDL has put in place a host of policies, best practices and initiatives to mitigate our environmental impact.

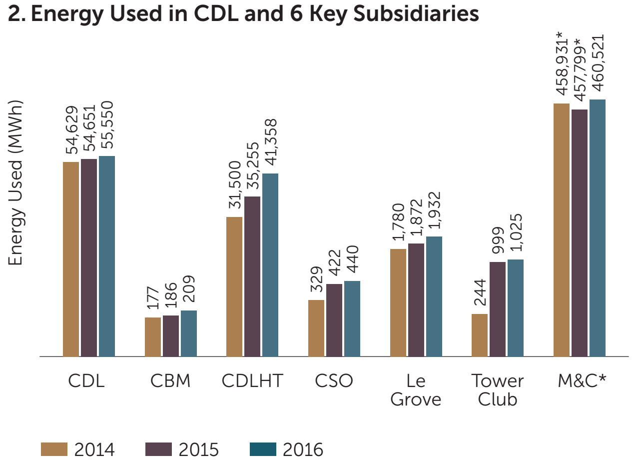
In 2016, CDL achieved 27% reduction in energy use intensity across the entire company, exceeding its 25% target set for 2030.

Aligning with Singapore's national commitment to the Paris Agreement, CDL has voluntarily raised its Greenhouse Gas (GHG) emissions intensity reduction targets from 25% to 38% by 2030 against baseline year 2007. In 2016, CDL has reduced GHG emission intensity by 22%, on track to achieving the original target set for 2020.

1. Energy Used in CDL's Core Business: Projects, PFM, Corporate Office

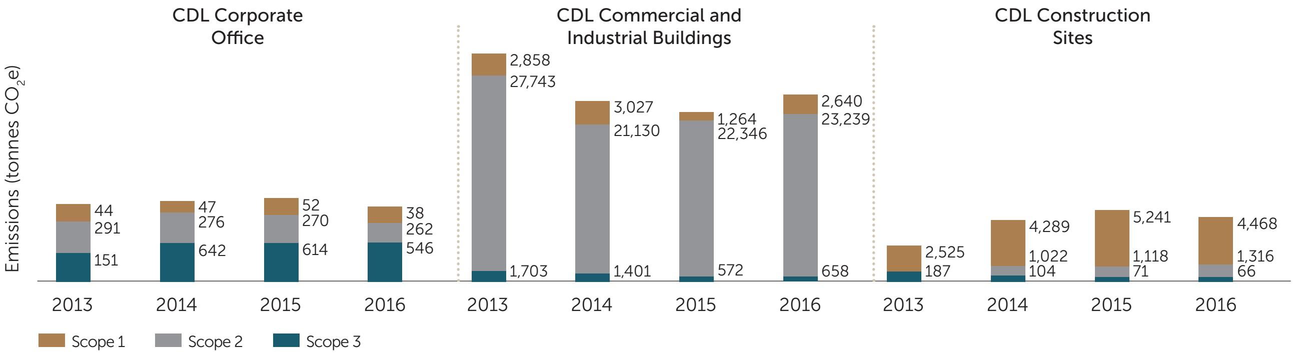


2. Energy Used in CDL and 6 Key Subsidiaries

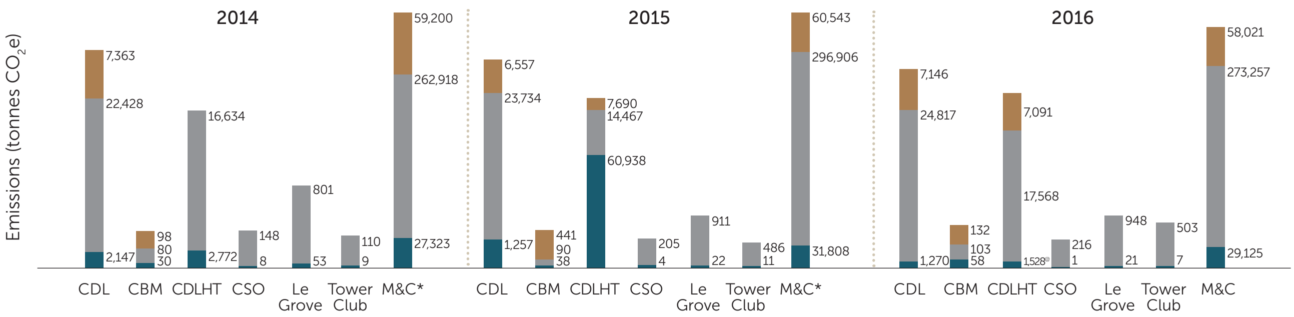


* Oct - Sep data.

3. GHG Emissions from CDL's Core Business: Projects, PFM, Corporate Office



4. GHG Emissions from CDL and 6 Key Subsidiaries



* Oct - Sep data.   @ Excluding emissions from waste disposed.

Since 2010, CDL has practiced Biodiversity Impact Assessments for new development sites on a voluntary basis. For Forest Woods condominium launched in 2016, CDL voluntarily conducted an environment study similar in scope to an Environment Impact Assessment. The three-month study was tailored to determine the environmental baseline of the brownfield site, and to understand the environmental impacts that may arise from demolition and construction activities.

Environmental indicators such as the wind, lighting and shading effect of the new development; water quality, air quality, noise production, waste management from the construction activities, and the biodiversity of existing flora and fauna were studied. 36 species of animals and 31 species of plants were identified, with the Black Morinda trees observed to be the rarest in Singapore.

Manufactured Capital

CDL's commitment to quality, innovation and green building has strengthened its manufactured capital, enhancing brand equity and creating greater value for customers and investors.

CDL was awarded the Quality Excellence Award — Quality Champion (Platinum) by the Building and Construction Authority (BCA) in 2016, the only developer to have received this highest honour for four consecutive years.

Over the years, CDL's green building efforts have translated to tangible benefits for CDL and our customers. A saving of $16 million was achieved as a result of the energy-efficient retrofitting and initiatives implemented for eight office buildings from 2012 to 2016, directly benefiting CDL's financial bottom line.

Since 2011, CDL has set a minimum target for all its new developments to be certified BCA Green Mark Gold^{PLUS}, beyond the mandatory Green Mark certification level. Today, more than 70% of CDL's portfolio of 86 Green Mark certified developments and office interiors are rated Green Mark Gold^{PLUS} and Platinum – the highest tier certification.

Beyond green infrastructure, proactive steps were taken to promote eco-friendly behaviour amongst tenants. On top of providing a real-time digital energy monitoring portal to help tenants better control and manage energy usage, CDL further introduced a 1% electricity rebate for tenants who attained 2% savings over the previous quarter's bill.

As of end 2016, over 95% of existing tenants have pledged their commitment to the CDL Green Lease Partnership Programme by signing a Green Lease Memorandum of Understanding.

The health and safety of homebuyers, tenants and community in the vicinity are of utmost importance to CDL. Great emphasis is placed on the structural stability of CDL's buildings, fire safety compliance, and the integrity of building materials to ensure high safety standards. Qualified professionals like resident engineers and technical supervisory staff are engaged to ensure projects are built in accordance with building regulations and codes. Builders are expected to meet CDL's high standards of quality, safety and sustainability.

Human Capital

Employees drive a company's sustained growth and CDL strongly believes in employee engagement, talent acquisition and retention, to remain an employer of choice. HR policies and initiatives foster an inclusive and conducive workplace for employees' development and well-being. This drives productivity and employee satisfaction for organisational and business excellence. More information can be found in the Human Resource Review on page 87.

In addition, workers at CDL's construction sites and managed properties are key resources to the long-term business viability. CDL has thus been a strong advocate of health and safety across its value chain.

In 2016, there were zero fatalities and occupational diseases involving CDL employees. However, there were six reportable injuries. Two of the reportable injuries were non-work related injuries, sustained during non-working hours.

For our builders and their workers, we have implemented various safety initiatives and engagement programmes that helped ensure zero fatalities and occupational diseases at CDL's construction sites in 2016. The Accident Frequency Rate (AFR)* of 0.59 and Workplace Injury Rate (WIR)** of 217 at CDL's construction sites remain way below the construction industry average.

Social and Relationship Capital

Social and relationship capital are intangible resources created by the goodwill that CDL forged with stakeholders and the communities that it operates in.

CDL's continuous engagement efforts have enhanced relationships with stakeholders and helped to create wider economic value for the larger society and the environment. Considerable resources were invested in building strategic collaborations with organisations from the Public, Private and People (3P) sectors. In the long term, this strengthens CDL's social licence to operate and ability to create value.

* AFR refers to the number of workplace accidents per million manhours worked. 2016 average AFR for construction industry is 1.7. For details, please refer to www.mom.gov.sg.

** WIR refers to the number of fatal and non-fatal workplace injuries per 100,000 persons employed. 2016 average WIR for construction industry is 467. For details, please refer to www.mom.gov.sg.

INFLUENCING OUR VALUE CHAIN

Key Initiatives	Impact
12th CDL 5-Star Environment, Health & Safety (EHS) Awards	CDL reiterates its commitment towards Construction Industry Workplace Safety and Health (WSH) Action Plans through the signing of the 'Pledge Towards Vision Zero Through Safe Design – Safe Practices – Safe Culture' with 24 of its key builders and consultants. Witnessed by Mr Sam Tan, Minister of State for the Prime Minister's Office and Ministry of Manpower, it marked the first time that a developer in Singapore has galvanised collective actions along its supply chain to support the Plans. To further promote excellence in EHS practices, various recognition awards were also given out to exemplary builders and workers.
Workplace Well-being Partnership with Health Promotion Board (HPB)	To promote healthier work environment amongst its office tenants, CDL partnered the HPB to offer a series of weekly health-related activities and programmes. As of end February 2017, 1,456 office workers have benefitted from this.
"Let's Live Green!" Homebuyer Outreach	CDL actively encourages its homebuyers to adopt low carbon and eco-friendly lifestyles. In 2016, 1,640 specially-customised "Let's Live Green!" guides, containing information and instructions such as the energy-saving features in their new homes, were distributed during the handover of apartment units.

PROMOTING A LOW-CARBON AND ZERO-WASTE SOCIETY

Key Initiatives	Impact
EcoBank – initiative by CDL and Eco-Business	Second year in running, the EcoBank campaign aims to promote a zero-waste nation by raising awareness on responsible consumption and disposal. With the support of tenants, customers and partners, over 10,000kg of pre-loved items were collected from seven CDL-managed buildings. Through a three-day charity bazaar and a silent auction, the initiative raised more than $35,000 for disadvantaged children under the care of the Children's Charities Association (CCA). Over 230 CDL employees, students and volunteers from CCA and the National Environment Agency put in more than 1,740 volunteer hours to help achieve this.
Clean & Green Singapore	In support of Singapore's clean and green vision, CDL has continued to support the annual carnival jointly organised by 10 government agencies. Through a CDL-branded Eco-Home exhibit, more than 20,000 visitors picked up everyday tips on green living.

Key Initiatives	Impact
Reduce @ North West – "North West Power Up Scheme"	CDL partnered the North West Community Development Council (CDC) for a scheme to help needy families defray their electricity bills while raising awareness amongst the community. Since 2015, the awareness programme has reached out to 131,000 households. CDL will be contributing up to $100,000 over three years, helping 210 low-income households that have signed up for a six-month energy audit in 2015 and 2016 to defray utilities costs.

ADVOCATING BEST PRACTICES IN SUSTAINABILITY

Key Initiatives	Impact
Promoting sustainability thought leadership	As an early adopter of sustainability and pioneer of Singapore's green building movement, CDL's Senior Management are often invited to share its value-driven sustainability strategy at high-level conferences and lectures. In 2016, CDL's CEO and Chief Sustainability Officer were invited to speak at 43 key events, notable ones include: • Business & Climate Summit 2016 • Green Growth & Business Forum 2016 • International Green Building Conference 2016 • IR Magazine Awards & Conference South East Asia 2016 • Principles of Responsible Investment in Person Conference 2016 • Responsible Business Forum 2016 • SGX Briefing for CEOs on Sustainability Reporting • SGX Briefing on Financial Stability Board's Task Force On Climate-Related Financial Disclosures

NURTURING SUSTAINABILITY CHAMPIONS OF TOMORROW

Key Initiatives	Impact
CDL-Compact Singapore Young CSR Leaders Award 2016	Into its 6th year, this annual competition seeks to nurture youths to become future sustainability champions. This has become highly relevant as the global call for climate actions and sustainable development agenda is at an all-time high. The programme benefitted close to 470 students, with a record sign-up from 101 student teams in 2016.
CDL E-Generation Challenge 2016	Themed "Make The SMART Move", the annual eco-race aims to raise awareness amongst the youths of the need for "smart-eco" choices for a more sustainable future. The Challenge attracted 360 youth participants in 2016. Since its launch in 2010, the Challenge has reached out to some 2,560 youth participants, with an expanded outreach via social media networks.
My Tree House – World's 1st Green Library for Kids	Built using eco-friendly and recycled materials, My Tree House boasts an eco-centric book collection, interactive green features and programmes which enable children to learn and discover about the natural environment, especially during their formative years. In 2016, My Tree House received a visitorship of over 312,500. Some 5,830 children attended 145 educational activities organised by National Library Board (NLB).
Youth-led Programmes – Local and Overseas	Through the CDL-Singapore Management University (SMU) Young CSR Leaders Fund and direct sponsorships, CDL has supported a total of 16 youth-led projects and Community Involvement Programmes (CIPs) which contributed to social-environmental causes in the local and neighbouring communities. Over 510 youth leaders and volunteers directly benefitted from CDL's support. These youth-led events, in partnership with leading educational institutions, have reached out to close to 120,000 youths in 2016: • SMU Challenge 2016 • National University of Singapore (NUS) Geography Challenge 2016 • NUS Goes Lite 2016 organised by NUS SAVE (Students Against Violation of the Earth) • Keep Them e-Live 2016 organised by Nanyang Technological University (NTU) Earthlink • NTU Asian Business Case Challenge – Sustainable Enterprise Challenge 2016

DEVELOPING SINGAPORE'S ARTS SCENE

Key Initiatives	Impact
6th CDL Singapore Young Photographer Award 2016	Inaugurated by CDL's late Deputy Chairman Mr Kwek Leng Joo and in line with CDL's long-standing commitment to develop the arts and youths in Singapore, this competition aims to discover local photography talents. In 2016, the competition saw a four-fold increase in participation rate with close to 1,600 entries received since it started 10 years ago.
6th CDL Sculpture Award 2017	Themed "Towards Zero Waste!", the 6th edition of this biennial award draws inspiration from Circular Economy and Singapore's vision of becoming a zero waste nation by 2030. The competition invites participants to design sculptures with residual materials from the construction of the Singapore Sustainability Academy (SSA). The winning sculpture will be displayed at the SSA, Singapore's upcoming hub for sustainability capacity building, advocacy and networking.

CARING FOR OUR COMMUNITY

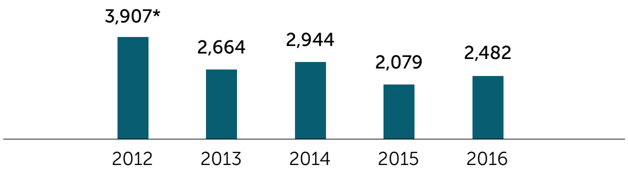
Key Initiatives	Impact
Assisi Hospice Charity Fun Day 2016	Into its 13th year of support, CDL and its subsidiaries, including four hotels in Singapore, continued to contribute towards Assisi Hospice's mission of providing compassionate and quality palliative care to the terminally ill adults and children. Close to $64,000 was raised for the charity event. More than 250 CDL employees volunteered, while its subsidiary CBM Pte Ltd provided in-kind support in logistics, cleaning, waste management and security.

Employee Volunteerism

CDL has always believed in fostering volunteerism amongst our employees to deliver a greater impact to the community.

CDL's staff volunteer arm – City Sunshine Club (CSC) was established in 1999 to encourage employees and their families to do their part in helping the less fortunate. In 2016, CDL employees clocked a total of 2,482 volunteer manhours.

EMPLOYEE VOLUNTEER MANHOURS



* The sharp increase in volunteer manhours in 2012 was due to employee participation in a company-wide community event in celebration of CSC's 10th anniversary.

Looking Ahead

As sustainability is becoming mainstream in business, CDL is launching the CDL Future Value 2030 blueprint. In line with the corporate ethos of "Building Value for Tomorrow, Today", this blueprint articulates how CDL's long-established sustainability strategy and best practices will continue to add value to its business, stakeholders, investors and planet. Most importantly, it sets out a clear direction and ESG goals towards 2030, a milestone year for global climate and sustainable development goals. Details of our ESG goals are captured in pages 78 to 79 of this report.

Ahead of the new policy on carbon pricing and increase in water tariff announced in Singapore's 2017 Budget statement, CDL has long established carbon emission intensity reduction targets since 2010 and subsequently, water use intensity reduction targets since 2015. In support of Singapore's national commitment to the Paris Agreement, Climate Action Plan and the Sustainable Singapore Blueprint, CDL has voluntarily raised our carbon emission intensity reduction target from 25% to 38% by 2030 against baseline year 2007 by adopting the Sectoral Decarbonisation Approach. Our initiative towards low-carbon operations has been part of our sustainability strategy to mitigate risk of rising operating cost.

To future-proof its business, CDL will also embark on scenario planning to identify risks and opportunities that emerging trends, such as carbon taxation and circular economy, might present to its supply chain management.

To address investors' increasing expectation of ESG disclosure and performance, CDL will raise the bar in its ESG reporting by becoming the first Singapore company to adopt the new Global Reporting Initiative (GRI) Standards of Sustainability Reporting for the upcoming CDL Integrated Sustainability Report 2017.

In addition, an enhanced sustainability microsite will be introduced to provide dynamic ESG reporting for proactive engagement with investors and partners. The new microsite www.cdlsustainability.com will be launched when the CDL Integrated Sustainability Report 2017 is published.

Lastly, the landmark Singapore Sustainability Academy, in partnership with the Sustainable Energy Association of Singapore, is slated to open in early June 2017. With the objective of promoting low-carbon economy, resource efficiency and sustainable practices amongst businesses, youths and the community, the zero-energy academy will play an integral part in advancing CDL's efforts in advocacy and stakeholder engagement for sustainable development.

CDL FUTURE VALUE 2030

THE BLUEPRINT FOR CDL'S SUSTAINABILITY GOALS AND STRATEGY

Sustainability has become mainstream in both global political and business arenas. CDL's sustainability leadership has complemented our growth strategy over the past two decades and continues to support our efforts to future-proof our business and conquer new frontiers for sustained growth.

In line with the corporate ethos of "Building Value for Tomorrow, Today", CDL is launching the **CDL Future Value 2030**.

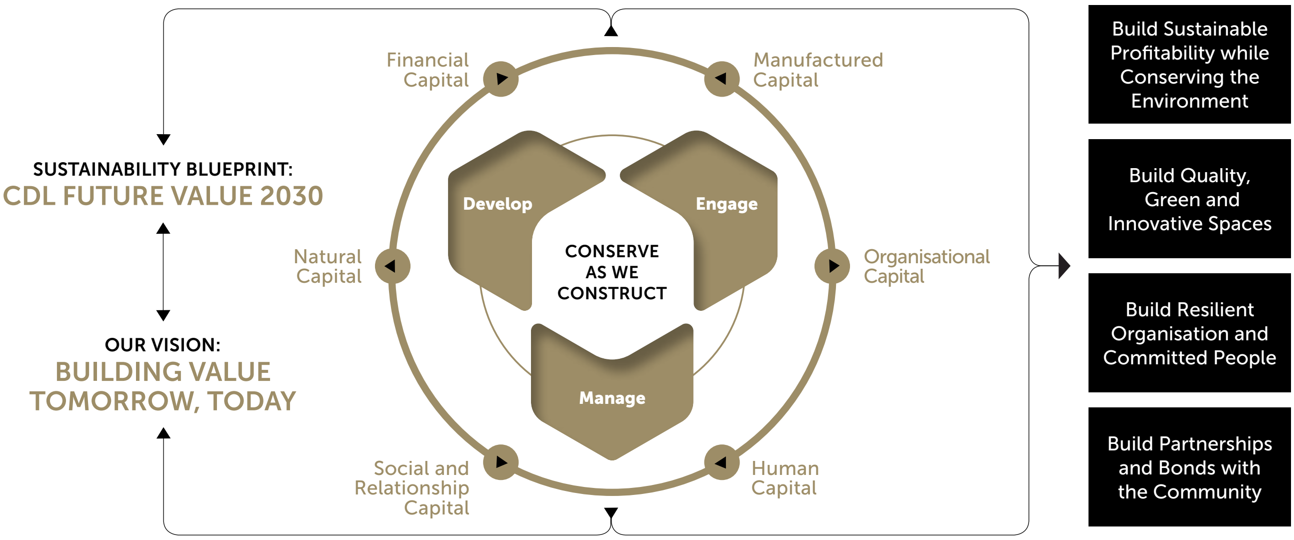
This blueprint articulates how CDL's long-established sustainability strategy and best practices will continue to add value to its business, stakeholders, investors and planet. Most importantly, it sets out clear directions and ESG goals to guide us towards 2030 – an important year under the 2030 Agenda for Sustainable Development and Paris Agreement on climate change. The ultimate aim is to maintain CDL's position as the most sustainable real estate management and development company in the world.[1]

One important ESG goal set out in the **CDL Future Value 2030** blueprint is our voluntary commitment to raise our carbon emission reduction targets from 25% to 38% by 2030 against baseline year 2007, by adopting the Sectoral Decarbonisation Approach starting from 2017 onwards. As a responsible business, CDL's initiative towards low-carbon operations aims to support Singapore's national commitment to the Paris Agreement, Climate Action Plan and the Sustainable Singapore Blueprint. It is also aligned with the UN SDGs[2] that came into force from January 2016.

CDL believes that within the next few years, carbon footprint will come at a cost and a company's carbon policy will have an impact on its financial bottom line. In anticipation of incoming carbon tax and the global call for circular economy business model, CDL has embarked on scenario planning. It aims to identify risks and opportunities that emerging trends might present to CDL, in particular its supply chain management.

CDL'S VALUE CREATION MODEL

In 2015, CDL marked its 20 years of sustainability journey by enhancing its strategy to "Create Future Value". Founded on the ethos of "Conserving as we Construct" since 1995, CDL has been committed to future-proofing its business through a three-pronged strategy as a developer, an asset owner and a corporate citizen. Through comprehensive policies and practices, CDL's unique ESG integration model has created long lasting value for its brand, business operations, stakeholders, customers, investors and the community.



[1] 2016 Global 100 Most Sustainable Corporations in the World
[2] Sustainable Development Goals (www.un.org/sustainabledevelopment/sustainable-development-goals)

ESG INTEGRATION CREATES COMMERCIAL VALUE

OUR KEY DRIVERS	THE VALUE WE CREATE
SUSTAINED GROWTH	• Our portfolio of BCA Green Mark certified properties were the subject of three successful Profit Participation Securities (PPS) investment platforms, which have raised a total of $3.5 billion in funds under management since 2014.
RESOURCE EFFICIENCY	• Achieved $16 million in savings, as a result of the energy-efficient retrofitting and initiatives implemented for eight office buildings from 2012 to 2016, directly benefiting CDL's financial bottom line.
VALUE CREATION	• More than 95% of our existing tenants have signed on to the CDL Green Lease Partnership Programme, with a high satisfaction rate of 94% for office tenants in 2016.
PRODUCTIVITY	• Investing in more sustainable and productive building methods such as the advanced Prefabricated Prefinished Volumetric Construction (PPVC) technology adopted for The Brownstone Executive Condominium, is expected to raise productivity by over 40% and save some 55,000 man-days.
INNOVATION	• Spearheaded groundbreaking innovations and new benchmarks including the first CarbonNeutral® development in Asia Pacific, 11 Tampines Concourse; Singapore's first eco-mall, City Square Mall; and as the first developer in Asia to adopt PPVC in 2014. • In 2016, invested $2.25 million in a partnership with the National University of Singapore for two new research laboratories – to catalyse innovation in smart and green building technologies which can be test-bedded in our future developments.
RISK MANAGEMENT	• Since 2001, we have implemented the CDL 5-Star Environment, Health and Safety (EHS) Assessment System for 100% of our builders to assess their EHS performance and safeguard against associated risks. • To future-proof our business, we are embarking on a scenario planning exercise in 2017, to identify and mitigate emerging trends including carbon tax and circular economy which can impact CDL's supply chain.

CDL FUTURE VALUE 2030 ESG GOALS AND TARGETS	SUPPORTING 9 SDGS
BUILDING SUSTAINABLE CITIES AND COMMUNITIES: • To achieve BCA Green Mark certification for 80% of CDL owned and/or managed buildings • To maintain 100% tenant participation in CDL Green Lease Partnership Programme • To double our commitment to adopting innovations and technology for green buildings • To double resources devoted to advocacy of sustainability practices, stakeholder engagement and capacity building	**SDG 9:** Resilient and Innovative Infrastructure **SDG 11:** Sustainable Cities and Communities **SDG 17:** Partnership for Sustainable Development
REDUCING ENVIRONMENTAL IMPACT: • To achieve the science-based target of reducing carbon emissions by 38% from the baseline year of 2007 • To reduce the usage intensity of electricity and water by 25% from baseline year of 2007 • To reduce waste disposed by 50% • To ensure 100% of appointed suppliers are certified by recognised environmental standards • To ensure that 50% of our construction materials are derived from recycled content, and certified eco-friendly or low-carbon sources	**SDG 7:** Affordable and Clean Energy **SDG 12:** Responsible Consumption and Production **SDG 13:** Urgent Action to Combat Climate Change **SDG 15:** Biodiversity and Resource Conservation
ENSURING A FAIR, SAFE AND INCLUSIVE WORKPLACE: • To maintain Zero corruption and fraud incidents across CDL's core operations • To maintain Zero fatalities across CDL's operations and direct suppliers in Singapore • To maintain Zero occupational diseases across CDL's operations and direct suppliers in Singapore • To maintain Accident Frequency Rate (AFR)* of Zero at corporate office and AFR of one or less for direct suppliers on construction sites and investment properties	**SDG 8:** Decent Work and Economic Growth **SDG 16:** Peace, Justice and Strong Institutions

* AFR refers to the number of workplace accidents per million manhours worked.

CORPORATE NETWORK
As at 28 February 2017

GLOBAL NETWORK

Over 480 Subsidiaries & Associated Companies

7 COMPANIES LISTED ON STOCK EXCHANGES in Singapore, London, New Zealand & Philippines

RESIDENTIAL	INVESTMENT PROPERTIES	HOTELS	FUNDS MANAGEMENT
DEVELOPED OVER 40,000 LUXURIOUS RESIDENCES globally	**OWNS OVER 18 MILLION SQ FT OF FLOOR AREA** of office, industrial, retail, residential and hotel space globally	**GLOBAL FOOTPRINT OF OVER 130 HOTELS, ACROSS 26 COUNTRIES**	**OVER $3.5 BILLION IN FUNDS UNDER MANAGEMENT (FUM)** through 3 Profit Participation Securities (PPS) transactions

97 Locations in 26 Countries

NORTH AMERICA

United States
Anchorage
Avon
Boston
Boulder
Buffalo
Chagrin Falls
Chicago
Cincinnati
Durham
Kissimmee
Los Angeles
Minneapolis
Nashville
New York
Scottsdale
Sunnyvale

ASIA

China
Beijing
Chengdu
Chongqing
Dongguan
Fuqing
Hangzhou
Hong Kong
Qingdao
Shanghai
Suzhou
Wenjiang
Wuxi
Xiamen

Indonesia
Jakarta

Iraq
Sulaymaniyah

Japan
Osaka
Tokyo

Kuwait
Kuwait

Jordan
Amman

Malaysia
Cameron Highlands
Johor Bahru
Kuala Lumpur
Malacca
Penang

Maldives
Meradhoo Island
Velavaru Island

Oman
Muscat

Philippines
Manila

Qatar
Doha

Singapore
Singapore

Saudi Arabia
Hail
Madinah
Makkah
Riyadh

South Korea
Seoul

Taiwan
Taichung
Taipei

Thailand
Bangkok
Phuket

United Arab Emirates
Abu Dhabi
Dubai
Fujairah
Sharjah

EUROPE

France
Paris

Georgia
Tbilisi

Italy
Rome

Russia
Moscow

The Netherlands
Amsterdam

United Kingdom
Aberdeen
Birmingham
Berkshire
Cambridge
Cardiff
Dudley
Glasgow
Gloucester
London
Liverpool
Manchester
Newcastle upon Tyne
Plymouth
Reading
Sheffield
West Sussex

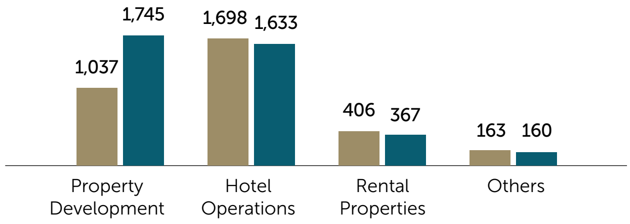
AUSTRALIA AND OCEANIA

Australia
Brisbane
Perth

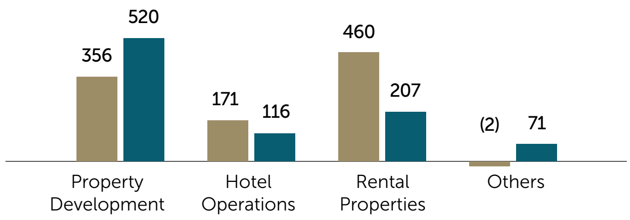
New Zealand
Auckland
Bay of Islands
Dunedin
Greymouth
Masterton
New Plymouth
Omapere
Paihia
Palmerston North
Queenstown
Rotorua
Taupo
Te Anau
Whanganui
Wellington

FINANCIAL REVIEW

Revenue By Segment ($ million)



Profit Before Tax By Segment* ($ million)



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

2015 2016

Property Development

Revenue and pre-tax profit increased by $707.6 million to $1,744.7 million (FY 2015: $1,037.1 million) and $163.9 million to $519.7 million (FY 2015: $355.8 million) for FY 2016 respectively.

The increase in revenue for FY 2016 was primarily due to the maiden contribution from the sale of 814 residential units and 194 carpark lots of Phase 1 of Suzhou Hong Leong City Center, which were handed over in December 2016, full revenue recognition from Lush Acres, an executive condominium (EC) which obtained Temporary Occupation Permit (TOP) in June 2016, contribution from Hanover House, steady sales of Gramercy Park as well as higher contributions from D'Nest, Coco Palms, The Venue Residences and Shoppes, and land sales in New Zealand. This was however partially offset by absence of contribution from H_2O Residences, The Palette and Emerald House, London which were fully recognised in 2015 and lower contribution from Jewel@ Buangkok and HAUS@SERANGOON GARDEN in 2016.

The increase in pre-tax profit for FY 2016 was in tandem with the increase in revenue, coupled with gain recognised by First Sponsor Group Limited, an associate, on dilution of its interest in Star of East River project in Dongguan. The increase was partially offset by the absence of share of profit contribution from a joint venture EC, The Rainforest, which was recognised in its entirety in Q1 2015 when it obtained TOP in March 2015, and lower contribution from The Inflora and Bartley Ridge.

Hotel Operations

Hotel revenue decreased by $64.4 million to $1,633.7 million (FY 2015: $1,698.1 million) for FY 2016. Pre-tax profit decreased by $55.1 million to $115.8 million (FY 2015: $170.9 million) for FY 2016.

The decreases in revenue and pre-tax profit for FY 2016 were due to continued challenging conditions in the Group's key gateway cities primarily New York and Singapore and the disruptions from refurbishment/improvements works carried out at several hotels in various locations including east tower of ONE UN New York, M Hotel Singapore, Grand Millennium Kuala Lumpur, Copthorne Hotel Auckland Harbour City and Grand Copthorne Waterfront Hotel Singapore in 2016. Further, the weakening of Sterling Pound against Singapore dollar in 2016 following the outcome of the Brexit referendum, had also negatively impact the Group's hotel operations when Millennium & Copthorne Hotels plc's results was consolidated at Group level. The decreases were partially mitigated by the contribution from new hotels such as Hard Days Night Hotel Liverpool and Hilton Cambridge City Centre which were acquired in 2015 and better performance from New Zealand driven by growth in the country's international tourism. In addition, higher operating expenses incurred by JW Marriott Hotel Singapore South Beach which was closed for about six months following the rebranding exercise and newly opened M Social Singapore as well as the impairment loss of $38.3 million (FY 2015: $73.4 million) also attributed to the weak financial performance in 2016.

Rental Properties

Revenue and pre-tax profit decreased by $38.6 million to $366.9 million (FY 2015: $405.5 million) and $252.9 million to $207.3 million (FY 2015: $460.2 million) for FY 2016 respectively.

The decrease in revenue for FY 2016 was largely due to the absence of contribution from Central Mall Office Tower, 7 & 9 Tampines Grande and Manulife Centre following the sale of their leasehold interests to subsidiaries of Golden Crest Holdings Pte. Ltd., an associate of the Group, via the Group's second Profit Participation Securities (PPS) in December 2015, coupled with disposal of equity interest in Exchange Tower Ltd which owns a commercial building in October 2016. The decrease was however partially mitigated by higher rental contribution from Millennium Mitsui Garden Hotel Tokyo in 2016.

The substantial decrease in pre-tax profits for FY 2016 were due to absence of gains recognised from the sale of leasehold interests in the aforesaid three Singapore properties, partially mitigated by gain accounted for the sale of equity interest in Exchange Tower Ltd in Q4 2016.

Others

Revenue, comprising mainly income from building maintenance contracts, project management, club operations, laundry services and dividend income, decreased by $3.2 million to $160.2 million (FY 2015: $163.4 million) for FY 2016. The decrease was mainly due to the lower contribution of hospitality income following the sale of the Group's entire 52.52% interest in City e-Solutions Limited (CES).

This segment reported a pre-tax profit of $71.3 million (FY 2015: pre-tax loss of $1.6 million) for FY 2016. The significant increase for FY 2016 was largely due to gain arising from the disposal of CES and higher gains accounted from realisation of investments in Real Estate Capital Asia Partners II and III (private real estate funds) in current year.

Driving Forward with Robust Property Sales & a Resilient Portfolio

During the year in review, CDL continued to achieve steady sales on its residential project launches. In Singapore, the Group and its joint venture (JV) associates sold 1,017 residential units including Executive Condominiums (ECs) with a sales value of about $1.25 billion, and was one of the private developers that sold the most number of units in Singapore.

Accounting for majority of the units sold was Forest Woods, a 519-unit JV project launched in October. One of 2016's bestselling condominiums in 2016, the project is now over 75% sold.

The Group's other new project in 2016, Gramercy Park, an exclusive 174-unit luxury residence on Grange Road, also received positive response. Phase 1, comprising the 87-unit North Tower, was soft launched in May. To date, 56 units have been sold.

In China, the Group also recorded steady residential sales for three launched projects – Hong Leong City Center in Suzhou, Hongqiao Royal Lake in Shanghai and Eling Residences in Chongqing. In particular, Phase 1 of Hong Leong City Center was completed in Q4 2016 and 814 units were handed over to purchasers, allowing for recognition of its maiden profits. Currently, 76% of the 1,804 units in the mixed-use waterfront development has been sold/booked, with sales value of RMB 2.71 billion.

In the UK, the 82-unit Hanover House in Reading was fully sold with total sales value of £18.3 million.

The Group's JV residential development in Australia similarly continued to make good progress. Ivy and Eve, the 472-unit project in Brisbane, is now around 95% sold.

On the commercial front, CDL's office portfolio continued to enjoy high occupancy at 95.9% as at 31 December 2016, above the national average occupancy rate of 88.9%.

South Beach, the Group's JV mega mixed-use development on Beach Road, was fully completed in December. The office and retail space is fully leased, while the rebranded 634-room hotel, now known as JW Marriott Hotel Singapore South Beach, soft opened in December.

Advancing Diversification Strategy

The Group continued to advance on its "5-5-5" diversification strategy, which commenced in 2014. Focused on two key dimensions — geographical expansion and product innovation — we target to invest $5 billion overseas in five key markets and raise $5 billion in funds under management (FUM), by end 2018.

In 2016, the Group made three strategic overseas acquisitions and raised close to $1 billion through our funds management platform. By the end of 2016, CDL is on track to achieve these targets, with $2.5 billion of acquisitions and over $3.5 billion in FUM.

An iconic ultra-luxurious abode featuring 126 exclusive units, Eling Residences has achieved one of the top per square metre pricing for condominiums in Chongqing.

UK

We acquired our first office redevelopment property in the UK, Development House, in Shoreditch (north of the City of London) for £37.4 million. The existing 28,266 square feet (sq ft) six-storey office building can be potentially redeveloped into a nine-storey office building with about 90,000 sq ft, with ancillary retail space at the ground floor.

Advancements were also made on existing development sites, such as the former carpark at 28 Pavilion Road in Knightsbridge. Planning consent has been obtained to redevelop the site into a first-ever luxury care home development in central London. With a potential value of up to £200 million, the scheme will comprise 34 two-bedroom apartments for sale, ranging in size from 1,250 to 2,110 sq ft.

Artist's Impression

Strategically located in Shoreditch, an area which enjoys strong demand for office buildings, CDL plans to redevelop Development House into a nine-storey commercial property with potentially about 90,000 sq ft of office and retail space.

China

Beyond site acquisitions, we actively seek strategic investments and partnerships for immediate entry into fast-growing, new economy sectors that complement our business and enhance our recurring income streams.

Through our wholly-owned subsidiary, CDL China Limited, the Group invested RMB 100 million for a 20% stake in mamahome (http://www.52mamahome.com/), one of China's fastest growing online apartment rental platforms. As a one-stop solution for both apartment owners and rental customers, mamahome provides an online booking website, online management software and other value-added services including housekeeping, renovation, 24-hour concierge and call centre.

Operating under an asset light model with a focus on internet expansion, mamahome represents an efficient manner to grow market share. Importantly, the mamahome platform provides scalability and offers synergies with the residential leasing properties and serviced apartments in our asset portfolio.

Japan

In 2016, we made our second investment in the Japan residential segment, through a JV with Mitsui Fudosan Residential Co., Ltd., the residential property development and sales unit of Mitsui Fudosan Group.

CDL acquired a 20% stake in a prime freehold residential project in Tokyo, Park Court Aoyama The Tower. The project has a total gross development value of over JPY 50 billion, and is strategically located in the prestigious area of Aoyama within Minato ward. Targeting high-end domestic and foreign buyers, the 163-unit luxury residence is expected to be completed in 1H 2018. The project was launched in October 2016 and over 50% of the units have been sold.

The Mitsui Fodusan Group has been a JV partner on numerous CDL residential developments in Singapore for over four decades. This investment marked the Group's second collaboration with Mitsui Fodusan in Japan.

Third Profit Participation Securities (PPS) Platform

In line with our product diversification objective, CDL established our first PPS platform in 2014. In 2014 and 2015, we had successfully executed two PPS transactions involving the sale of cash flows of the assets of our integrated development Quayside Collection on Sentosa Cove, and a joint investment in an office portfolio comprising three of our prime office assets.

In 2016, we unveiled our third PPS initiative, which unlocked value of Nouvel 18, a 156-unit luxury freehold residence along Anderson Road for $977.6 million. The transaction resulted in CDL fully exiting our interest in the development to a special purpose vehicle (SPV) owned by a group of high net worth Singaporeans and wholly-owned by Singapore citizens.

The PPS comprises $102 million issued in the form of ordinary and preference shares to the SPV. Concurrently, two banks provided $579.2 million in senior loans facilities, with the remainder of $296.4 million raised via issuance of notes, with $140.0 million of notes due in 2023 subscribed by a unit of CDL.

PPS investors will enjoy a preferred 5% annual internal rate of return (IRR) and upside beyond that when the units are sold, less any incentives fees payable to a unit of CDL that was appointed asset manager for the development.

Repositioning Hospitality Operations

On the hospitality front, Millennium & Copthorne Hotels plc (M&C) continued to strengthen its global portfolio with the opening of new hotels and introduction of new brands. The new M Social brand, targeted at tech savvy contemporary travellers, made its debut in Singapore, with the opening of the 293-room lifestyle design hotel at Robertson Quay designed by renowned French designer Philippe Starck.

M&C Middle East & Africa officially opened the 214-room Biltmore Hotel Tbilisi in Georgia. The 32-storey luxury hotel is M&C's first hotel in Georgia. Over in New Zealand, M&C opened the rebranded Grand Millennium Auckland, after assuming the lease of the former Rendezvous Grand Hotel Auckland owned by its REIT associate, CDL Hospitality Trusts. With 452 rooms, the hotel is M&C's largest New Zealand property and first Grand Millennium hotel in the country.

In line with M&C's ongoing asset enhancement initiatives, refurbishment works were completed in some of its key properties. These include the US$32 million refurbishment of guest rooms in the east tower of ONE UN New York, which re-opened in time for the UN General Assembly; the revamp of Grand Copthorne Waterfront Hotel Singapore's main lobby and food and beverage outlets at the main entrance level, along with the refurbishment of function rooms at level two; as well as soft refurbishment of guestrooms at M Hotel Singapore and Grand Millennium Kuala Lumpur.

Developing Future-ready Organisation & Management Systems

We continue to shape a future-ready organisation through ongoing re-organisation and capacity-building initiatives.

In line with this strategic thrust, we announced several new appointments to its core leadership in April. They included the appointments of a Deputy Chief Executive Officer, Head of Asset Management and a Chief Financial Officer (a position vacated in end January 2016).

Aimed at strengthening the Group's internal capabilities, the senior appointments will support our diversification focus and re-position us to navigate the rapidly changing business environment.

Looking ahead, CDL will continue to accelerate our diversification strategy, balancing our acquisitive focus with our capital recycling programme.

Against the backdrop of an ever-evolving business landscape, we will complement our acquisitions with investments in new emerging economies to future-proof our business. In Singapore, we have established defensive measures and will navigate the headwinds, while positioning our business for transformative growth.

The 574-room Grand Copthorne Waterfront Hotel Singapore unveiled a vibrant new concept at its revamped lobby. Designed as an integrated dining destination, the lobby area encompasses new dining outlets including Food Capital, an international buffet restaurant, Grissini, an Italian grill restaurant and Tempo, a dynamic bar.

MARKET REVIEW

Our strategic plans for long-term growth focus on both domestic and overseas expansion, and developing innovative growth platforms and fund management products.

In our core development business, we continue to seek suitable opportunities in five key overseas markets – the UK, US, China, Japan and Australia. In Singapore, given the residential market is expected to remain subdued in the near-term, we remain highly selective, whilst simultaneously pursuing funds management and capital recycling programmes, including the Profit Participation Securities (PPS) and other private equity initiatives. In these activities, we will maintain a disciplined, value-oriented and, where appropriate, contrarian approach.

Singapore

The Ministry of Trade and Industry reported that the Singapore economy expanded by 1.8% in 2016, compared with a 2.0% increase in 2015. Most sectors of the economy experienced significantly lower growth rates. Manufacturing expanded by 2.3% in 2016, compared with a 4.8% contraction in 2015. The construction sector moderated with an expansion of 1.3% in 2016, compared to 2.5% growth in 2015. The services sector grew by 0.9% in 2016, moderating from 3.4% growth in 2015.

Residential

The residential property market continued to decline in 2016, weighed down by oversupply and government cooling measures. Prices of private residential properties fell by 3.1%, compared to a 3.7% decline in 2015. Developers have increasingly turned to either bulk sales or deferred payment schemes to mitigate government penalties applicable to unsold inventories.

Government Land Sales (GLS) remain well-bid as developers continue to be active in replenishing land banks. The collective sale or 'en bloc' market also returned in 2016 with three successful transactions.

Although the outlook remains challenging, available private residential units peaked in 2016 and began tapering off in 2017. Signs of pent up demand continues to grow as developers sold a total of 7,972 private residential units in 2016, compared with 7,440 units in 2015.

Despite challenging market conditions, CDL performed credibly in its project launches of both Gramercy Park and Forest Woods.

Office

In 2016, the Singapore office market performed poorly, with sales prices declining 2.8% and rentals declining 8.2%. Total available office space as at end-2016 was approximately 83.2 million square feet (sq ft), with vacancies increasing to 11.1%, compared to 9.5% in 2015. Supply is expected to increase significantly in 2017 before normalising in 2018 and 2019. Demand for office space remains challenging given both sluggish economic growth and consolidation of office space by the banking and energy sectors. The majority of net new demand came from the fintech, technology and co-working sectors.

Retail

Singapore's retail market also performed poorly in 2016, with prices declining 5.4% and rentals 8.3% versus 2015, with an overall vacancy rate at 7.5%. Prime Orchard Road and suburban malls located in good catchment areas fared relatively better than fringe Central Business District (CBD) locations which continued to struggle amid a weak spending environment. Retailers remain cautious amidst manpower constraints and economic uncertainty. As a result, the downward pressure for rents will likely persist as several projects come on stream in 2017. To attract footfall, malls and retailers must continually position themselves as a destination, and enhance the overall shopping experience, leading to pressure to increase capital expenditure.

Hotel

The Singapore tourism industry remained stable in 2016, with a 7.7% increase to 16.4 million visitors from 15.2 million visitors in 2015. However, according to the Singapore Tourism Board, the overall hotel average room rate in 2016 declined 3.6% from 2015 to $237, and overall average occupancy rates dipped slightly by 0.9% to 84%. The majority of new supply was upscale and midscale hotels, and this increase in supply trend will continue in 2017.

In 2016, CDL welcomed the opening of M Social Singapore, a lifestyle hotel in Robertson Quay.

Overseas Markets

UK

The UK economy appears to have weathered the initial shock of the Brexit referendum, maintaining its robust growth at 2% for 2016, with the Bank of England reaffirming its commitment to maintain interest rates at 0.25% for the foreseeable future.

The UK real estate market is adjusting to a less hospitable tax regime and successive increases in stamp duty rates, together with tighter mortgage regulation. However, overseas investors are taking advantage of the drop in Sterling resulting in higher than expected buying activity. In addition, market supply remains constrained by the UK planning system.

In the office market, while there is a sense of caution surrounding certain sectors such as finance, the tech and creative sectors are increasingly representing a larger proportion of Central London take-up. In 2016, CDL acquired its first UK office property in the heart of Shoreditch Technology, Media and Telecom (TMT) sector.

While political events across Europe and Britain's negotiations with the European Union can be expected to have a negative influence in the near term, we anticipate that the underlining resilience of the UK economy, coupled with strong global demand for London property will lead to robust growth in the medium to long term. We continue to be diligent in assessing new investments and we remain optimistic about the long term outlook for the UK.

US

Economic activity and the labour market in the US continued to strengthen, with real GDP increasing 1.6% in 2016 and unemployment falling to 4.7%. The improvement in the current and expected economic conditions allowed the Federal Reserve to increase interest rates by an additional 25 basis points in 2016, while keeping overall monetary policy accommodative to support further strengthening in economic conditions.

The US housing sector continues to show healthy growth, with annual housing starts growing by 5% in 2016 over 2015. Home sales continue to improve, though volumes remain at levels well below the previous pre-crisis peak. Rental growth moderated in 2016, with average growth of 0.2% across all markets, reflecting lower overall affordability.

While the investment outlook has turned cautious in the near term due to a shift in policy following the recent US elections, we will continue to look for long-term opportunities in the US market.

China

China's economy expanded 6.7% in 2016, the lowest since the Global Financial Crisis as the country continues to restructure from an investment to consumption driven economy. However, demand for real estate remained robust with home prices rising rapidly across major cities, prompting the government to roll out new measures to curb price escalation. This prompted some investors in Tier 1 cities to convert serviced apartments to co-living spaces to tap the growing demand from Chinese millennials seeking affordable housing solutions in city centres.

In 2016, CDL expanded its online-to-offline presence via an investment in mamahome, an online apartment rental platform in China, which caters to rapidly rising demand for mid-to-long-term leasing in China.

Going forward in 2017, CDL remains confident in its outlook for China and continues to seek strategic investment opportunities to grow its footprint.

Japan

Japan's economy continued its modest recovery with a steady improvement in employment and domestic investment. The Bank of Japan will continue with quantitative and qualitative monetary easing and implemented yield curve control measures to achieve an inflation rate of 2%.

The low interest rate environment continues to spur investment in real estate with the Ministry of Land, Infrastructure, Transport and Tourism indicating that average prices for residential land in central Tokyo increased by 36% over the past two years, with transaction volumes increasing 10% over the past 12 months. Tourism also continues to grow strongly with the number of foreign visitors increasing 22% year-on-year.

In 2016, the Group announced with joint venture partner, Mitsui Fudosan Residential Co., Ltd., its investment in a second residential development project in Tokyo. The development, located in the highly-sought-after Aoyama district, comprises a 26-storey tower with 163 apartments and facilities. The Group's other prime freehold site acquired in 2014 is located in the prestigious residential enclave of Shirokane district, in Central Tokyo.

Park Court Aoyama The Tower marks the second collaboration between CDL and Mitsui Fudosan Group in Japan. This project comprises a 26-storey tower with 163 apartments and is strategically located in the prestigious area of Aoyama within Minato ward.

Australia

The Australian economy is continuing its transition following the end of the mining investment boom. A benign inflation outlook allowed the Reserve Bank of Australia to cut interest rates by 50 basis points in 2016.

The low interest rate environment continued to boost Australian real estate markets although performance varied across cities, with Sydney and Melbourne performing strongly, while Perth experienced decline. Rising home prices prompted the government to increase levies on foreign buyers in certain cities. Australian banks have also continued to tighten lending for real estate developments, making it increasingly difficult for new projects to get off the ground. This has benefited existing projects already under construction as competitive supply is reduced.

In 2015, CDL partnered Abacus Property Group and KPG Capital to develop a prime residential site in South Brisbane. Due to the exceptional location and competitive pricing, this project comprising two 30-storey towers named Ivy and Eve, is 95% sold. CDL continues to assess opportunities for further investment in the Australian real estate market.

HUMAN RESOURCE REVIEW

At CDL, we value our employees. We are committed to being an employer of choice through competitive remuneration, and to develop, engage and care for our employees. As a homegrown Singapore company, over the past 50 years, we have built a family-oriented work culture, and our employees' dedication has helped establish our position as a market leader.

Remuneration

As an employer of choice, we place a strong emphasis on having a performance-based remuneration framework that is competitive and flexible to company, market and industry changes. Salary benchmarking with the market and within the industry is conducted regularly to ensure competitiveness of remuneration and benefits.

Learning And Development

CDL strongly believes that investment in learning and development will give CDL the competitive edge for future growth and success. Through learning and development opportunities, all CDL employees can acquire relevant skills and expertise. All new employees are required to attend the CDL Onboarding Programme, which aims to induct and integrate new hires into the organisational culture seamlessly. Annual training needs analysis is conducted to ensure that there are necessary training interventions to level up competencies and professional knowledge. In 2016, CDL employees clocked an average of four training days per employee.

Talent Management

Developing a robust talent pool is crucial to strengthening CDL's position as a leading property developer. The CDL Leadership Programme is structured to develop high-potential employees by sharpening their leadership and management skills to enable them to become more effective leaders. In its effort to nurture young talents, CDL started a Management Trainee Programme in 2016. The programme is a 18-month journey for young graduates to learn about the Company's various departments through a series of attachments to get a grasp of the operations within each department and build upon the relationships between these departments. Upon completion of the programme, individuals will be posted to one of the departments.

Engaging Employees

CDL places high value on our employees' engagement, ensuring that they remain engaged, committed and motivated. A townhall was held in 2016 in which CEO Mr Grant Kelley, shared on the company's strategies and directions for the company for the next few years, as well as the Company's revised Vision, Mission and Values.

We conduct regular surveys via intranet to seek employees' feedback and inputs on corporate activities. The feedback is taken into account when planning future activities. We encourage an open and fun work-life culture at CDL.

Caring For Employees

The emotional and physical well-being of employees are integral to our constant strive for performance and organisational excellence. By providing a healthy work-life culture, CDL employees can better balance their personal and professional commitments. Flexi-working hour arrangements allow employees to manage their family and work commitments more effectively and meaningfully. The Human Resource (HR) department constantly reviews staff benefits and implements enhancements to attract, retain and engage employees.

CDL takes a proactive employee-led approach for our wellness programmes. This promotes cohesiveness and encourages employees to participate in the decision-making and implementation of staff activities. Staff Connect, a committee made up of representatives from various departments, together with HR department, actively promotes and organises Work-Life strategies and initiatives.

In line with CDL's commitment to Corporate Social Responsibility (CSR), CDL encourages and creates opportunities for employees to participate in community service programmes through our employee volunteer platform, City Sunshine Club. In 2016, CDL employees clocked more than 2,400 hours in various community service programmes. For example, CDL supported Assisi Hospice in the annual Assisi Hospice Charity Fun Day and WeCare @ North West – Service Weeks.

CDL encourages employees to participate in community service programmes. As one of North West Community Development Council's long-time corporate partner, CDL employees (in blue) volunteered at the WeCare @ North West – Service Weeks campaign to bring festive cheers to the less-privileged families.

PROPERTY PORTFOLIO
ANALYSIS

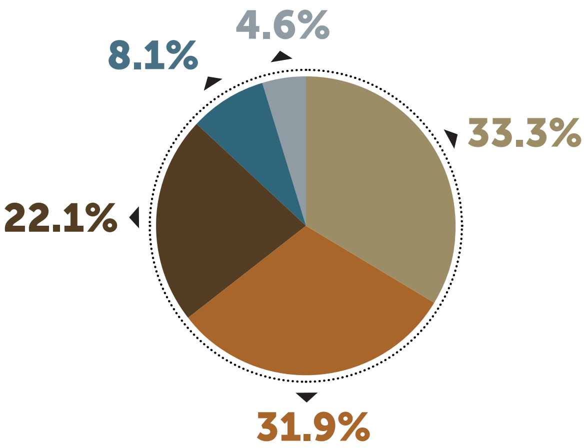
CDL Group's attributable share as at 31 December 2016

ANALYSIS
BY SECTOR

Total lettable/gross floor area:

6.8 million

SQUARE FEET

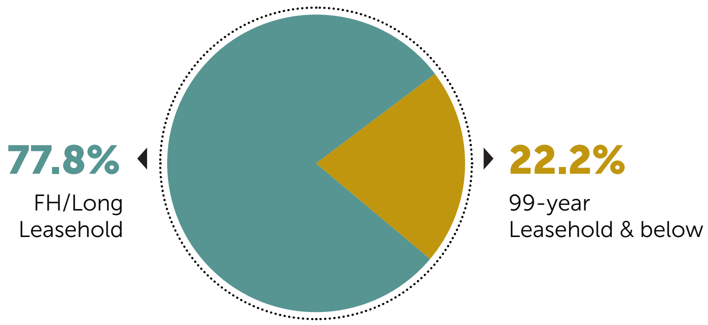


ANALYSIS
BY TENURE

Total lettable/gross floor area:

6.8 million

SQUARE FEET

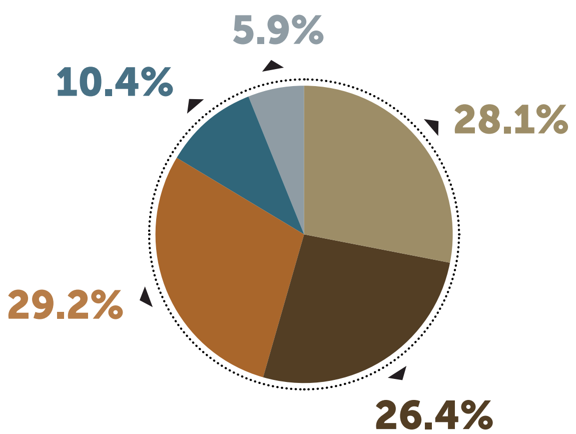


FH/Long Leasehold Breakdown by Sector

Total lettable area/gross floor area:

5.3 million

SQUARE FEET

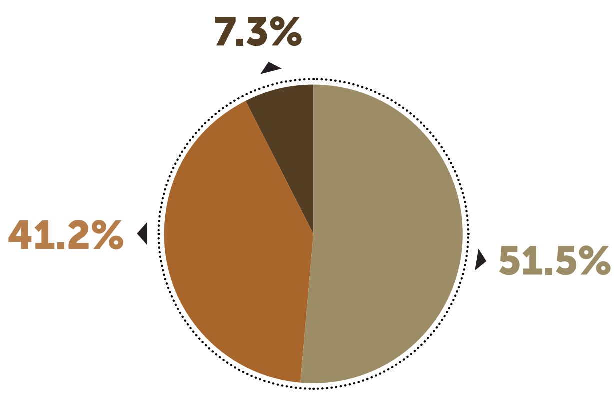


99-year Leasehold & below Breakdown by Sector

Total lettable area/gross floor area:

1.5 million

SQUARE FEET



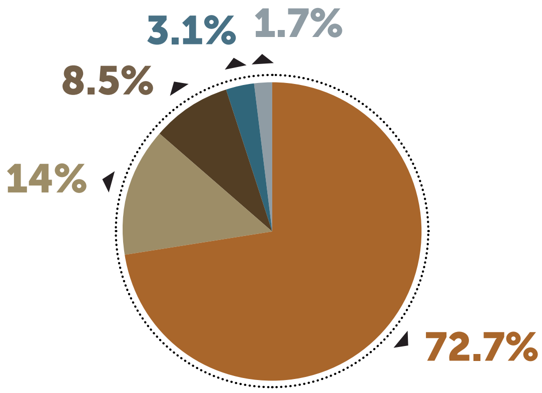
Office | Hotel/Others | Industrial | Retail | Residential

PROPERTY PORTFOLIO
ANALYSIS

CDL Group's attributable share as at 31 December 2016 (inclusive of M&C properties)

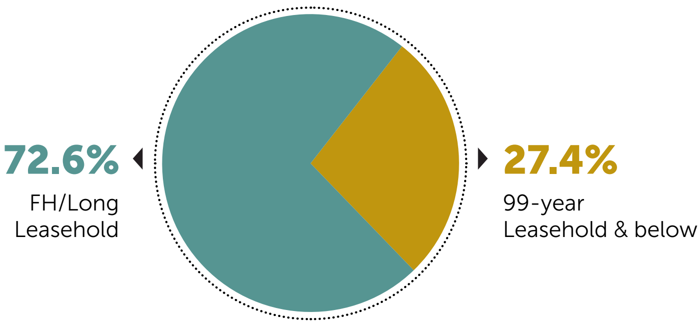
ANALYSIS
BY SECTOR

Total lettable/gross floor area:
18.1 million
SQUARE FEET



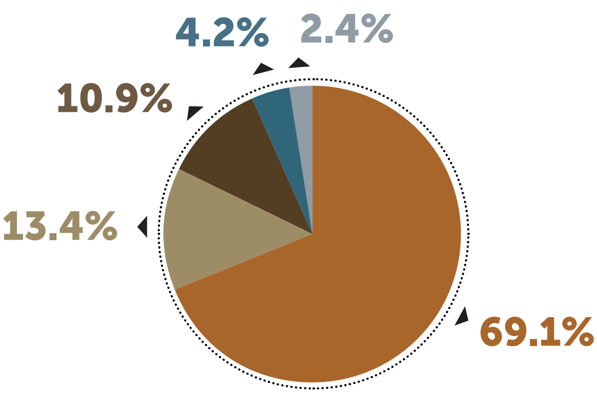
ANALYSIS
BY TENURE

Total lettable/gross floor area:
18.1 million
SQUARE FEET



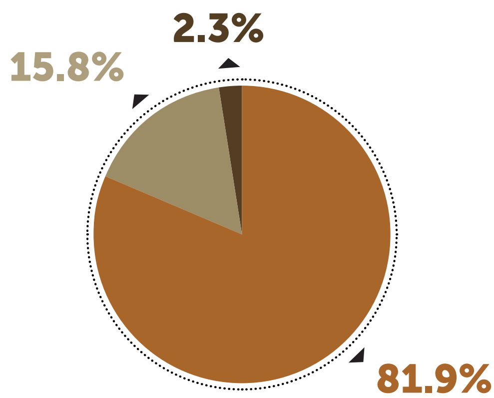
FH/Long Leasehold Breakdown by Sector

Total lettable area/gross floor area:
13.1 million
SQUARE FEET



99-year Leasehold & below Breakdown by Sector

Total lettable area/gross floor area:
5 million
SQUARE FEET



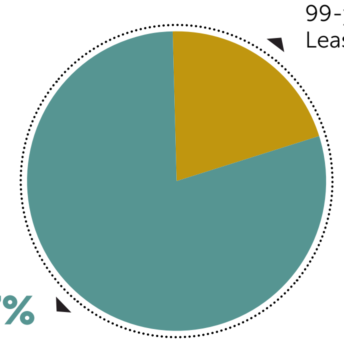
Office | Hotel/Others | Industrial | Retail | Residential

PROPERTY PORTFOLIO
ANALYSIS – LAND BANK

CDL Group's attributable share as at 31 December 2016

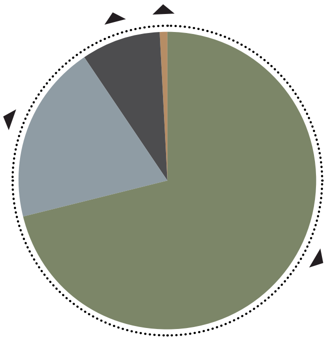
ANALYSIS
BY TENURE

Total:
2.63 million
SQUARE FEET



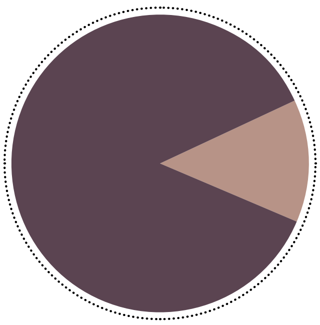
ANALYSIS
BY SECTOR

Total:
2.63 million
SQUARE FEET



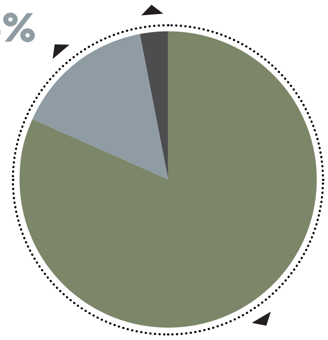
ANALYSIS
BY DEVELOPMENT STAGE

Total:
2.63 million
SQUARE FEET



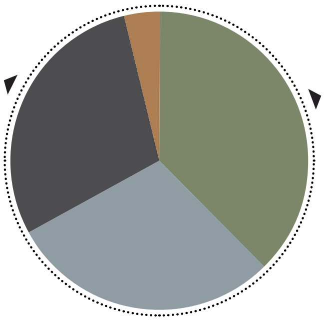
Planning Stage
Breakdown by Sector

Total:
2.09 million
SQUARE FEET



Under Construction
Breakdown by Sector

Total:
0.54 million
SQUARE FEET



Residential | Residential – Overseas | Commercial & Hotel Projects | Commercial & Hotel Projects – Overseas

MAJOR PROPERTIES

As at 31 December 2016

SINGAPORE PROPERTIES	Tenure	Site Area (Sq. Metres)	Approximate Lettable/ Strata/ Gross Floor Area (Sq. Metres)	Effective Group Interest[1] (%)
Commercial Properties				
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	72,477	100
Central Mall comprises a cluster of conservation shophouses at Havelock Road/Magazine Road.	99-year lease wef 15.05.1993	4,806	5,092	100
Central Mall (Office Tower) is a 7-storey office-cum-retail building located at Havelock Road/Magazine Road.	Freehold reversionary interest[2]	2,800	12,217	100
	99-year lease wef 22.12.2015			80[3]
New Tech Park is a high-technology industrial park at Lorong Chuan, off Braddell Road.	999-year lease reversionary interest[4]	39,798	56,040	42.8
City House is a 23-storey office building situated at Robinson Road/Cross Street within the Central Business District.	999-year lease	1,272	14,523	100
City Square Mall is an 11-storey shopping mall located at the junction of Serangoon and Kitchener Roads.	Freehold	14,920	41,177	100
Fuji Xerox Towers is a part 15-storey/part 38-storey commercial office building situated at the intersection of Anson Road, Keppel Road, Tanjong Pagar Road and Bernam Street, near the western fringe of the Central Business District.	Freehold	5,394	32,848	100
Manulife Centre is an 11-storey commercial building located at 51 Bras Basah Road.	999-year lease reversionary interest[2]	4,972	22,441	100
	99-year lease wef 22.12.2015			80[3]
Palais Renaissance is a 16-storey retail-cum-office complex with 3 basements located at Orchard Road.	Freehold	2,709	10,385	100
Delfi Orchard is an 11-storey commercial-cum-residential complex located at Orchard Road. The Group owns 124 out of 150 strata-titled units.	Freehold	1,882	6,621	100
Citilink Warehouse Complex is an 8-storey warehouse located at Pasir Panjang Road. The Group owns 62 out of 180 strata-titled units.	Freehold	14,152	9,597	100
Cideco Industrial Complex is an 8-storey industrial building located at Genting Lane.	Freehold	5,478	12,567	100
City Industrial Building is an 11-storey flatted factory building at Tannery Lane.	Freehold	3,150	11,830	100
Tanglin Shopping Centre is an office-cum-shopping complex situated at Tanglin Road, within the Orchard Road tourist district. The Group owns 83 out of 362 strata-titled units and 325 carpark lots.	Freehold	6,365	6,285	65

Notes:

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

(2) The Group has reversionary interest of the property at the expiry of the 99-year lease sold to an associate.

(3) Although the Group owns 80% of the equity interests in the property holding company, it does not have control over the company as described in footnote @@ under Note 41 of the Notes to the Financial Statements.

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

MAJOR PROPERTIES

As at 31 December 2016

SINGAPORE PROPERTIES	Tenure	Site Area (Sq. Metres)	Approximate Lettable/ Strata/ Gross Floor Area (Sq. Metres)	Effective Group Interest[1] (%)
Commercial Properties				
The Arcade is a 20-storey office-cum-shopping complex situated at Collyer Quay within the Central Business District. The Group owns 19 out of 127 strata-titled units.	999-year lease	2,035	4,511	100
Katong Shopping Centre is a 7-storey office-cum-shopping complex situated along Mountbatten Road. The Group owns 60 out of 425 strata-titled units and 323 carpark lots.	Freehold	8,167	8,243	100
Tagore 23 Warehouse is a 4-storey warehouse located at Tagore Lane.	Freehold	7,418	12,066	100
King's Centre is an 8-storey office-cum-retail waterfront development located at Havelock Road, along the Singapore River.	99-year lease wef 09.02.1984	5,186	8,335	100
7 & 9 Tampines Grande is a pair of 8-storey new generation green office buildings located at Tampines Regional Centre.	99-year lease wef 20.08.2007[2]	8,000	26,718	80[4]
11 Tampines Concourse is a 3-storey office building located at Tampines Ave 5. It is the first CarbonNeutral® development in Singapore and Asia Pacific.	15-year lease wef 18.02.2008	11,521	9,692	100
Quayside Isle is a 2-storey F&B and retail waterfront development located next to W Singapore – Sentosa Cove.	99-year lease	8,332	4,099	42[5]
Mixed Development				
South Beach is a mixed-use development that is located on Beach Road, comprising a 34-storey office tower and a 45-storey hotel-cum-residential tower, along with retail.	99-year lease	34,959	47,151 (Office) 52,048 (Hotel) 2,915 (Retail)	50.1
Hotels				
Grand Copthorne Waterfront is a 30-storey, 574-room hotel-cum-retail waterfront development, located at Havelock Road/Kim Seng Road, along the Singapore River.	Freehold (Retail) Freehold reversionary interest (Hotel)[3]	10,860	2,916 (Retail) 48,810 (Hotel)	100
The St. Regis Singapore is a 20-storey, 299-room luxury hotel that is located at Tanglin Road/Tomlinson Road.	999 years	6,677	30,844	33
W Singapore – Sentosa Cove is a 7-storey, 240-room luxury hotel that is located at Ocean Way.	99-year lease	17,016	25,374	42[5]
M Social Singapore is a 10-storey, 293-room designer hotel that is located at Robertson Quay.	99-year lease	4,518	8,000	100
Serviced Apartments				
Le Grove is the Group's first serviced apartments project located at Orange Grove Road, off Orchard Road.	Freehold	8,012	8,921	100

Notes:
(1) For strata-titled properties, this % refers to the Group's effective interest in the strata-titled units owned by the Group.
(2) The Group sold the remaining lease wef 22.12.2015 to an associate.
(3) The Group has reversionary interest of the property at the expiry of the 75-year lease sold to CDL Hospitality Trusts.
(4) Although the Group owns 80% of the equity interests in the property holding company, it does not have control over the company as described in footnote @@ under Note 41 of the Notes to the Financial Statements.
(5) Property is held by Cityview Place Holdings Pte. Ltd. (Cityview). Although the Group is the legal owner of the entire equity interests in Cityview, management has determined that it does not have control over Cityview upon the sale of cash flows in Cityview. The Group has significant influence in Cityview through Sunbright Holdings Limited.

OVERSEAS PROPERTIES	Tenure	Site Area (Sq. Metres)	Approximate Lettable/ Strata/ Gross Floor Area (Sq. Metres)	Effective Group Interest (%)
Commercial Properties				
Umeda Pacific Building is an 11-storey commercial building located in the prime business district of Osaka, Japan.	Freehold	887	6,359	100
Jungceylon Shopping Mall and **Millennium Resort Patong Phuket** is a mixed development comprising a 4-storey retail mall and a 418-room hotel, located in the commercial area of Patong, Phuket Island, Thailand.	Freehold	84,074	66,996 (Retail) 44,741 (Hotel)	49
Mille Malle is a 4-storey retail mall located in the prime residential and commercial district at Sukhumvit Road, Bangkok, Thailand.	Freehold	1,920	3,048	49
Biltmore Court & Tower is located at 500/520 South Grand Avenue, Los Angeles, CA 90071, comprising the Court which has 22,133 sq. metres of Class "B" lettable office space within the Biltmore hotel structure and the Tower which has 12,116 sq. metres of Class "A" office space.	Freehold	4,951	34,249	65
Humen International Cloth Centre is located in Humen Town, Dongguan, Guangdong Province, China, comprising 145 commercial units and 11 serviced apartments.	Leasehold to year 2063	Not Applicable	3,467	23
Chengdu Cityspring is located in Gaoxin District, Chengdu, Sichuan Province, China, comprising 21,875 sq. metres of commercial space in the same building as M Hotel Chengdu (levels 3 -17), and 5,376 sq. metres of commercial and retail spaces.	Leasehold to year 2049	Not Applicable	27,251	23
Zuiderhof I is located in the South Axis, Amsterdam, the Netherlands, comprising office space, archive space and 111 car park lots.	Perpetual Leasehold. Ground rent paid until 2050	4,294	12,538	8
Hotels				
Millennium Hilton Bangkok is a 32-storey, 544-room hotel-cum-retail waterfront development located at Charoen Nakorn Road, along the Chao Phraya River in Bangkok, Thailand.	Freehold	10,104	78,771	17
Holiday Inn Moscow - Seligerskaya comprises an 8-storey, 201-room hotel and a 9-storey, 44-unit apartment building located at Korovinskoe Chausee, Moscow, Russia.	Leasehold to year 2055	26,714	27,254	50
Millennium Mitsui Garden Hotel Tokyo, a 329-room hotel located at 5-11-1 Ginza, Chuo-Ku, Tokyo 104-0061, Japan.	Freehold/ Leasehold - 30 years from 25.03.2009	Not Applicable	13,428	76
Arena Towers is located in Amsterdam Southeast, the Netherlands, comprising 443 hotel rooms and 509 car park lots.	Perpetual Leasehold. Ground rent paid until 2053	15,650	17,396	23
M Hotel Chengdu is located in Gaoxin District, Chengdu, Sichuan Province, China, comprising 196 hotel rooms and suites.	Leasehold to year 2049	Not Applicable	19,228	23

MAJOR PROPERTIES FOR DEVELOPMENT AND/OR RESALE

As at 31 December 2016

Description & Location	Site Area (Sq. Metres)	Tenure	Effective Group Interest (%)
Residential			
Jalan Kolam Ayer, Johor Bahru, Malaysia	24,739	Freehold	100
Jalan Waspada, Johor Bahru, Malaysia	6,368	Freehold	100
15, 19 & 21 Swiss Club Road	20,014	Freehold	100
Tampines Road/Upper Changi Road North	22,534 14,013	99 years Freehold	33 33
28 Pavilion Road, Knightsbridge, London, UK	1,160	Freehold	100
The Stag Brewery, Mortlake, London, UK	89,031	Freehold	100
Prime freehold site in Shirokane, Tokyo, Japan	16,815	Freehold	94.69
Commercial			
Development House, Leonard Street, Shoreditch, London, UK	1,240	Freehold	100
Mixed Development			
Chongqing Huang Huayuan, Yuzhong District, China	23,512	Residential - 50 years Commercial - 40 years	100
Hotel			
Land Site at Chung-gu, Namdaeumro, Seoul, South Korea	1,564	Freehold	65
Land Site at Sunnyvale, California, United States of America	35,717	Freehold	65

MAJOR PROPERTIES IN THE COURSE OF DEVELOPMENT

As at 31 December 2016

Description	Location	Site Area (Sq. Metres)	Gross Floor Area (Sq. Metres)	Tenure	Effective Group Interest (%)	Approximate Percentage Completion (%)	Expected Completion
Residential							
D'Nest	Pasir Ris Grove	41,275	86,678	99 years	51	92	2017
Belgravia	31-35 Chesham Street, Belgravia, London, UK	183	1,150	Freehold	100	90	2017
Knightsbridge	32 Hans Road, Knightsbridge, London, UK	175	482	Freehold	100	90	2017
Eling Residences	Chongqing Eling Hill, Yuzhong District, China	27,559	35,486	50 years	100	85	2017
New Futura	Leonie Hill Road	8,086	23,066	Freehold	100	78	2017
Commonwealth Towers	Commonwealth Avenue	12,087	59,225	99 years	30	54	2017
The Brownstone	Canberra Drive	28,653	59,981	99 years	70	78	2017
Coco Palms	Pasir Ris Grove/ Pasir Ris Drive 1	41,514	87,179	99 years	51	76	2018
The Criterion	Yishun Street 51	17,940	50,232	99 years	70	60	2018
Ivy and Eve	Merivale Street, Brisbane, Australia	2,733	55,228	Freehold	33	30	2018
Park Court Aoyama The Tower	Minami Aoyama, Minato-ku, Tokyo, Japan	3,910	27,787	Freehold	20	30	2018
Chelsea	90-100 Sydney Street, Chelsea, London, UK	351	1,500	Freehold	100	10	2018
Teddington Riverside	Broom Road, Teddington, London, UK	18,211	22,297	Freehold	100	15	2018
Forest Woods	Lorong Lew Lian	14,001	46,206	99 years	50	*	2020
Hotel							
Crowne Plaza Chengdu Wenjiang & Holiday Inn Express Chengdu Wenjiang Hotspring Hotels	No. 619 A/B North Phoenix Street Wenjiang District, Chengdu, Sichuan Province, China	36,327	122,863	Leasehold to year 2051	23	100 (except for hotspring section)	2017
Mixed Development							
The Venue Residences and Shoppes	Tai Thong Crescent	8,200	28,702	99 years	60	91	2017
Hong Leong City Center (Phase 2)^	Suzhou Jinji Lake, SIP District, China	45,455	164,253	Residential - 70 years Commercial - 40 years	100	60	2017
Boulevard Hotel Site	Cuscaden Road/ Orchard Boulevard	12,127	56,050	Freehold	40	*	2022

* Work is less than 10% completed.

^ Phase 1 (Towers 1 & 3) completed in Q4 2016.

MAJOR PROPERTIES

As at 31 December 2016

HOTELS	Tenure	Approximate Site Area (Sq. Metres)	Number of Rooms	Effective Group Interest (%)
Owned by MILLENNIUM & COPTHORNE HOTELS PLC				
Asia				
Grand Millennium Beijing Fortune Plaza, 7 Dongsanhuan Middle Road, Chaoyang District, Beijing 100020 China	Leasehold to year 2046 (hotel) Leasehold to year 2056 (underground car park)	9,268	514	46
Grand Millennium Kuala Lumpur 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia	Freehold	7,670	459	65
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	17
Millennium Hotel Sirih Jakarta Jalan Fachrudin 3, Jakarta 10250, Indonesia	The title is held under a Hak Guna Bangunan (i.e. Right to Build) and a 40-year lease wef 14.04.1984 and 22.01.1986 for approximate site area of 7,137 sq. metres and 212 sq. metres respectively	7,349	401	65
Millennium Seoul Hilton 50 Sowol-ro, Jung-gu, Seoul, Korea 100-802	Freehold	18,787	680	65
Copthorne Orchid Hotel Penang Jalan Tanjung Bungah, 11200 Penang, Malaysia	Freehold	10,329	307	65
The Heritage Hotel Manila Roxas Boulevard at corner of EDSA Pasay City, Metropolitan Manila, Philippines	Fee Simple	9,888	450	43
Grand Hyatt Taipei 2, Songshou Road Taipei, Taiwan, 11051	50 years starting from 07.03.1990. The lease agreement is extendable for another 30 years.	14,193	853	54
Pullman Bangkok Grande Sukhumvit Hotel 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	5,052	325	33
New World Millennium Hong Kong Hotel 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	464	33

HOTELS	Tenure	Approximate Site Area (Sq. Metres)	Number of Rooms	Effective Group Interest (%)
Europe				
The Chelsea Harbour Hotel Chelsea Harbour, London, SW10 0XG, England	Leasehold to year 2112	2,561	157	65
Copthorne Hotel Aberdeen 122 Huntly Street, Aberdeen AB10 1SU, Scotland	Freehold	1,302	87	54
Copthorne Hotel Birmingham Paradise Circus, Birmingham B3 3HJ, England	Freehold	2,188	211	65
Copthorne Hotel Cardiff-Caerdydd Copthorne Way, Culverhouse Cross, Cardiff CF5 6DH, Wales	Freehold	26,305	135	65
Copthorne Hotel Effingham Gatwick West Park Road, Copthorne, West Sussex RH10 3EU, England	Freehold	161,878	122	65
Copthorne Hotel London Gatwick Copthorne Way, Copthorne, West Sussex RH10 3PG, England	Freehold	404,694	227	65
Copthorne Hotel Manchester Clippers Quay, Salford Quays, Manchester M50 3SN, England	Leasehold to year 2135	9,800	166	65
Copthorne Hotel Merry Hill-Dudley The Waterfront, Level Street, Brierley Hill, Dudley, West Midlands DY5 1UR, England	Freehold	13,734	138	65
Copthorne Hotel Newcastle The Close, Quayside, Newcastle upon Tyne NE1 3RT, England	Freehold	9,200	156	62
Copthorne Hotel Plymouth Armada Way, Plymouth PL1 1AR, England	Leasehold to year 2110	1,853	135	65
Copthorne Hotel Slough-Windsor Cippenham Lane, Slough, Berkshire SL1 2YE, England	Freehold	6,880	219	65
Copthorne Tara Hotel London Kensington Scarsdale Place, Kensington, London W8 5SR, England	Freehold	7,535	833	65
Hard Days Night Hotel Liverpool Central Buildings North John Street Liverpool, L2 6RR, England	Leasehold to year 2129	5,275	110	65
The Bailey's Hotel London 140 Gloucester Road, London SW7 4QH, England	Freehold	1,923	211	65
Millennium Gloucester Hotel London Kensington Harrington Gardens, London SW7 4LH, England	Freehold	6,348	610	65

MAJOR PROPERTIES

As at 31 December 2016

HOTELS	Tenure	Approximate Site Area (Sq. Metres)	Number of Rooms	Effective Group Interest (%)
Europe (Continued)				
Millennium Hotel Glasgow George Square, Glasgow G2 1DS, Scotland	Leasehold to year 2109	9,398	116	65
Millennium Hotel London Knightsbridge 17 Sloane Street, Knightsbridge, London SW1X 9NU, England	Leasehold to year 2091	809	222	65
Millennium Hotel London Mayfair Grosvenor Square, Mayfair, London W1K 2HP, England	Leasehold to year 2096	4,260	336	65
Millennium Hotel Paris Opéra 12 Boulevard Haussmann, 75009 Paris, France	Freehold	1,093	163	65
Millennium Hotel Paris Charles de Gaulle Zone Hoteliere, Allée du Verger, 95700 Roissy-en-France, France	Freehold	11,657	239	65
Grand Hotel Palace Rome Via Veneto, 70, Rome, 00187, Italy	Freehold	801	87	65
North America				
The Lakefront Anchorage 4800 Spenard Road, Anchorage, AK 99517, USA	Freehold	20,639	248	65
Millennium Biltmore Hotel Los Angeles 506 South Grand Avenue, Los Angeles, CA 90071, USA	Freehold	11,331	683	65
The Bostonian Boston 26 North Street, At Faneuil Hall Marketplace, Boston, MA 02109, USA	Freehold	2,769	204	65
Millennium Harvest House Boulder 1345 28th Street, Boulder, CO 80302, USA	Freehold	64,019	269	65
Millennium Buffalo 2040 Walden Avenue, Buffalo, NY 14225, USA	Leasehold to year 2022 (with one 10-year option)	31,726	301	65
Millennium Knickerbocker Hotel Chicago 163 East Walton Place, Chicago, IL 60611, USA	Freehold	2,007	306	65
Millennium Hotel Cincinnati 150 West Fifth Street, Cincinnati, OH 45202, USA	Freehold	6,839	872	65
Millennium Hotel Durham 2800 Campus Walk Avenue, Durham, NC 27705, USA	Freehold	42,814	316	65

HOTELS	Tenure	Approximate Site Area (Sq. Metres)	Number of Rooms	Effective Group Interest (%)
North America (Continued)				
Millennium Hotel Minneapolis 1313 Nicollet Mall, Minneapolis, MN 55403, USA	Leasehold to year 2030	4,537	321	65
Millennium Maxwell House Nashville 2025 Rosa L. Parks Boulevard, Nashville, TN 37228, USA	Leasehold to year 2030 (with two 10-year options)	36,421	287	65
Millennium Broadway Hotel New York 145 West 44th Street, New York, NY 10036, USA	Freehold	1,762	626	65
The Premier Hotel New York 133 West 44th Street, New York NY 10036, USA	Freehold	360	124	65
ONE UN New York 1 UN Plaza, 44th Street at 1st Avenue, New York 10017, USA	East tower freehold/ West tower leasehold to year 2079	4,554	439	65
Millennium Hotel St. Louis (Closed) 200 South 4th Street, St. Louis, MO 63102, USA	Freehold	17,033	780	65
The McCormick Scottsdale 7401 North Scottsdale Road, Scottsdale, AZ 85208, USA	Leasehold to year 2033 (with two 10-year options)	32,819	125	65
Millenium Hilton 55 Church Street, New York, NY 10007, USA	Freehold	1,680	569	65
Novotel New York Times Square 226W 52nd Street, New York, NY 10019, USA	Fee simple estate, a leasehold interest, and a leased fee interest	1,977	480	65
Maingate Lakeside Resort 7769 W Irlo Bronson Memorial Highway, Kissimmee, FL 34747, USA	Freehold	93,796	475	65
Comfort Inn Near Vail Beaver Creek 161 West Beaver Creek Boulevard, Avon, CO 81620, USA	Freehold	11,209	146	65
Pine Lake Trout Club 17021 Chillicothe Road, Chagrin Falls, OH 44023, USA	Freehold	331,121	6	65

MAJOR PROPERTIES

As at 31 December 2016

HOTELS	Tenure	Approximate Site Area (Sq. Metres)	Number of Rooms	Effective Group Interest (%)
New Zealand				
Copthorne Hotel Auckland City 150 Anzac Avenue, Auckland, New Zealand	Perpetual/Leasehold land	2,495	110	49
Copthorne Hotel Auckland Harbour City# 196-200 Quay Street, Auckland, New Zealand	Freehold	2,407	187	49
Copthorne Hotel & Resort Bay of Islands Tau Henare Drive, Paihia, New Zealand	Leasehold land to year 2021 (with a 30-year option)	62,834	180	24
Copthorne Hotel & Resort Queenstown Lakefront Corner Adelaide Street & Frankton Road, Queenstown, New Zealand	Freehold	18,709	240	49
Copthorne Hotel Wellington Oriental Bay 100 Oriental Parade, Wellington, New Zealand	Freehold	3,904	118	49
Kingsgate Hotel Dunedin 10 Smith Street, Dunedin, New Zealand	Freehold	2,193	55	49
Kingsgate Hotel Greymouth 32 Mawhera Quay, Greymouth, New Zealand	Freehold/ Perpetual leasehold land	2,807	98	49
Copthorne Hotel Palmerston North 110 Fitzherbert Avenue, Palmerston North, New Zealand	Freehold	15,514	89	49
Copthorne Hotel Rotorua Fenton Street, Rotorua, New Zealand	Freehold	35,935	110	49
Copthorne Hotel & Apartments Queenstown Lakeview 88 Frankton Road, Queenstown, New Zealand	Freehold/ Strata title	4,713	85	49
Kingsgate Hotel Te Anau 20 Lakefront Drive, Te Anau, New Zealand	Freehold	8,819	94	49
Millennium Hotel Queenstown Corner Frankton Road & Stanley Street, Queenstown, New Zealand	Freehold	7,453	220	49
Millennium Hotel Rotorua Corner Eruera & Hinemaru Streets, Rotorua, New Zealand	Freehold/ Perpetual leasehold land	10,109	227	49

Closed for refurbishment.

HOTELS	Tenure	Approximate Site Area (Sq. Metres)	Number of Rooms	Effective Group Interest (%)
Owned by CDL HOSPITALITY TRUSTS				
Singapore				
Copthorne King's Hotel 403 Havelock Road, Singapore	99-year leasehold interest commencing from 01.02.1968	5,637	310	24
Grand Copthorne Waterfront Hotel# 392 Havelock Road, Singapore	75-year leasehold interest commencing from 19.07.2006	10,860+	574	24
M Hotel# 81 Anson Road, Singapore	75-year leasehold interest commencing from 19.07.2006	2,134	415	24
Novotel Singapore Clarke Quay 177A River Valley Road, Singapore	97 years and 30 days leasehold interest commencing from 02.04.1980	12,925	403	24
Orchard Hotel# 442 Orchard Road, Singapore	75-year leasehold interest commencing from 19.07.2006	8,588@	656	24
Claymore Connect# 442 Orchard Road, Singapore	75-year leasehold interest commencing from 19.07.2006	Approximately 7,100 (net lettable area)	N.A.	24
Studio M Hotel 3 Nanson Road, Singapore	99-year leasehold interest commencing from 26.02.2007	2,932	360	24

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

MAJOR PROPERTIES

As at 31 December 2016

HOTELS	Tenure	Approximate Site Area (Sq. Metres)	Number of Rooms	Effective Group Interest (%)
Australia				
Novotel Brisbane 200 Creek Street, Brisbane, Queensland, Australia	Strata volumetric freehold	6,235	296	24
Mercure & Ibis Brisbane 85-87 North Quay/27-35 Turbot Street, Brisbane, Queensland, Australia	Freehold	3,847	194/218	24
Mercure Perth 10 Irwin Street, Perth, Western Australia, Australia	Strata freehold	757	239	24
Ibis Perth 334 Murray Street, Perth, Western Australia, Australia	Freehold	1,480	192	24
New Zealand				
Grand Millennium Auckland 71-87 Mayoral Drive, Auckland, New Zealand	Freehold	5,910	452	24
Maldives				
Angsana Velavaru Velavaru Island, South Nilandhe Atoll, Republic of Maldives	50-year leasehold interest commencing from 26.08.1997	67,717	113	24
Jumeirah Dhevanafushi Meradhoo Island, Gaafu Alifu Atoll, Republic of Maldives	50-year leasehold interest commencing from 15.06.2006	53,576	37	24
Japan				
Hotel MyStays Asakusabashi 1-5-5, Asakusabashi, Taito-ku, Tokyo, Japan	Freehold	564	139	24
Hotel MyStays Kamata 5-46-5, Kamata, Ota-ku, Tokyo, Japan	Freehold	497	116	24
United Kingdom				
Hilton Cambridge City Centre 20 Downing Street, Cambridge, United Kingdom	125-year leasehold interest commencing from 25.12.1990 and extendable for a further 50 years	3,600	198	24

STATUTORY REPORTS AND ACCOUNTS

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members of City Developments Limited (the "Company") together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2016.

In our opinion:

(a) the financial statements set out on pages 121 to 246 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") 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.

DIRECTORS

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

Kwek Leng Beng	(Executive Chairman)
Kwek Leng Peck	
Tang See Chim	
Philip Yeo Liat Kok	
Tan Poay Seng	
Chan Soon Hee Eric	
Tan Yee Peng	
Koh Thiam Hock	(Appointed on 5 September 2016)

DIRECTORS' INTERESTS

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

DIRECTORS' INTERESTS (CONT'D)

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

	Holdings in which the director, his spouse and children below 18 years of age have a direct interest	
	At beginning of the year	At end of the year
The Company		
Ordinary Shares		
Kwek Leng Beng	397,226	397,226
Kwek Leng Peck	43,758	43,758
Tang See Chim	11,000	11,000
Preference Shares		
Kwek Leng Beng	144,445	144,445
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 Peck	10,921	10,921
Subsidiary Corporations		
Millennium & Copthorne Hotels New Zealand Limited Ordinary Shares		
Kwek Leng Beng	906,000	906,000
Redeemable Non-voting Preference Shares		
Kwek Leng Beng	453,000	453,000

DIRECTORS' INTERESTS (CONT'D)

	Holdings in which the director, his spouse and children below 18 years of age have a direct interest	
	At beginning of the year	At end of the year
Related Corporations		
Hong Leong Finance Limited		
Ordinary Shares		
Kwek Leng Beng	5,603,567	5,603,567
Kwek Leng Peck	517,359	517,359
Options to subscribe for the following number of ordinary shares under the Hong Leong Finance Share Option Scheme 2001		
Kwek Leng Beng	2,920,000	2,740,000
Hong Leong Holdings Limited		
Ordinary Shares		
Kwek Leng Beng	259,000	259,000
Kwek Leng Peck	381,428	381,428
Hong Leong Asia Ltd.		
Ordinary Shares		
Kwek Leng Beng	660,000	660,000
Kwek Leng Peck	1,913,300	1,913,300
Options to subscribe for the following number of ordinary shares under the Hong Leong Asia Share Option Scheme 2000		
Kwek Leng Peck	470,000	470,000
Hong Realty (Private) Limited		
Ordinary Shares		
Kwek Leng Beng	1,110	1,110
Kwek Leng Peck	150	150

DIRECTORS' INTERESTS (CONT'D)

	Holdings in which the director, his spouse and children below 18 years of age have a direct interest	
	At beginning of the year	At end of the year
Related Corporations (cont'd)		
Sun Yuan Holdings Pte Ltd		
Ordinary Shares		
Kwek Leng Beng	15,000,000	15,000,000

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

The directors' interests in the Company as disclosed above remained unchanged as at 21 January 2017.

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

SHARE OPTIONS

By the Company

During the financial year, there were:

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

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

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

SHARE OPTIONS (CONT'D)

By Subsidiary Corporations

Millennium & Copthorne Hotels plc (M&C)

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

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

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

(a) The Millennium & Copthorne Hotels plc 2006 Sharesave Scheme which was renewed on substantially the same terms through the adoption of the 2016 Sharesave Scheme (together the "M&C Sharesave Scheme") is the United Kingdom Inland Revenue approved scheme under which the executive directors of M&C and the M&C Group employees are eligible to participate.

(b) Under the terms of the M&C Sharesave Scheme, M&C Group employees were to enter into a 3-year or 5-year savings contract, with an option to purchase shares at a pre-determined exercise price on maturity of the savings contract. The 2006 Sharesave Scheme was introduced in 2006 with a life of ten years. A replacement scheme was approved by the shareholders at M&C's Annual General Meeting on 5 May 2016.

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

(d) The options may be exercised upon maturity provided that the monies agreed under the savings contract are fully paid and the participant continues to hold office or employment with M&C. The M&C Sharesave Scheme provides that shares in M&C can be purchased at the option price up to the value of the accrued savings and interests in the event of retirement, 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 £500 per month.

(f) During the financial year under review, (i) 129,581 options were granted to subscribe for ordinary shares of £0.30 each in M&C; and (ii) 8,954 ordinary shares of £0.30 each in M&C were issued following the exercise of the subscription rights set out in the M&C 2006 Sharesave Scheme.

SHARE OPTIONS (CONT'D)

By Subsidiary Corporations (cont'd)

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

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

As at the end of the financial year, there were 238,271 unissued shares under options pursuant to the M&C Sharesave Scheme. All future awards will be granted under the 2016 Sharesave Scheme. Details of the options to subscribe for ordinary shares of £0.30 each in M&C are set out below:

Date granted	Balance at beginning of year	Granted during the year	Exercised during the year	Expired/ Forfeited during the year	Balance at end of year	Exercise price per share £	Exercise period
19.04.2011	7,040	–	(4,397)	(1,359)	1,284	4.1800	01.08.2016 – 31.01.2017
19.04.2012	2,503	–	(2,132)	(371)	–	3.8800	01.08.2015 – 31.01.2016
19.04.2012	9,816	–	(618)	(4,020)	5,178	3.8800	01.08.2017 – 31.01.2018
19.04.2013	35,686	–	(1,807)	(7,346)	26,533	4.4800	01.08.2016 – 31.01.2017
19.04.2013	3,346	–	–	(669)	2,677	4.4800	01.08.2018 – 31.01.2019
06.05.2014	63,108	–	–	(28,055)	35,053	4.4600	01.08.2017 – 31.01.2018
06.05.2014	6,321	–	–	(2,690)	3,631	4.4600	01.08.2019 – 31.01.2020
14.04.2015	58,885	–	–	(28,475)	30,410	4.6900	01.08.2018 – 31.01.2019
14.04.2015	6,649	–	–	–	6,649	4.6900	01.08.2020 – 31.01.2021
12.04.2016	–	125,036	–	(2,725)	122,311	3.3000	01.08.2019 – 31.01.2020
12.04.2016	–	4,545	–	–	4,545	3.3000	01.08.2021 – 31.01.2022
	193,354	129,581	(8,954)	(75,710)	238,271		

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

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

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

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

SHARE OPTIONS (CONT'D)

By Subsidiary Corporations (cont'd)

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

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

The performance condition applying to Performance Share Awards require M&C's EPS to grow, in real terms, over a period of three consecutive financial years from the date of grant of award. Performance Share Awards will vest on the third anniversary of the award being made, subject to the EPS growth targets being met. TSR targets measure M&C's relative TSR performance over a three-year period against a comparator group comprising companies in the FTSE 250 index participating companies (excluding investment trusts).

In 2014, the Remuneration Committee further amended the performance conditions so that 50% of the awards are subject to EPS growth targets, 30% are subject to TSR target measures comparing performance against a relevant benchmark which for 2015 will be split equally between the FTSE 250 market index and an index of peer companies, and 20% being subject to net asset value (plus dividends) (NAV).

In 2015, the Remuneration Committee retained the same performance measures as had been used for the 2014 award with a minor amendment made to the percentage weighting associated with each so that 60% of the awards are subject to EPS growth targets, 20% are subject to TSR targets split equally across two peer groups and the remaining 20% subject to NAV.

In 2016, the Remuneration Committee retained the same performance conditions as had been used for the 2015 awards.

During the financial year under review, Performance Share Awards were made over 185,643 ordinary shares of £0.30 each in M&C pursuant to the M&C 2006 LTIP. 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 expired/ forfeited during the year	Balance at end of year	Vesting date
11.09.2013	362,965	–	–	(362,965)	–	11.09.2016
21.11.2013	21,055	–	–	(21,055)	–	21.11.2016
04.04.2014	525,785	–	–	(75,097)	450,688	04.04.2017
03.08.2015	251,122	–	–	(19,036)	232,086	03.08.2018
10.09.2015	11,867	–	–	–	11,867	10.09.2018
29.03.2016	–	185,643	–	–	185,643	29.03.2019
	1,172,794	185,643	–	(478,153)	880,284	

SHARE OPTIONS (CONT'D)

By Subsidiary Corporations (cont'd)

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

(iii) Millennium & Copthorne Hotels plc Annual Bonus Plan

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

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

In 2016, the Remuneration Committee amended the vesting schedule of the plan so that instead of vesting in full on the third anniversary of grant, future Deferred Share Awards vest over a three year period, and more specifically:

- as to 25% of the award shares on the first anniversary of grant;
- as to 25% of the award shares on the second anniversary of grant; and
- as to 50% of the award shares on the third anniversary of grant.

No shares may be issued or treasury shares transferred to satisfy any award.

During the financial year under review, bonus payments were made in the form of conditional share awards on 13 May 2016, 12 August 2016 and 9 November 2016. A total of 80,152 ordinary shares of £0.30 each in M&C were granted and allocated to be held on behalf of the participants, subject to the plan rules which includes continued employment.

Details of the Deferred Share Awards under the Annual Bonus Plan are set out below:

Date of award	Balance at beginning of year	Awards made during the year	Awards vested during the year	Awards expired/ forfeited during the year	Balance at end of year	Vesting date
08.09.2015	76,868	–	(1,480)	(19,036)	56,352	08.09.2018
06.11.2015	4,325	–	–	–	4,325	06.11.2018
13.05.2016	–	76,798	(2,034)	(13,825)	60,939	13.05.2017/18/19
12.08.2016	–	2,377	–	–	2,377	12.08.2017/18/19
09.11.2016	–	977	–	–	977	09.11.2017/18/19
	81,193	80,152	(3,514)	(32,861)	124,970	

SHARE OPTIONS (CONT'D)

By Subsidiary Corporations (cont'd)

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

(iv) *Millennium & Copthorne Hotels plc Executive Share Plan*

In 2016, M&C approved an Executive Share Plan. Under the terms of the plan, members of the executive management committee who are below board level would cease to participate in the LTIP and the plan instead provides the M&C board of directors with the flexibility to make conditional awards not subject to future financial performance but to take into account recent performance based on the metrics used under the LTIP and importantly to also take into consideration strategic achievements. In addition, a notable difference to the LTIP would be that conditional awards will automatically vest, subject to the plan rules which includes continued employment, over a three year period, and more specifically:

- as to 25% of the award shares on the first anniversary of grant;
- as to 25% of the award shares on the second anniversary of grant; and
- as to 50% of the award shares on the third anniversary of grant.

No shares may be issued or treasury shares transferred to satisfy any award.

During the financial year under review, conditional awards were made over 63,124 ordinary shares of £0.30 each in M&C pursuant to the Executive Share Plan.

Details of the conditional awards under the Executive Share Plan are set out below:

Date of award	Balance at beginning of year	Awards made during the year	Awards vested during the year	Awards expired/ forfeited during the year	Balance at end of year	Vesting date
29.03.2016	–	63,124	–	(25,552)	37,572	29.03.2017/18/19

AUDIT & RISK COMMITTEE

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

Chan Soon Hee Eric	(Chairman)
Tang See Chim	
Tan Yee Peng	
Koh Thiam Hock	(Appointed on 5 September 2016)

The Audit & Risk Committee performs the functions of an audit & risk committee under its terms of reference including those specified in Section 201B of the Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("Listing Manual") and the Code of Corporate Governance 2012.

The Audit & Risk Committee met five times during the financial year ended 31 December 2016. In performing its functions, the Audit & Risk Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and their evaluation of the Group's systems of internal controls.

The Audit & Risk Committee also reviewed the following:

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

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

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

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

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

Chan Soon Hee Eric
Director

8 March 2017

INDEPENDENT AUDITORS' REPORT

Members of the Company
City Developments Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of City Developments Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 121 to 246.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

<u>Valuation of development properties</u>
(Refer to note 10 to the financial statements)

RISK:

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

Weak demand arising from government policies in Singapore, slowdown in economic activities in China and the uncertainty of implications of Brexit on the UK real estate market, might exert downward pressure on property prices in these markets. This could lead to future trends in these markets departing from known trends from past experience. Henceforth, there is a risk that the estimates of net realisable values may exceed future selling prices, resulting in unforeseen losses if these properties are sold.

OUR RESPONSE:

We focused our work on development properties with low margins. We considered the valuation methodologies used against those applied by other valuers for similar property type. We compared the valuers' underlying assumption on estimated future selling prices to recently transacted prices or prices of comparable properties located in the same vicinity as the Group's development projects, taking into consideration the anticipated price decline. In assessing the reasonableness of the estimated future selling prices, we also considered the historical accuracy of the Group's estimate of future selling prices and research analysts' expectations of price movements.

We also considered the adequacy of the disclosures in respect of the allowance for foreseeable losses presented in the financial statements for these development properties.

OUR FINDINGS:

In making its estimates of future selling prices, the Group takes into account macroeconomic and real estate price trend, and senior management's sales strategy. The Group performs a regular review of these estimates and updates them when it is deemed necessary.

We found that estimates made by the Group in the determination of net realisable values and allowance for foreseeable losses are within the markets' expectations. We also found the disclosures to be appropriate in describing the estimates used in determining allowance for foreseeable losses made for development properties held for sale.

<u>Valuation of hotel assets</u>
(Refer to note 2.4 and note 3 to the financial statements)

RISK:

The Group has significant hotel assets which are carried at cost and are subject to an annual review to assess whether or not they may be impaired. The Group applies a two-step process in assessing their hotel assets for possible impairment. The first step is to identify those properties at risk, i.e. those where there is an indication of impairment. Those hotels highlighted as being at risk following this analysis are then subjected to a detailed impairment review which, for 2016, were all made with reference to external valuations. Certain hotels were considered at risk of impairment as they were subjected to impairment in previous years (and therefore any decline in performance compared to the projections used to determine the previous impairment may result in a further impairment being recorded) and because the Group had experienced a difficult trading environment in 2016, particularly in the United States of America and Asia, where some of the Group's largest hotel properties operate.

The estimated recoverable amount of an asset is generally determined by forecasting and discounting future cash flows. This analysis is subjective due to the inherent uncertainty involved in determining appropriate assumptions such as discount rates, growth rates, occupancy rates, revenue per available room and terminal values. Therefore, the review and challenge of these assumptions is one of the key judgemental areas that our audit is concentrated on.

OUR RESPONSE:

Our procedures included challenging the Group's initial risk assessment process by which properties were selected for further assessment of their recoverable amounts. This included comparison of the actual asset performance to previous forecasts and to the market performance and assessing the quantum of available headroom. For those properties selected for a detailed impairment review, we used our own valuation specialists to assist us in evaluating the assumptions and methodologies used by the external valuers. In particular, these included forecasted cash flows as well as discount rates and terminal multipliers. We compared the valuation assumptions used to externally derived data as well as our own assessments in relation to key inputs such as projected economic and market growth, occupancy and room rates, cost forecasts, discount rates and terminal multipliers. We considered the appropriateness of the Group's disclosures in the financial statements about the impairments and the sensitivity of the outcome of the impairment assessment to changes in key assumptions.

OUR FINDINGS:

The Group has a structured and comprehensive process in identifying hotel assets with impairment indicators. We found that the methodologies used by the external valuers were appropriate and that the process of challenging assumptions in determining the recoverable amounts of these assets was robust. As a result of our work, we found the assumptions and the resulting estimates to be slightly optimistic although the quantum of impairment recognised in 2016 was still appropriate. We found that the disclosures appropriately describe the inherent degree of subjectivity in the estimates and the potential impact on future periods of revisions to these estimates.

Other Information

Management is responsible for the other information. The other information comprises the Corporate Profile, 2016 Business Highlights, 5-Year Financial Highlights, Chairman's Statement, Corporate Structure, Highlights of the Year, Corporate Directory, Board of Directors, Senior Management, Corporate Governance, Risk Management, Investor Relations, Calendar of Financial Events, Sustainability Board Statement, CDL Future Value 2030, Corporate Network, Financial Review, Operations Review, Market Review, Human Resource Review, Property Portfolio Analysis, Major Properties, Directors' Statement, Statistics of Ordinary Shareholdings, Statistics of Preference Shareholdings and Share Transaction Statistics.

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

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

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

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

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT (CONT'D)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditors' report is Tay Puay Cheng.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
8 March 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Group		Company	
	Note	31/12/2016 $'000	31/12/2015 $'000	31/12/2016 $'000	31/12/2015 $'000
Non-current assets					
Property, plant and equipment	3	**5,135,688**	5,174,873	**8,368**	9,681
Investment properties	4	**2,346,114**	2,583,675	**444,682**	452,243
Lease premium prepayment		**113,587**	120,134	**–**	–
Investments in:					
– subsidiaries	5	**–**	–	**2,132,213**	2,136,656
– associates	6	**371,370**	351,211	**–**	–
– joint ventures	7	**1,090,142**	955,384	**37,360**	37,360
Financial assets	8	**398,603**	198,504	**28,329**	25,857
Other non-current assets	9	**261,353**	46,703	**1,861,215**	1,079,174
		9,716,857	9,430,484	**4,512,167**	3,740,971
Current assets					
Lease premium prepayment		**3,913**	3,985	**–**	–
Development properties	10	**5,208,900**	5,514,894	**497,674**	353,131
Consumable stocks		**11,823**	11,236	**–**	–
Financial assets	8	**16,399**	31,416	**–**	–
Trade and other receivables	11	**1,166,493**	1,761,630	**4,335,835**	5,614,534
Cash and cash equivalents	14	**3,673,037**	3,564,885	**2,043,714**	2,152,392
		10,080,565	10,888,046	**6,877,223**	8,120,057
Total assets		**19,797,422**	20,318,530	**11,389,390**	11,861,028
Equity attributable to owners of the Company					
Share capital	15	**1,991,397**	1,991,397	**1,991,397**	1,991,397
Reserves	16	**7,302,411**	7,004,395	**4,522,002**	4,075,020
		9,293,808	8,995,792	**6,513,399**	6,066,417
Non-controlling interests		**2,114,876**	2,217,223	**–**	–
Total equity		**11,408,684**	11,213,015	**6,513,399**	6,066,417
Non-current liabilities					
Interest-bearing borrowings	18	**3,954,937**	4,571,969	**1,808,330**	2,515,979
Employee benefits	22	**42,837**	28,500	**–**	–
Other liabilities	23	**375,646**	345,004	**170,137**	170,119
Provisions	24	**84,917**	53,084	**–**	–
Deferred tax liabilities	25	**271,013**	274,998	**66,333**	44,155
		4,729,350	5,273,555	**2,044,800**	2,730,253
Current liabilities					
Trade and other payables	26	**1,575,230**	1,602,289	**1,809,538**	2,230,138
Interest-bearing borrowings	18	**1,782,830**	1,910,732	**998,216**	793,258
Employee benefits	22	**24,544**	22,566	**2,282**	1,684
Provision for taxation		**251,629**	259,331	**21,155**	39,278
Provisions	24	**25,155**	37,042	**–**	–
		3,659,388	3,831,960	**2,831,191**	3,064,358
Total liabilities		**8,388,738**	9,105,515	**4,875,991**	5,794,611
Total equity and liabilities		**19,797,422**	20,318,530	**11,389,390**	11,861,028

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 $'000	Group 2015 $'000
Revenue	27	**3,905,453**	3,304,108
Cost of sales		**(2,147,534)**	(1,647,976)
Gross profit		**1,757,919**	1,656,132
Other operating income	28	**174,909**	324,626
Administrative expenses		**(536,033)**	(529,252)
Other operating expenses		**(473,170)**	(500,819)
Profit from operating activities		**923,625**	950,687
Finance income		**43,499**	53,425
Finance costs		**(123,635)**	(125,622)
Net finance costs	28	**(80,136)**	(72,197)
Share of after-tax profit of associates		**41,226**	22,768
Share of after-tax profit of joint ventures		**29,274**	84,117
Profit before tax		**913,989**	985,375
Tax expense	29	**(151,430)**	(119,355)
Profit for the year	28	**762,559**	866,020
Profit attributable to owners of the Company:			
– Ordinary shareholders		**640,302**	760,463
– Preference shareholders		**12,922**	12,904
		653,224	773,367
Non-controlling interests		**109,335**	92,653
Profit for the year		**762,559**	866,020
Earnings per share			
– Basic	30	**70.4 cents**	83.6 cents
– Diluted	30	**68.5 cents**	81.0 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 $'000	Group 2015 $'000
Profit for the year		**762,559**	866,020
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Defined benefit plan remeasurements		**(15,477)**	(4,595)
Items that are or may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale equity investments		**2,172**	(3,881)
Effective portion of changes in fair value of cash flow hedges		**–**	581
Exchange differences on hedges of net investment in foreign entities		**(61,028)**	(15,678)
Exchange differences on monetary items forming part of net investment in foreign entities		**(4,745)**	4,722
Exchange differences realised on liquidation of investment in an associate reclassified to profit or loss		**–**	(123)
Exchange differences realised on liquidation of investment in a joint venture reclassified to profit or loss		**14**	–
Exchange differences realised on loss of control in/ liquidation of subsidiaries reclassified to profit or loss		**(7,912)**	(483)
Translation differences arising on consolidation of foreign entities		**(79,006)**	57,265
		(150,505)	42,403
Total other comprehensive income for the year, net of tax	29	**(165,982)**	37,808
Total comprehensive income for the year		**596,577**	903,828
Total comprehensive income attributable to:			
Owners of the Company		**495,307**	760,873
Non-controlling interests		**101,270**	142,955
Total comprehensive income for the year		**596,577**	903,828

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2016

	Note	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Other reserve $'000
Group					
At 1 January 2016		1,991,397	138,660	11,406	1,372
Total comprehensive income for the year					
Profit for the year		–	–	–	–
Other comprehensive income					
Change in fair value of available-for-sale equity investments		–	–	2,172	–
Defined benefit plan remeasurements		–	–	–	–
Exchange differences on hedges of net investment in foreign entities		–	–	–	–
Exchange differences on monetary items forming part of net investment in foreign entities		–	–	–	–
Exchange differences realised on loss of control in/ liquidation of subsidiaries reclassified to profit or loss		–	–	–	–
Exchange differences realised on liquidation of investment in a joint venture reclassified to profit or loss		–	–	–	–
Translation differences arising on consolidation of foreign entities		–	–	–	–
Total other comprehensive income		–	–	2,172	–
Total comprehensive income for the year		–	–	2,172	–
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Capital distribution to non-controlling interests		–	–	–	–
Dividends paid to owners of the Company	31	–	–	–	–
Dividends paid to non-controlling interests		–	–	–	–
Transfer to statutory reserves		–	–	–	105
Share-based payment transactions		–	–	–	–
Total contributions by and distributions to owners		–	–	–	105
Changes in ownership interests in subsidiaries					
Changes in interests in subsidiaries with loss of control		–	75,460	–	(15)
Changes in interests in subsidiaries without loss of control		–	(40,141)	–	–
Expiry of put option granted to non-controlling interests		–	1,533	–	–
Total changes in ownership interests in subsidiaries		–	36,852	–	(15)
Total transactions with owners		–	36,852	–	90
At 31 December 2016		1,991,397	175,512	13,578	1,462

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2016

Share option reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
14,980	(328,825)	7,166,802	8,995,792	2,217,223	11,213,015
–	–	653,224	653,224	109,335	762,559
–	–	–	2,172	–	2,172
–	–	(9,966)	(9,966)	(5,511)	(15,477)
–	(38,587)	–	(38,587)	(22,441)	(61,028)
–	(10,045)	–	(10,045)	5,300	(4,745)
–	(3,888)	–	(3,888)	(4,024)	(7,912)
–	14	–	14	–	14
–	(97,617)	–	(97,617)	18,611	(79,006)
–	(150,123)	(9,966)	(157,917)	(8,065)	(165,982)
–	(150,123)	643,258	495,307	101,270	596,577
–	–	–	–	(656)	(656)
–	–	(158,410)	(158,410)	–	(158,410)
–	–	–	–	(79,530)	(79,530)
–	–	(105)	–	–	–
(257)	–	–	(257)	(139)	(396)
(257)	–	(158,515)	(158,667)	(80,325)	(238,992)
–	–	(75,460)	(15)	(46,741)	(46,756)
–	–	(1)	(40,142)	(76,551)	(116,693)
–	–	–	1,533	–	1,533
–	–	(75,461)	(38,624)	(123,292)	(161,916)
(257)	–	(233,976)	(197,291)	(203,617)	(400,908)
14,723	(478,948)	7,576,084	9,293,808	2,114,876	11,408,684

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2016

	Note	Share capital $'000	Capital reserve $'000	Hedging reserve $'000	Fair value reserve $'000
Group					
At 1 January 2015		1,991,397	160,542	(155)	15,287
Total comprehensive income for the year					
Profit for the year		–	–	–	–
Other comprehensive income					
Change in fair value of available-for-sale equity investments		–	–	–	(3,881)
Defined benefit plan remeasurements		–	–	–	–
Effective portion of changes in fair value of cash flow hedges		–	–	137	–
Exchange differences on hedges of net investment in foreign entities		–	–	–	–
Exchange differences on monetary items forming part of net investment in foreign entities		–	–	–	–
Exchange differences realised on liquidation of investment in an associate reclassified to profit or loss		–	–	–	–
Exchange differences realised on liquidation of a subsidiary reclassified to profit or loss		–	–	–	–
Share of other reserve movements of associates		–	–	–	–
Translation differences arising on consolidation of foreign entities		–	–	–	–
Total other comprehensive income		–	–	137	(3,881)
Total comprehensive income for the year		–	–	137	(3,881)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Capital contribution from non-controlling interests		–	–	–	–
Dividends paid to owners of the Company	31	–	–	–	–
Dividends paid to non-controlling interests		–	–	–	–
Share-based payment transactions		–	–	–	–
Total contributions by and distributions to owners		–	–	–	–
Changes in ownership interests in subsidiaries					
Acquisition of subsidiaries with non-controlling interests		–	(2,634)	–	–
Changes in interests in subsidiaries without loss of control		–	(19,248)	18	–
Total changes in ownership interests in subsidiaries		–	(21,882)	18	–
Total transactions with owners		–	(21,882)	18	–
At 31 December 2015		1,991,397	138,660	–	11,406

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2016

Other reserve $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
963	11,866	(324,224)	6,554,451	8,410,127	2,365,474	10,775,601
–	–	–	773,367	773,367	92,653	866,020
–	–	–	–	(3,881)	–	(3,881)
–	–	–	(2,882)	(2,882)	(1,713)	(4,595)
–	–	–	–	137	444	581
–	–	(10,180)	–	(10,180)	(5,498)	(15,678)
–	–	7,258	–	7,258	(2,536)	4,722
–	–	(75)	–	(75)	(48)	(123)
–	–	(253)	–	(253)	(230)	(483)
398	–	–	(398)	–	–	–
–	–	(2,618)	–	(2,618)	59,883	57,265
398	–	(5,868)	(3,280)	(12,494)	50,302	37,808
398	–	(5,868)	770,087	760,873	142,955	903,828
–	–	–	–	–	876	876
–	–	–	(158,392)	(158,392)	–	(158,392)
–	–	–	–	–	(113,237)	(113,237)
–	3,027	–	–	3,027	1,636	4,663
–	3,027	–	(158,392)	(155,365)	(110,725)	(266,090)
–	–	–	–	(2,634)	3,059	425
11	87	1,267	656	(17,209)	(183,540)	(200,749)
11	87	1,267	656	(19,843)	(180,481)	(200,324)
11	3,114	1,267	(157,736)	(175,208)	(291,206)	(466,414)
1,372	14,980	(328,825)	7,166,802	8,995,792	2,217,223	11,213,015

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 $'000	Group 2015 $'000
Cash flows from operating activities			
Profit for the year		**762,559**	866,020
Adjustments for:			
Depreciation and amortisation		**221,883**	214,668
Dividend income		**(9,184)**	(8,161)
Equity settled share-based transactions		**(411)**	4,410
Finance costs		**123,635**	125,622
Finance income		**(43,499)**	(53,425)
Gain on insurance claim		**(4,227)**	–
Gain on loss of control in/liquidation of subsidiaries (net)		**(148,598)**	(483)
Negative goodwill on acquisition of interest in an associate		**(521)**	–
Impairment losses made/(written back) on amounts owing by joint ventures		**1,759**	(2,707)
Impairment losses on lease premium prepayment and property, plant and equipment		**38,818**	73,588
Tax expense		**151,430**	119,355
Profit on sale/realisation of investments (net)		**(18,415)**	(3,986)
Loss/(Profit) on sale of property, plant and equipment and investment properties		**702**	(313,996)
Loss on liquidation of a joint venture		**14**	–
Property, plant and equipment and investment properties written off		**2,546**	3,716
Share of after-tax profit of associates		**(41,226)**	(22,768)
Share of after-tax profit of joint ventures		**(29,274)**	(84,117)
		1,007,991	917,736
Changes in working capital:			
Development properties		**214,591**	(674,804)
Consumable stocks and trade and other receivables		**140,076**	(137,784)
Trade and other payables		**(48,792)**	103,859
Employee benefits		**23,811**	(2,894)
Cash generated from operations		**1,337,677**	206,113
Tax paid		**(156,745)**	(128,282)
Net cash from operating activities		**1,180,932**	77,831
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired)	34	**(410,451)**	(138,233)
Dividends received:			
– an associate		**4,228**	3,197
– financial investments		**9,184**	8,161
– joint ventures		**40,500**	5,556
Increase in intangible assets		**(502)**	–
Increase in investments in associates		**(1,622)**	(25,096)
Increase in investments in joint ventures		**(111,779)**	(63,827)
Increase in lease premium prepayment		**(263)**	(846)
Interest received		**33,609**	38,614
Payments for capital expenditure on investment properties		**(22,087)**	(27,322)
Payments for purchase of property, plant and equipment		**(204,926)**	(228,726)
Purchase of financial assets (net)		**(136,420)**	(123,315)
Proceeds from insurance claims		**4,227**	–
Proceeds from loss of control in subsidiaries (net of cash disposed of)	34	**1,113,244**	–
Proceeds from sale of property, plant and equipment and investment properties		**1,120**	1,072,214
Net cash from investing activities		**318,062**	520,377

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 $'000	Group 2015 $'000
Cash flows from financing activities			
Acquisition of non-controlling interests, without a change in control		**(116,693)**	(200,749)
Capital (distribution to)/contribution from non-controlling interests		**(1,156)**	481
Decrease in deposits pledged to financial institutions		**11,543**	49,238
Deposits charged to financial institutions		**(186,866)**	(26,665)
Dividends paid		**(237,440)**	(271,234)
Finance lease payments		**(553)**	(806)
Interest paid (including amounts capitalised as property, plant and equipment and development properties)		**(136,960)**	(151,014)
Net increase in amounts owing by related parties (non-trade)		**(9,411)**	(597)
Net repayment of revolving credit facilities and short-term bank borrowings		**(465,650)**	(13,755)
Repayment of other long-term liabilities		**–**	(1,108)
Increase in restricted cash (net)		**(11)**	(1,371)
Payment of financing transaction costs		**(4,738)**	(12,435)
Proceeds from bank borrowings		**227,143**	825,975
Proceeds from issuance of bonds and notes		**411,623**	363,680
Repayment of bank borrowings		**(484,662)**	(702,219)
Repayment of bonds and notes		**(347,340)**	(771,695)
Net cash used in financing activities		**(1,341,171)**	(914,274)
Net increase/(decrease) in cash and cash equivalents		**157,823**	(316,066)
Cash and cash equivalents at beginning of the year		**3,415,567**	3,724,731
Effect of exchange rate changes on balances held in foreign currencies		**(6,633)**	6,902
Cash and cash equivalents at end of the year	14	**3,566,757**	3,415,567

Non-cash transaction

Dividends amounting to $500,000 (2015: $395,000) were paid by a subsidiary to its non-controlling interests in the form of additional shares in that subsidiary.

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 8 March 2017.

1 DOMICILE AND ACTIVITIES

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

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

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

The consolidated financial statements for the year ended 31 December 2016 relate to the Company and its subsidiaries (together referred to as the Group and individually as Group entities) and the Group's interests in associates and joint ventures.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

The preparation of financial statements in conformity with 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is described in the following note:

Notes 2.2 and 40	Assessment of ability to control or exert significant influence over partly-owned investments

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

Note 2.19	Measurement of profit attributable to properties under development
Note 2.22	Estimation of provisions for current and deferred taxation
Notes 3 and 4	Measurement of recoverable amounts of property, plant and equipment, and investment properties
Note 5	Measurement of recoverable amounts of investments in and balances with subsidiaries
Note 8	Impairment of available-for-sale equity investments, debt instruments and other financial asset
Note 10	Measurement of realisable amounts of development properties
Note 22	Valuation of defined benefit obligations

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

2.2 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

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

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of consolidation (cont'd)

Business combinations (cont'd)

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

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

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the adjustment to non-controlling interests and the fair value of consideration paid is recognised directly in equity and presented as part of equity attributable to owners of the Company.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Loss of control

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of consolidation (cont'd)

Associates and joint ventures (equity-accounted investee)

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. Joint ventures are arrangements in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest (including any long-term interests that, in substance, form part of the Group's net investment in the equity-accounted investee) 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.

Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

As at 31 December 2016, the Group is a 51% (2015: 51%) partner in Hong Realty (Private) Limited – Pasir Ris Joint Venture (the Pasir Ris Joint Venture), a joint arrangement formed with two fellow subsidiaries, whose principal activity is that of a property developer and the place of business is in Singapore. The Group has classified the Pasir Ris Joint Venture as a joint operation as the joint venture partners control the Pasir Ris Joint Venture collectively and the Pasir Ris Joint Venture is not structured through a separate legal vehicle.

Transactions eliminated on consolidation

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

Accounting for subsidiaries and joint ventures by the Company

Investments in subsidiaries and joint ventures are stated in the Company's statement of financial position 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 at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currencies at the exchange rates at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

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

Foreign operations

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

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

Net investment in a foreign operation

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Foreign currencies (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 other comprehensive income to the extent that the hedge is effective, and are presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the cumulative amount in the foreign currency translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

2.4 Property, plant and equipment

Owned assets

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

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

The gain and loss on disposal of an item of property, plant and equipment are determined by comparing the net proceeds from disposal with the carrying amount of the item and is recognised net in profit or loss.

Subsequent expenditure

Subsequent expenditure of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. All other subsequent expenditure are recognised in profit or loss when incurred.

Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives (or lease term, if shorter, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term) of each part of an item of property, plant and equipment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Property, plant and equipment (cont'd)

Depreciation (cont'd)

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

Freehold and leasehold land and buildings		
• Core component of hotel buildings	–	50 years, or lease term if shorter
• Surface, finishes and services of hotel buildings	–	30 years, or lease term if shorter
• Leasehold land (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 joint ventures.

Acquisitions prior to 1 January 2001

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

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

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

Acquisitions occurring between 1 January 2001 and 1 January 2005

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

Acquisitions occurring between 1 January 2005 and 31 December 2009

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

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates and joint ventures is presented together with investments in associates and joint ventures.

Goodwill is measured at cost less accumulated impairment losses, and tested annually for impairment (note 2.13). Negative goodwill is recognised immediately in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Intangible assets (cont'd)

Acquisitions on or after 1 January 2010

Goodwill represents the excess of:

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

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

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates and joint ventures is presented together with investments in associates and joint ventures.

Goodwill is measured at cost less accumulated impairment losses, and tested annually for impairment (note 2.13).

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Other intangible assets (comprise mainly technology, trade name, franchise application, trademarks, customer relations and customer contracts) are amortised in profit or loss on a straight-line basis over their estimated useful lives ranging from 1 to 15 years, from the date on which they are available for use.

2.6 Investment properties

Investment properties are properties held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes.

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

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. Costs of self-constructed investment properties include costs of materials and direct labour, any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs.

Gains and losses on disposal of investment properties are determined by comparing the net proceeds from disposal with the carrying amounts of the investment properties, and are recognised net in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Investment properties (cont'd)

Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives (or lease terms, if shorter unless it is reasonably certain that the Group will obtain ownership by the end of the lease term) of each component of the investment properties.

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

Freehold and leasehold properties	–	50 years, or lease term if shorter
Leasehold land (other than 999-year leasehold land)	–	Lease term ranging from 50 to 96 years
Furniture, fittings, plant and equipment and improvements	–	3 to 20 years

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

Transfers

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

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

2.7 Leased assets

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

Other leases are operating leases, and the leased assets are not recognised in the statement of financial position.

2.8 Lease premium prepayment

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial instruments

Non-derivative financial assets

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

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

Financial assets at fair value through profit or loss

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

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

Loans and receivables

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

Loans and receivables comprise cash and cash equivalents, trade and other receivables (excluding prepayments and tax recoverable), other non-current assets (excluding deferred tax assets, prepayment and intangible assets), unquoted debt instruments and other financial asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial instruments (cont'd)

Loans and receivables (cont'd)

Cash and cash equivalents comprise cash balances and bank deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair values, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits, deposits charged and restricted cash are excluded whilst bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included in cash and cash equivalents.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. The Group's investments in certain equity securities and certain debt securities are classified as available-for-sale financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 2.13) and foreign currency differences on available-for-sale monetary items (see note 2.3), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is reclassified to profit or loss.

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

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial instruments (cont'd)

Derivative financial instruments, including hedging activities

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. 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.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial instruments (cont'd)

Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

Other non-trading derivatives

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

2.10 Intercompany loans

Loans to subsidiaries

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

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

2.11 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 and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

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.

Properties under development, the sales of which are recognised using the percentage of completion method

The aggregated costs incurred together with attributable profits and net of progress billings are presented as development properties in the statement of financial position.

Other properties under development

The aggregated costs incurred are presented as development properties while progress billings are presented separately within trade and other payables.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Consumable stocks

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

2.13 Impairment

(i) Impairment of non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including interest in an associate and joint venture, 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 a loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

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

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 profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. Impairment losses on available-for-sale financial asset are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss.

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

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2.13 (ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment (cont'd)

(ii) Impairment of non-financial assets

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

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

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

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

Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or a joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or a joint venture may be impaired.

2.14 Share capital

Ordinary shares

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

Preference shares

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

Dividends on ordinary and preference shares are recognised as a liability in the period in which they are declared.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Employee benefits

Defined contribution plans

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

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit post-employment plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised immediately as an expense in profit or loss.

The Group recognises remeasurement gains or losses within the consolidated statement of comprehensive income in the period in which they occur.

The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits, other than pension plans is the amount of future benefit that employees have earned in return for their service in current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any plan assets is deducted.

Short-term employee benefits

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Employee benefits (cont'd)

Share-based payment transactions

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

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

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

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

2.16 Provisions

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Financial guarantee contracts

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

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

2.18 Government grants

Government grants are recognised when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant.

Government grants relating to assets are deducted against the carrying amount of the assets, and released to profit or loss over the expected useful life of the relevant asset or over the benefits received by the Group related to the assets.

2.19 Revenue recognition

Development properties for sale

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

In all other instances, revenue from sales of development properties is only recognised upon the transfer of control and significant risks and rewards of ownership of the property to the buyer. This generally coincides with the point in time when the development unit is delivered to the buyer. No revenue is recognised when there is significant uncertainty as to the collectability of consideration due or the possible return of units sold.

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

Rental and car park income

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

Car park income is recognised on an accrual basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Revenue recognition (cont'd)

Hotel income

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

Dividends

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

Management services, consultancy services and laundry services

The Group recognises income for services rendered on an accrual basis.

2.20 Operating leases

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

2.21 Finance income and costs

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

Finance costs comprise mainly interest expense on borrowings, amortisation of transaction costs capitalised, impairment loss on available-for-sale financial assets, mark-to-market loss on financial assets at fair value through profit or loss and loss on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss 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.

2.22 Tax

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Tax (cont'd)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

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

2.23 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, for the dilutive effect arising from the conversion of the non-redeemable convertible non-cumulative preference shares.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3 PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold land and buildings $'000	Leasehold land and buildings $'000	Freehold and leasehold properties under development $'000	Furniture, fittings, plant and equipment and improvements $'000	Renovation-in-progress $'000	Total $'000
Group							
Cost							
At 1 January 2015		4,006,851	1,126,134	122,594	1,434,268	21,618	6,711,465
Additions		14,925	71,354	10,633	84,054	49,471	230,437
Acquisition of subsidiaries	34	71,448	42,988	–	26,228	–	140,664
Disposals		(4,071)	–	–	(8,095)	–	(12,166)
Written off during the year		(3,155)	(2)	(86)	(20,930)	–	(24,173)
Reclassifications and transfers		(2,514)	1,687	(288)	22,364	(21,249)	–
Transfers (to)/from investment properties	4	(968)	–	–	357	–	(611)
Translation differences on consolidation		80,645	21,317	(1,934)	19,670	778	120,476
At 31 December 2015		4,163,161	1,263,478	130,919	1,557,916	50,618	7,166,092
Additions		5,183	8,745	1,877	83,744	105,840	205,389
Excess accruals written back		(9,666)	(3,760)	–	–	–	(13,426)
Loss of control in subsidiaries	34	(7,045)	–	–	(8,761)	–	(15,806)
Disposals		(4)	(223)	–	(7,919)	–	(8,146)
Written off during the year		(21)	(14)	–	(32,800)	–	(32,835)
Reclassifications and transfers		(23,222)	126,443	(103,038)	17,809	(17,992)	–
Transfers from investment properties	4	76,824	–	–	29,571	–	106,395
Translation differences on consolidation		(55,890)	(100,850)	(1,010)	(6,316)	2,812	(161,254)
At 31 December 2016		4,149,320	1,293,819	28,748	1,633,244	141,278	7,246,409

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Note	Freehold land and buildings $'000	Leasehold land and buildings $'000	Freehold and leasehold properties under development $'000	Furniture, fittings, plant and equipment and improvements $'000	Renovation-in-progress $'000	Total $'000
Group							
Accumulated depreciation and impairment losses							
At 1 January 2015		646,980	256,344	6,160	883,708	–	1,793,192
Charge for the year	28	25,403	13,952	–	93,947	–	133,302
Disposals		(4,071)	–	–	(7,262)	–	(11,333)
Written off during the year		(19)	–	–	(20,475)	–	(20,494)
Impairment losses	28	76,891	915	–	643	–	78,449
Reversal of impairment loss	28	–	(5,026)	–	–	–	(5,026)
Translation differences on consolidation		10,903	5,257	295	6,674	–	23,129
At 31 December 2015		756,087	271,442	6,455	957,235	–	1,991,219
Charge for the year	28	34,369	21,535	312	93,702	–	149,918
Disposals		(4)	(223)	–	(6,843)	–	(7,070)
Written off during the year		(8)	(2)	–	(31,959)	–	(31,969)
Loss of control in subsidiaries	34	(846)	–	–	(4,759)	–	(5,605)
Reclassification		(68)	68	–	–	–	–
Transfers from investment properties	4	1,270	–	–	9,426	–	10,696
Impairment losses	28	31,489	4,046	–	2,805	–	38,340
Translation differences on consolidation		(18,522)	11,171	(286)	(27,171)	–	(34,808)
At 31 December 2016		803,767	308,037	6,481	992,436	–	2,110,721
Carrying amounts							
At 1 January 2015		3,359,871	869,790	116,434	550,560	21,618	4,918,273
At 31 December 2015		3,407,074	992,036	124,464	600,681	50,618	5,174,873
At 31 December 2016		3,345,553	985,782	22,267	640,808	141,278	5,135,688

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land $'000	Furniture, fittings and equipment $'000	Total $'000
Company			
Cost			
At 1 January 2015	2,570	29,747	32,317
Additions	–	2,064	2,064
Disposals	–	(14)	(14)
Written off during the year	–	(2,475)	(2,475)
At 31 December 2015	2,570	29,322	31,892
Additions	–	1,233	1,233
Disposals	–	(36)	(36)
Written off during the year	–	(1,455)	(1,455)
At 31 December 2016	2,570	29,064	31,634
Accumulated depreciation			
At 1 January 2015	–	22,179	22,179
Charge for the year	–	2,482	2,482
Disposals	–	(11)	(11)
Written off during the year	–	(2,439)	(2,439)
At 31 December 2015	–	22,211	22,211
Charge for the year	–	2,526	2,526
Disposals	–	(35)	(35)
Written off during the year	–	(1,436)	(1,436)
At 31 December 2016	–	23,266	23,266
Carrying amounts			
At 1 January 2015	2,570	7,568	10,138
At 31 December 2015	2,570	7,111	9,681
At 31 December 2016	2,570	5,798	8,368

Included in property, plant and equipment are certain hotel properties of the Group with carrying amount totalling $452,201,000 (2015: $435,245,000) which are mortgaged to certain financial institutions to secure credit facilities (refer to notes 19 and 20 for more details of the facilities).

The management undertook their annual review of the carrying amounts of hotels and property assets for indicators of impairment and, where appropriate, external valuations were also undertaken. In particular, the hotels are primarily held by the Group's subsidiary, Millennium & Copthorne plc (M&C) and its underlying subsidiaries. The hotels are reviewed for impairment based on each cash generating unit (CGU). The CGUs are individual hotels. The carrying value of individual hotels was compared to the recoverable amount of the hotels, which was predominantly based on value-in-use.

For 2016, where indicators of impairment were present, the Group estimated value-in-use through creation of discounted cash flow models, based on future trading performance expected by management. The underlying basis for the impairment model involves each hotel's projected cash flow for their financial year ending 31 December 2017, extrapolated to incorporate individual assumptions in respect of revenue growth (principally factoring in room rate and occupancy growth) and major expense lines. The future cash flows are based on assumptions about competitive growth rates for hotels in that area, as well as internal business plans. These plans and forecasts include M&C management's most recent view of trading prospects for the hotel in the relevant market. The forecasts cover a five to ten years period, and cash flows beyond this period are extrapolated using a growth rate ranging between 2.0% and 3.0%, which is based upon the expected trading growth for each hotel and inflation in the country. Where appropriate, the Group sought guidance on value from a registered independent appraiser with an appropriately recognised professional qualification and recent experience in the location and category of the hotel being valued.

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Based on the external valuations in 2016, an impairment charge of $38,340,000 was made in relation to two hotels located in the United States of America (US) and one hotel in Maldives, all of which are held by certain subsidiaries of M&C. In 2015, an impairment charge of $78,449,000 was made in relation to one hotel located in the US, two hotels in Europe and one hotel in Maldives, all of which are held by certain subsidiaries of M&C. The impairment losses were a result of the challenging hospitality market in these regions, affecting the operating performance of these hotels. In particular, the room rates achieved by these hotels were lower than expected.

The estimated total recoverable amounts of the said impaired properties were $399,613,000 (2015: $507,836,000) and were determined by professional appraisers using the following key assumptions:

- Pre-tax discount rate – The discount rate is based on the country in which the hotel is located and is adjusted for risks associated with the hotel. Discount rates ranged from 8.0% to 12.0% in the US and 8.0% to 9.0% in Asia (2015: 8.0% to 10.0% in the US, 7.0% to 12.0% in Europe and 6.0% to 9.0% in Asia).

- Occupancy rate – The occupancy growth rates ranged from 0.0% to 7.0% in the US and 0.0% to 3.0% in Asia (2015: 0.0% to 2.0% in the US, 0.0% to 8.0% in Europe and 0.0% to 3.0% in Asia).

- Average room rate – The average room rate growth ranged from 0.0% to 5.0% in the US and 0.0% to 8.0% in Asia (2015: 3.0% to 5.0% in the US, 0.0% to 8.0% in Europe and 0.0% to 7.0% in Asia).

Sensitivity analysis

The Group's impairment review is sensitive to changes in the key assumptions used, most notably the discount rate and revenue growth rate assumptions. A significant increase in revenue growth rate in isolation would result in a significantly higher recoverable amount. Conversely, a significant increase in discount rate in isolation would result in a significantly lower recoverable amount.

In addition, in 2015, the Group reversed an impairment loss of $5,026,000 which was recognised in prior years in respect of one hotel in New Zealand held by a subsidiary due to improved operating performance. The estimated recoverable amount of the said property was $16,928,000, and was determined by management of the subsidiary using a pre-tax discount rate of 10.0%.

4 INVESTMENT PROPERTIES

	Note	Group $'000	Company $'000
Cost			
At 1 January 2015		4,111,834	621,670
Additions from subsequent expenditure		16,777	960
Disposals		(623,244)	(54,533)
Written off during the year		(459)	(65)
Transfers from property, plant and equipment	3	611	–
Translation differences on consolidation		3,780	–
At 31 December 2015		3,509,299	568,032
Additions from subsequent expenditure		21,445	3,461
Loss of control in subsidiaries	34	(146,586)	–
Disposals		(749)	–
Written off during the year		(3,368)	(155)
Transfers to property, plant and equipment (net)	3	(106,395)	–
Translation differences on consolidation		27,654	–
At 31 December 2016		3,301,300	571,338

4 INVESTMENT PROPERTIES (CONT'D)

	Note	Group $'000	Company $'000
Accumulated depreciation and impairment losses			
At 1 January 2015		1,002,658	119,265
Charge for the year	28	76,210	12,066
Disposals		(155,574)	(15,477)
Written off during the year		(422)	(65)
Translation differences on consolidation		2,752	–
At 31 December 2015		925,624	115,789
Charge for the year	28	67,089	11,021
Loss of control in subsidiaries	34	(28,724)	–
Disposals		(3)	–
Written off during the year		(1,688)	(154)
Transfers to property, plant and equipment (net)	3	(10,696)	–
Translation differences on consolidation		3,584	–
At 31 December 2016		955,186	126,656
Carrying amounts			
At 1 January 2015		3,109,176	502,405
At 31 December 2015		2,583,675	452,243
At 31 December 2016		2,346,114	444,682
Fair value			
At 31 December 2015		6,544,508	1,090,711
At 31 December 2016		6,215,075	1,088,722

Investment properties comprise commercial, residential, hotel and industrial properties that are leased to external customers. Generally, each of the leases is fixed for a period of 1 to 19 years, and subsequent renewals are negotiated at prevailing market rates and terms.

During the year, the Group reclassified a hotel located in New Zealand held under its indirect subsidiary, CDL Hospitality Trusts, to property, plant and equipment as the Group's subsidiary, Millennium & Copthorne plc, has assumed the lease of this hotel. In prior years, the Group leased the hotel out to an external operator and held the hotel for capital appreciation purposes.

The management undertook their annual review of the carrying amounts of investment properties for indicators of impairment and, where appropriate, external valuations were also undertaken. Based on this assessment, no indicators of impairment were identified for the current and prior years.

Investment properties of the Group with a total carrying amount of $Nil (2015: $1,088,211,000) are mortgaged to certain financial institutions to secure credit facilities (refer to notes 19 and 20 for more details of the facilities).

5 INVESTMENTS IN AND BALANCES WITH SUBSIDIARIES

	Note	Company 2016 $'000	2015 $'000
Investments in subsidiaries			
Unquoted shares, at cost		**2,182,883**	2,182,883
Impairment losses		**(50,670)**	(46,227)
		2,132,213	2,136,656
Balances with subsidiaries			
Amounts owing by subsidiaries:			
– trade, interest-free		**12,735**	10,709
– non-trade, interest-free		**2,328,124**	2,593,463
– non-trade, interest-bearing		**3,751,781**	3,915,782
		6,092,640	6,519,954
Impairment losses		**(135,360)**	(135,053)
		5,957,280	6,384,901
Receivable:			
– Within 1 year	11	**4,096,065**	5,305,727
– After 1 year	9	**1,861,215**	1,079,174
		5,957,280	6,384,901
Amounts owing to subsidiaries:			
– trade, interest-free		**919**	1,029
– non-trade, interest-free		**1,653,659**	1,556,541
– non-trade, interest-bearing		**150,753**	631,145
		1,805,331	2,188,715
Repayable:			
– Within 1 year	26	**1,655,331**	2,038,715
– After 1 year	23	**150,000**	150,000
		1,805,331	2,188,715

During the year, the Company assessed the carrying amount of its investments in subsidiaries for indicators of impairment. Based on this assessment, the Company recognised a net impairment loss of $4,443,000 on its investment in two wholly-owned subsidiaries. Impairment loss of $9,881,000 was made by one of the subsidiaries to reduce the carrying value of investment to the recoverable amount of its net assets, comprising monetary items which approximate their fair values. In addition, the Company reversed impairment loss of $5,438,000 on its investment in another subsidiary, taking into consideration its carrying values of the underlying assets which included development properties for sale.

The non-trade amounts owing by and to subsidiaries are unsecured. In respect of interest-bearing amounts owing by and to subsidiaries, interest was charged at rates ranging from 0.45% to 10.46% (2015: 0.51% to 6.12%) per annum and at rates ranging from 2.00% to 3.25% (2015: 1.00% to 3.25%) per annum respectively. The non-trade balances with subsidiaries that are presented as receivable or repayable within one year are receivable or repayable on demand.

Included in amounts owing by subsidiaries receivable after one year are loans to subsidiaries with carrying amounts of $1,861,215,000 (2015: $1,077,027,000) 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 investments in subsidiaries, they are stated at cost less accumulated impairment losses.

5 INVESTMENTS IN AND BALANCES WITH SUBSIDIARIES (CONT'D)

Impairment losses

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

	Company	
	2016	**2015**
	$'000	**$'000**
At 1 January	**135,053**	135,330
Impairment losses made/(reversed)	**307**	(277)
At 31 December	**135,360**	135,053

Further details regarding subsidiaries are set out in note 40.

6 INVESTMENTS IN AND BALANCES WITH ASSOCIATES

		Group		Company	
	Note	**2016**	**2015**	**2016**	**2015**
		$'000	**$'000**	**$'000**	**$'000**
Investments in associates		**371,370**	351,211	**–**	–
Balances with associates					
Amounts owing by associates receivable within 1 year:					
– trade, interest-free	11	**395**	182	**32**	12
Amounts owing to an associate payable within 1 year:					
– trade, interest-free	26	**–**	3	**–**	3

Included in the Group's investments in associates is an investment in an associate which is listed on the Mainboard of Singapore Exchange Securities Trading Limited. The carrying amount of the investment in the associate was $354,476,000 (2015: $332,802,000) and the Group's share of its fair value as at the reporting date based on published price quotation (Level 1 in the fair value hierarchy) was $282,295,000 (2015: $264,865,000).

Immaterial associates

The Group has interests in a number of individually immaterial associates. The following table summarises, in aggregate, the Group's share of profit and other comprehensive income of these immaterial associates that are accounted for using the equity method:

	Group	
	2016	**2015**
	$'000	**$'000**
Carrying amount of interest in individually immaterial associates	**371,370**	351,211
Group's share of:		
– profit from continuing operation	**41,226**	22,768
– other comprehensive income	**(18,471)**	7,647
– total comprehensive income	**22,755**	30,415

7 INVESTMENTS IN AND BALANCES WITH JOINT VENTURES

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Investments in joint ventures					
Investments in joint ventures		**1,090,142**	955,384	**37,360**	37,360
Balances with joint ventures					
Amounts owing by joint ventures receivable within 1 year:					
– trade, interest-free		**7,230**	3,904	**14**	295
– non-trade, interest-bearing		**151,962**	543,932	**10,061**	217,941
– non-trade, interest-free		**506,776**	688,223	**215,805**	–
		665,968	1,236,059	**225,880**	218,236
Impairment losses		**(41,228)**	(39,800)	**(15,593)**	(15,593)
	11	**624,740**	1,196,259	**210,287**	202,643
Amounts owing to joint ventures payable within 1 year:					
– trade, interest-free		**1**	–	**1**	–
– non-trade, interest-free		**22,727**	22,733	**22,727**	22,727
	26	**22,728**	22,733	**22,728**	22,727

The non-trade amounts owing by and to joint ventures are unsecured. In respect of interest-bearing amounts owing by joint ventures, interest at rates ranging from 1.50% to 6.75% (2015: 1.10% to 4.50%) per annum and 1.50% to 2.00% (2015: 1.50% to 2.00%) per annum were charged by the Group and the Company respectively.

The non-trade amounts presented as receivable or repayable within one year are receivable or repayable on demand.

During the year, the Company assessed the carrying amount of its investments in joint ventures for indicators of impairment. Based on this assessment, no charge or write-back of impairment loss was made. In 2015, the Company reversed impairment loss of $1,000,000 on its investment in a joint venture as the joint venture has recognised profits during the year following the completion of its pre-sold Executive Condominium project. The recoverable amount of the investment was determined based on the net asset position of the joint venture which approximated the fair value as at 31 December 2016.

The movements in impairment losses in respect of balances with joint ventures are as follows:

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
At 1 January		**39,800**	43,195	**15,593**	16,365
Impairment losses made/ (reversed)	28	**1,759**	(2,707)	**–**	(772)
Impairment losses utilised		**(119)**	(772)	**–**	–
Translation differences on consolidation		**(212)**	84	**–**	–
At 31 December		**41,228**	39,800	**15,593**	15,593

Impairment losses made/(reversed) were included in "other operating expenses".

7 INVESTMENTS IN AND BALANCES WITH JOINT VENTURES (CONT'D)

Immaterial joint ventures

The Group has interests in a number of individually immaterial joint ventures. The following table summarises, in aggregate, the share of profit and other comprehensive income of these immaterial joint ventures that are accounted for using the equity method:

	Group	
	2016	**2015**
	$'000	**$'000**
Carrying amount of interest in individually immaterial joint ventures	**1,090,142**	955,384
Group's share of:		
– profit from continuing operations/total comprehensive income	**29,274**	84,117

The Group's share of the joint ventures' commitments is as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Commitments		
Development expenditure contracted but not provided for in the financial statements	**104,819**	135,253
Capital expenditure contracted but not provided for in the financial statements	**12,340**	9,282
Commitment in respect of purchase of property for which deposits have been paid	**–**	120,375
Non-cancellable operating lease payables	**85**	99
Non-cancellable operating lease receivables	**101,201**	119,188

8 FINANCIAL ASSETS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Non-current financial assets				
Unquoted equity investments available for sale				
– fellow subsidiaries	**3,290**	3,290	**3,290**	3,290
– other related parties	**21,983**	6,600	**–**	–
– non-related companies	**16,764**	24,111	**–**	1,340
	42,037	34,001	**3,290**	4,630
Impairment losses	**(3,339)**	(3,339)	**–**	–
	38,698	30,662	**3,290**	4,630
Quoted equity investments available for sale				
– fellow subsidiaries	**23,286**	25,243	**19,580**	21,227
– non-related companies	**15,466**	10,099	**5,459**	–
	38,752	35,342	**25,039**	21,227
Unquoted debt instruments				
– non-related companies	**272,500**	132,500	**–**	–
Other financial asset	**48,653**	–	**–**	–
Total non-current financial assets	**398,603**	198,504	**28,329**	25,857
Current financial assets				
Equity investments held for trading				
– quoted	**16,399**	28,879	**–**	–
– unquoted	**–**	2,537	**–**	–
Total current financial assets	**16,399**	31,416	**–**	–
Total financial assets	**415,002**	229,920	**28,329**	25,857

In 2015, included in quoted equity investments held for trading were investments in shares of listed subsidiaries with a total carrying amount of $11,271,000 which were held by the Group for trading purposes.

Included in unquoted equity investments available for sale of the Group and the Company are investments with total carrying amount of $38,698,000 (2015: $30,662,000) and $3,290,000 (2015: $4,630,000) respectively, which are measured at cost less accumulated impairment losses as the fair values cannot be determined reliably given that the variability in the range of reasonable fair value estimates derived from valuation techniques is expected to be significant.

Unquoted debt instruments with carrying amounts of $272,500,000 (2015: $132,500,000) at 31 December 2016 bear interest at rates ranging from 2.46% to 5.00% (2015: 5.00%) per annum and mature within 4 to 7 years (2015: 5 years).

Other financial asset relates to a balance arising from the accounting of the Group's continuing involvement in the third Profit Participation Securities.

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

9 OTHER NON-CURRENT ASSETS

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Amounts owing by subsidiaries	5	**–**	–	**1,861,215**	1,079,174
Deferred tax assets	25	**36,150**	32,834	**–**	–
Deposits and prepayment		**6,478**	5,627	**–**	–
Intangible assets		**2,846**	6,238	**–**	–
Other receivables		**2,348**	2,004	**–**	–
Restricted bank deposits	14	**213,531**	–	**–**	–
		261,353	46,703	**1,861,215**	1,079,174

10 DEVELOPMENT PROPERTIES

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Properties under development, sold units for which revenue is recognised using percentage of completion method, at cost	**902,003**	2,151,084	**–**	–
Attributable profits	**25,321**	118,964	**–**	–
	927,324	2,270,048	**–**	–
Progress billings	**(146,660)**	(569,365)	**–**	–
	780,664	1,700,683	**–**	–
Other properties under development	**2,530,895**	2,769,338	**–**	–
Completed units	**1,640,321**	939,390	**190,695**	190,695
	4,951,880	5,409,411	**190,695**	190,695
Allowance for foreseeable losses	**(49,306)**	(55,157)	**–**	–
	4,902,574	5,354,254	**190,695**	190,695
Share of joint operations				
Properties under development, sold units for which revenue is recognised using percentage of completion method, at cost	**419,261**	283,948	**419,914**	285,744
Attributable profits	**334,314**	161,988	**334,314**	161,988
	753,575	445,936	**754,228**	447,732
Progress billings	**(447,249)**	(285,296)	**(447,249)**	(285,296)
	306,326	160,640	**306,979**	162,436
Total development properties	**5,208,900**	5,514,894	**497,674**	353,131

10 DEVELOPMENT PROPERTIES (CONT'D)

The movements in allowance for foreseeable losses in respect of development properties during the year are as follows:

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
At 1 January		**55,157**	47,271	**–**	570
Allowance (written back)/ made (net)	28	**(5,744)**	9,678	**–**	(81)
Allowance utilised		**(116)**	(1,582)	**–**	(489)
Translation differences on consolidation		**9**	(210)	**–**	–
At 31 December		**49,306**	55,157	**–**	–

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

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Properties in the course of development, at cost	**1,321,264**	2,435,032	**419,914**	285,744
Attributable profits	**359,635**	280,952	**334,314**	161,988
	1,680,899	2,715,984	**754,228**	447,732
Progress billings	**(593,909)**	(854,661)	**(447,249)**	(285,296)

In 2016, development properties of the Group recognised as cost of sales, excluding foreseeable losses, amounted to $1,178,811,000 (2015: $660,986,000).

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

Development properties of the Group with carrying amounts of $1,360,848,000 (2015: $1,119,507,000) are mortgaged to financial institutions to secure credit facilities (refer to note 19).

11 TRADE AND OTHER RECEIVABLES

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade receivables		**129,134**	202,756	**13,466**	10,553
Impairment losses		**(4,890)**	(6,768)	**(389)**	(403)
		124,244	195,988	**13,077**	10,150
Other receivables		**99,829**	69,042	**3,184**	3,459
Impairment losses		**(2)**	(28)	**(1,117)**	(1,238)
		99,827	69,014	**2,067**	2,221
Deposits and prepayments		**84,259**	76,614	**1,336**	1,133
Tax recoverable		**10**	491	**–**	–
Accrued receivables	12	**231,196**	228,534	**11,512**	91,254
Impairment losses		**–**	(7,307)	**–**	–
		231,196	221,227	**11,512**	91,254
Derivative financial assets		**171**	–	**–**	–
Amounts owing by:					
– subsidiaries	5	**–**	–	**4,096,065**	5,305,727
– associates	6	**395**	182	**32**	12
– joint ventures	7	**624,740**	1,196,259	**210,287**	202,643
– fellow subsidiaries	13	**1,651**	1,855	**1,459**	1,394
		1,166,493	1,761,630	**4,335,835**	5,614,534

The maximum exposure to credit risk for trade receivables, other receivables, deposits, accrued receivables and amounts owing by subsidiaries, associates, joint ventures and fellow subsidiaries at the reporting date by business segment is set out below:

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Property development	**732,993**	1,339,378	**3,058,346**	4,239,220
Hotel operations	**179,086**	185,959	**154,312**	135,380
Rental properties	**122,129**	118,606	**283,932**	147,197
Others	**60,740**	53,031	**838,632**	1,092,526
	1,094,948	1,696,974	**4,335,222**	5,614,323

11 TRADE AND OTHER RECEIVABLES (CONT'D)

Impairment losses

The ageing of trade receivables at the reporting date is as follows:

	Gross 2016 $'000	Impairment losses 2016 $'000	Gross 2015 $'000	Impairment losses 2015 $'000
Group				
Not past due	**78,318**	**13**	138,501	101
Past due 1 – 30 days	**24,794**	**11**	25,047	76
Past due 31 – 60 days	**8,353**	**85**	13,018	172
Past due 61 – 90 days	**6,503**	**511**	7,181	163
More than 90 days	**11,166**	**4,270**	19,009	6,256
	129,134	**4,890**	202,756	6,768
Company				
Not past due	**11,043**	**–**	8,240	–
Past due 1 – 30 days	**677**	**5**	1,033	20
Past due 31 – 60 days	**173**	**7**	122	13
Past due 61 – 90 days	**11**	**8**	12	1
More than 90 days	**1,562**	**369**	1,146	369
	13,466	**389**	10,553	403

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

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
At 1 January		**14,103**	20,430	**1,641**	9,357
Impairment losses made/ (reversed)	28	**4,389**	2,512	**(118)**	137
Impairment losses utilised		**(13,560)**	(8,777)	**–**	(7,681)
Translation differences		**(40)**	(62)	**(17)**	(172)
At 31 December		**4,892**	14,103	**1,506**	1,641

Impairment losses made/(reversed) were included in "other operating expenses".

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 risk 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 for development properties to be billed. In accordance with the Group's accounting policy, income is recognised on the sale of development properties based on accounting policy set out in note 2.19. Upon receipt of the Temporary Occupation Permit, the balance of sales consideration to be billed is recognised as accrued receivables.

13 AMOUNTS OWING BY AND TO FELLOW SUBSIDIARIES

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Amounts owing by fellow subsidiaries:					
– trade, interest-free	11	**1,651**	1,855	**1,459**	1,394
Amounts owing to fellow subsidiaries					
– trade, interest-free		**16**	11	**–**	11
– non-trade, interest-bearing		**137,884**	146,811	**–**	–
	26	**137,900**	146,822	**–**	11

Fellow subsidiaries are subsidiaries of the immediate holding company which are subject to common control. The non-trade amounts owing to fellow subsidiaries are unsecured and repayable on demand. In respect of interest-bearing amounts owing to fellow subsidiaries, interest is charged at 2.00% to 2.50% (2015: 2.00% to 2.50%) per annum.

14 CASH AND CASH EQUIVALENTS

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Fixed deposits		**2,864,743**	2,813,305	**1,819,931**	1,847,162
Cash at banks and in hand*		**808,294**	751,580	**223,783**	305,230
Cash and cash equivalents in the statements of financial position		**3,673,037**	3,564,885	**2,043,714**	2,152,392
Restricted deposits included in other non-current assets		**213,531**	–		
Cash and cash equivalents (includes restricted deposits classified as other non-current assets)	15	**3,886,568**	3,564,885		
Restricted deposits		**(318,353)**	(147,921)		
Restricted cash		**(1,454)**	(1,371)		
Bank overdrafts	18	**(4)**	(26)		
Cash and cash equivalents in the consolidated statement of cash flows		**3,566,757**	3,415,567		

* Includes cash pool overdrafts.

14 CASH AND CASH EQUIVALENTS (CONT'D)

As at 31 December 2016, cash and cash equivalents of $241,847,000 (2015: $341,810,000) and $145,626,000 (2015: $134,672,000) of the Group and the Company respectively were held under project accounts and withdrawals from which are restricted to payments for expenditure incurred on projects.

As at 31 December 2016, cash and cash equivalents of the Group included an amount of $57,859,000 (2015: $50,000,000) which was held in escrow accounts for payments to third party investors.

As at 31 December 2015, cash and cash equivalents of the Group included an amount of $10,277,000 held in an escrow account, which formed part of the consideration for the acquisition of a hotel in Rome. This amount was released upon settlement with the previous owner during the year.

	Note	Group 2016 $'000	Group 2015 $'000
Restricted deposits:			
– Current		**104,822**	147,921
– Non-current	9	**213,531**	–
		318,353	147,921

Restricted deposits comprise deposits pledged to financial institutions as collateral for credit facilities granted (see note 19) and guarantees given in connection to the Group's continuing involvement in various Profit Participation Securities.

15 SHARE CAPITAL

	Company 2016 Number of shares	Company 2016 $'000	Company 2015 Number of shares	Company 2015 $'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

15 SHARE CAPITAL (CONT'D)

Ordinary share capital

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

Preference share capital

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

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

As at 31 December 2016, a maximum number of 44,998,898 (2015: 44,998,898) ordinary shares are issuable upon full conversion at the sole option of the Company of all the Preference Shares.

Holders of Preference Shares have no voting rights, except under certain circumstances provided for in the Singapore Companies Act and as set out in the Company's Constitution.

The Preference Shares rank:

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

(ii) in priority over the ordinary shares 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 non-controlling interests. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares or other financial instruments.

15 SHARE CAPITAL (CONT'D)

Capital management policy (cont'd)

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

	Note	Group 2016 $'000	Group 2015 $'000
Gross borrowings		**5,751,856**	6,502,704
Cash and cash equivalents (includes restricted deposits classified as other non-current assets)	14	**(3,886,568)**	(3,564,885)
Net debt		**1,865,288**	2,937,819
Total capital employed		**11,408,684**	11,213,015
Net debt equity ratio		**0.16**	0.26

No changes were made to the above objectives, policies and processes during the years ended 31 December 2016 and 2015.

One of the Group's subsidiaries, CDL Hospitality Trusts (CDLHT) which is a stapled group comprising CDL Hospitality Real Estate Investment Trust (H-REIT) and CDL Hospitality Business Trust (HBT), a business trust, is required to maintain certain minimum base capital and financial resources. H-REIT is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the Code on Collective Investment Schemes (CIS Code) issued by the Monetary Authority of Singapore (MAS). The CIS Code stipulates that the total borrowings and deferred payments (together the Aggregate Leverage) of a property fund should not exceed 45.0% under a single-tier leverage limit.

For this financial year, H-REIT has a credit rating of BBB- (2015: BBB-) from Fitch Inc. The Aggregate Leverage of H-REIT as at 31 December 2016 was 36.8% (2015: 36.4%) of H-REIT's Deposited Property. This complied with the aggregate leverage limit as described above.

HBT, H-REIT and CDLHT are in compliance with the borrowing limit requirements imposed by the relevant Trust Deeds and all externally imposed capital requirements for the financial years ended 31 December 2016 and 2015.

Except for the above, neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

16 RESERVES

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Capital reserve	**175,512**	138,660	**63,743**	63,743
Fair value reserve	**13,578**	11,406	**12,294**	10,311
Other reserve	**1,462**	1,372	**–**	–
Share option reserve	**14,723**	14,980	**–**	–
Foreign currency translation reserve	**(478,948)**	(328,825)	**–**	–
Accumulated profits	**7,576,084**	7,166,802	**4,445,965**	4,000,966
	7,302,411	7,004,395	**4,522,002**	4,075,020

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

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

Other reserve comprises mainly the share of other reserves of associates and joint ventures.

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

The foreign currency translation reserve comprises:

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

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

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

17 EQUITY COMPENSATION BENEFITS

By Subsidiaries

Millennium & Copthorne Hotels plc

As at 31 December 2016, Millennium & Copthorne Hotels plc (M&C) has the following share option schemes:

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

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

(iii) Millennium & Copthorne Hotels plc Annual Bonus Plan; and

(iv) Millennium & Copthorne Hotels plc Executive Share Plan.

17 EQUITY COMPENSATION BENEFITS (CONT'D)

By Subsidiaries (cont'd)

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

(a) The Millennium & Copthorne Hotels plc 2006 Sharesave Scheme which was renewed on substantially the same terms through the adoption of the 2016 Sharesave Scheme (together the M&C Sharesave Scheme) is the United Kingdom Inland Revenue approved scheme under which the executive directors of M&C and the M&C Group employees are eligible to participate.

(b) Under the terms of the M&C Sharesave Scheme, M&C Group employees were to enter into a 3-year or 5-year savings contract, with an option to purchase shares at a pre-determined exercise price on maturity of the savings contract. The 2006 Sharesave Scheme was introduced in 2006 with a life of ten years. A replacement scheme was approved by the shareholders at M&C's Annual General Meeting on 5 May 2016.

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

(d) The options may be exercised upon maturity provided that the monies agreed under the savings contract are fully paid and the participant continues to hold office or employment with M&C. The M&C Sharesave Scheme provides that shares in M&C can be purchased at the option price up to the value of the accrued savings and interests in the event of retirement, 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 £500 per month.

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

The Millennium & Copthorne Hotels plc 2006 Long-Term Incentive Plan (2006 LTIP) was approved at M&C's Annual General Meeting held on 4 May 2006 with a life of ten years. The 2016 Long-Term Incentive Plan (2016 LTIP) was approved by the shareholders at M&C's Annual General Meeting on 5 May 2016. The key change to the 2016 LTIP was to introduce a discretion to impose an additional holding period following the vesting of an award, a "post-vesting holding period". A decision as to whether a post-vesting holding period will be imposed is to be taken on a grant-by-grant basis. Under the terms of the 2006 LTIP and going forward, the 2016 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 to be made under the terms of the LTIP is determined by M&C's Remuneration Committee.

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

17 EQUITY COMPENSATION BENEFITS (CONT'D)

By Subsidiaries (cont'd)

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

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

The performance condition applying to Performance Share Awards require M&C's EPS to grow, in real terms, over a period of three consecutive financial years from the date of grant of award. Performance Share Awards will vest on the third anniversary of the award being made, subject to the EPS growth targets being met. TSR targets measure M&C's relative TSR performance over a three-year period against a comparator group comprising companies in the FTSE 250 index participating companies (excluding investment trusts).

In 2014, the Remuneration Committee further amended the performance conditions so that 50% of the awards are subject to EPS growth targets, 30% are subject to TSR target measures comparing performance against a relevant benchmark which for 2015 will be split equally between the FTSE 250 market index and an index of peer companies, and 20% being subject to net asset value (plus dividends) (NAV).

In 2015, the Remuneration Committee retained the same performance measures as had been used for the 2014 award with a minor amendment made to the percentage weighting associated with each so that 60% of the awards are subject to EPS growth targets, 20% are subject to TSR targets split equally across two peer groups and the remaining 20% subject to NAV.

In 2016, the Remuneration Committee retained the same performance conditions as had been used for the 2015 awards.

(iii) Millennium & Copthorne Hotels plc Annual Bonus Plan

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

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

In 2016, the Remuneration Committee amended the vesting schedule of the plan so that instead of vesting in full on the third anniversary of grant, future Deferred Share Awards vest over a three-year period, and more specifically:

- as to 25% of the award shares on the first anniversary of grant;
- as to 25% of the award shares on the second anniversary of grant; and
- as to 50% of the award shares on the third anniversary of grant.

No shares may be issued or treasury shares transferred to satisfy any award.

17 EQUITY COMPENSATION BENEFITS (CONT'D)

By Subsidiaries (cont'd)

(iv) Millennium & Copthorne Hotels plc Executive Share Plan

In 2016, M&C approved an Executive Share Plan. Under the terms of the plan, members of the executive management committee who are below board level would cease to participate in the LTIP and the plan instead provides the M&C board of directors with the flexibility to make conditional awards not subject to future financial performance but to take into account recent performance based on the metrics used under the LTIP and importantly to also take into consideration strategic achievements. In addition, a notable difference to the LTIP would be that conditional awards will automatically vest, subject to the plan rules which includes continued employment, over a three year period, and more specifically:

- as to 25% of the award shares on the first anniversary of grant;
- as to 25% of the award shares on the second anniversary of grant; and
- as to 50% of the award shares on the third anniversary of grant.

No shares may be issued or treasury shares transferred to satisfy any award.

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

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

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2015	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 2015	Options exercisable as at 31 December 2015	Exercise period
2015									
01.04.2010	3.3000	2,166	–	(1,978)	(188)	–	–	–	01.08.2015 – 31.01.2016
19.04.2011	4.1800	2,848	–	(2,762)	–	(86)	–	–	01.08.2014 – 31.01.2015
19.04.2011	4.1800	7,349	–	–	(309)	–	7,040	–	01.08.2016 – 31.01.2017
19.04.2012	3.8800	43,298	–	(39,115)	(1,680)	–	2,503	2,503	01.08.2015 – 31.01.2016
19.04.2012	3.8800	9,816	–	–	–	–	9,816	–	01.08.2017 – 31.01.2018
19.04.2013	4.4800	41,264	–	(1,283)	(4,295)	–	35,686	–	01.08.2016 – 31.01.2017
19.04.2013	4.4800	6,694	–	–	(3,348)	–	3,346	–	01.08.2018 – 31.01.2019
06.05.2014	4.4600	84,168	–	(2,521)	(18,539)	–	63,108	–	01.08.2017 – 31.01.2018
06.05.2014	4.4600	7,665	–	–	(1,344)	–	6,321	–	01.08.2019 – 31.01.2020
14.04.2015	4.6900	–	68,243	–	(9,358)	–	58,885	–	01.08.2018 – 31.01.2019
14.04.2015	4.6900	–	6,649	–	–	–	6,649	–	01.08.2020 – 31.01.2021
		205,268	74,892	(47,659)	(39,061)	(86)	193,354	2,503	

17 EQUITY COMPENSATION BENEFITS (CONT'D)

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

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2016	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 2016	Options exercisable as at 31 December 2016	Exercise period
2016									
19.04.2011	4.1800	7,040	–	(4,397)	(1,328)	(31)	1,284	1,284	01.08.2016 – 31.01.2017
19.04.2012	3.8800	2,503	–	(2,132)	(371)	–	–	–	01.08.2015 – 31.01.2016
19.04.2012	3.8800	9,816	–	(618)	(4,020)	–	5,178	–	01.08.2017 – 31.01.2018
19.04.2013	4.4800	35,686	–	(1,807)	(7,346)	–	26,533	26,533	01.08.2016 – 31.01.2017
19.04.2013	4.4800	3,346	–	–	(669)	–	2,677	–	01.08.2018 – 31.01.2019
06.05.2014	4.4600	63,108	–	–	(28,055)	–	35,053	–	01.08.2017 – 31.01.2018
06.05.2014	4.4600	6,321	–	–	(2,690)	–	3,631	–	01.08.2019 – 31.01.2020
14.04.2015	4.6900	58,885	–	–	(28,475)	–	30,410	–	01.08.2018 – 31.01.2019
14.04.2015	4.6900	6,649	–	–	–	–	6,649	–	01.08.2020 – 31.01.2021
12.04.2016	3.3000	–	125,036	–	(2,725)	–	122,311	–	01.08.2019 – 31.01.2020
12.04.2016	3.3000	–	4,545	–	–	–	4,545	–	01.08.2021 – 31.01.2022
		193,354	129,581	(8,954)	(75,679)	(31)	238,271	27,817	

17 EQUITY COMPENSATION BENEFITS (CONT'D)

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

Date of award	Balance at beginning of year	Awards awarded during the year	Awards vested during the year	Awards forfeited during the year	Awards expired during the year	Balance at end of year	Vesting date
2015							
16.08.2012	491,335	–	–	(491,335)	–	–	16.08.2015
11.09.2013	407,211	–	–	(44,246)	–	362,965	11.09.2016
21.11.2013	21,055	–	–	–	–	21,055	21.11.2016
04.04.2014	648,610	–	–	(122,825)	–	525,785	04.04.2017
03.08.2015	–	251,122	–	–	–	251,122	03.08.2018
10.09.2015	–	11,867	–	–	–	11,867	10.09.2018
	1,568,211	262,989	–	(658,406)	–	1,172,794	
2016							
11.09.2013	362,965	–	–	(362,965)	–	–	11.09.2016
21.11.2013	21,055	–	–	(21,055)	–	–	21.11.2016
04.04.2014	525,785	–	–	(75,097)	–	450,688	04.04.2017
03.08.2015	251,122	–	–	(19,036)	–	232,086	03.08.2018
10.09.2015	11,867	–	–	–	–	11,867	10.09.2018
29.03.2016	–	111,386	–	–	–	111,386	29.03.2019
29.03.2016	–	18,564	–	–	–	18,564	29.03.2019
29.03.2016	–	18,564	–	–	–	18,564	29.03.2019
29.03.2016	–	37,129	–	–	–	37,129	29.03.2019
	1,172,794	185,643	–	(478,153)	–	880,284	

For options exercised during 2016, the weighted average share price at the date of exercise of share options is £4.26 (2015: £5.54). The options outstanding as at 31 December 2016 had an exercise price in the range of £3.30 to £4.69 (2015: £3.30 to £4.69) and a weighted average contractual life of 2.4 years (2015: 1.6 years).

The LTIP and Sharesave awards, which are subject to an EPS performance condition, were valued using the Black-Scholes valuation method. The LTIP awards which are subject to a share price related performance condition (i.e. TSR) were valued using the Monte Carlo valuation method.

The option pricing model involves six variables, namely the exercise price, share price at grant date, expected term, expected volatility of share price, risk-free interest rate and expected dividend yield.

17 EQUITY COMPENSATION BENEFITS (CONT'D)

(iii) Millennium & Copthorne Hotels plc Annual Bonus Plan

Date of award	Balance at beginning of year	Awards made during the year	Awards vested during the year	Awards forfeited during the year	Balance at end of year	Share price prevailing on date of grant £	Fair value £	Vesting date
2015								
08.09.2015	–	78,442	–	(1,574)	76,868	5.55	5.55	08.09.2018
06.11.2015	–	4,325	–	–	4,325	4.76	4.76	06.11.2018
	–	82,767	–	(1,574)	81,193			
2016								
08.09.2015	76,868	–	(1,480)	(19,036)	56,352	5.55	5.55	08.09.2018
06.11.2015	4,325	–	–	–	4,325	4.76	4.76	06.11.2018
13.05.2016	–	76,798	(2,034)	(13,825)	60,939	4.40	4.40	13.05.2017/18/19
12.08.2016	–	2,377	–	–	2,377	4.21	4.21	12.08.2017/18/19
09.11.2016	–	977	–	–	977	4.40	4.40	09.11.2017/18/19
	81,193	80,152	(3,514)	(32,861)	124,970			

Under the Annual Bonus Plan (ABP), deferred share awards are granted annually to selected employees of M&C Group. Shares in M&C are transferred to participants over three years (25% after years one and two, 50% after year three) if they continue to be employed.

The fair values for the deferred share awards were determined using the market price of the shares at the date of grant.

The weighted average share price for deferred share awards granted in 2016 was £4.39 (2015: £5.51).

(iv) Millennium & Copthorne Hotels plc Executive Share Plan

Date of award	Balance at beginning of year	Awards made during the year	Awards vested during the year	Awards forfeited during the year	Balance at end of year	Share price prevailing on date of grant £	Fair value £	Vesting date
2016								
29.03.2016	–	63,124	–	(25,552)	37,572	4.13	3.94 to 4.07	29.03.2017/18/19

The Executive Share Plan (ESP) was approved by M&C on 18 February 2016 to replace participation in the LTIP by its senior executive management. This is the first award under the ESP. These awards will vest over three years (25% after years one and two, 50% after year three), subject to the rules of the ESP.

The fair values for the awards were determined using the market price of the shares at the date of grant of £4.13.

17 EQUITY COMPENSATION BENEFITS (CONT'D)

The variables used in estimating the fair value of options and awards granted under the M&C option schemes, presented in Sterling Pound, are as follows:

	Date of grant	Awards/ options granted – Directors	Awards/ options granted – Non-directors	Share price prevailing on date of grant £	Exercise price £	Fair value £	Expected term (years)	Expected volatility	Expected dividend yield	Risk-free interest rate
2015										
LTIP – EPS	03.08.2015	80,645	70,028	5.55	–	5.16	3.00	–	2.5%	–
LTIP – EPS	10.09.2015	–	7,120	5.53	–	5.13	3.00	–	2.5%	–
LTIP – TSR (FTSE 250)	03.08.2015	13,441	11,671	5.55	–	1.22	2.28	19.5%	2.5%	0.8%
LTIP – TSR (FTSE 250)	10.09.2015	–	1,187	5.53	–	1.36	2.18	19.6%	2.5%	0.7%
LTIP – TSR (hotels)	03.08.2015	13,441	11,671	5.55	–	2.28	2.28	17.7% to 49.8%	2.5%	0.8%
LTIP – TSR (hotels)	10.09.2015	–	1,187	5.53	–	2.83	2.18	17.6% to 52.5%	2.5%	0.7%
LTIP – NAV	03.08.2015	26,882	23,343	5.55	–	5.16	3.00	–	2.5%	–
LTIP – NAV	10.09.2015	–	2,373	5.53	–	5.13	3.00	–	2.5%	–
Sharesave Scheme (3 year)	14.04.2015	–	68,243	5.75	4.69	1.21	3.55	21.7%	2.4%	0.8%
Sharesave Scheme (5 year)	14.04.2015	–	6,649	5.75	4.69	1.45	5.55	25.2%	2.4%	1.1%
Deferred Share Awards	08.09.2015	–	78,442	5.55	–	5.55	3.00	–	–	–
Deferred Share Awards	06.11.2015	–	4,325	4.76	–	4.76	3.00	–	–	–
2016										
LTIP – EPS	29.03.2016	111,386	–	4.13	–	3.94	3.00	–	1.6%	–
LTIP – TSR (FTSE 250)	29.03.2016	18,564	–	4.13	–	1.14	2.63	22.6%	1.6%	0.5%
LTIP – TSR (hotels)	29.03.2016	18,564	–	4.13	–	1.41	2.63	15.5% to 52.4%	1.6%	0.5%
LTIP – NAV	29.03.2016	37,129	–	4.13	–	3.94	3.00	–	1.6%	–
Executive Share Plan	29.03.2016	–	15,781	4.13	–	4.07	3.00	–	1.6%	–
Executive Share Plan	29.03.2016	–	15,781	4.13	–	4.00	3.00	–	1.6%	–
Executive Share Plan	29.03.2016	–	31,562	4.13	–	3.94	3.00	–	1.6%	–
Sharesave Scheme (3 year)	12.04.2016	–	125,036	4.26	3.30	1.08	3.55	22.1%	1.5%	0.6%
Sharesave Scheme (5 year)	12.04.2016	–	4,545	4.26	3.30	1.21	5.55	23.1%	1.5%	0.9%
Deferred Share Awards	13.05.2016	–	76,798	4.40	–	4.40	3.00	–	–	–
Deferred Share Awards	12.08.2016	–	2,377	4.21	–	4.21	3.00	–	–	–
Deferred Share Awards	09.11.2016	–	977	4.40	–	4.40	3.00	–	–	–

18 INTEREST-BEARING BORROWINGS

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Term loans	19	**3,178,837**	3,726,713	**1,019,224**	1,536,872
Finance lease creditors		**524**	1,076	**–**	–
Bonds and notes	20	**2,188,867**	2,115,153	**1,462,902**	1,317,395
Bank loans	21	**369,535**	639,733	**324,420**	454,970
Bank overdrafts	14	**4**	26	**–**	–
		5,737,767	6,482,701	**2,806,546**	3,309,237
Repayable:					
– Within 1 year		**1,782,830**	1,910,732	**998,216**	793,258
– After 1 year but within 5 years		**3,316,317**	4,078,349	**1,169,710**	2,027,071
– After 5 years		**638,620**	493,620	**638,620**	488,908
		5,737,767	6,482,701	**2,806,546**	3,309,237

19 TERM LOANS

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Secured		**745,513**	1,021,713	**–**	–
Unsecured		**2,433,324**	2,705,000	**1,019,224**	1,536,872
	18	**3,178,837**	3,726,713	**1,019,224**	1,536,872
Repayable:					
– Within 1 year		**1,163,014**	921,527	**423,874**	218,508
– After 1 year but within 5 years		**2,015,823**	2,800,474	**595,350**	1,318,364
– After 5 years		**–**	4,712	**–**	–
		3,178,837	3,726,713	**1,019,224**	1,536,872

The term loans are obtained from banks and financial institutions.

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Secured term loans				
Repayable:				
– Within 1 year	**320,982**	398,533	**–**	–
– After 1 year but within 5 years	**424,531**	618,468	**–**	–
– After 5 years	**–**	4,712	**–**	–
	745,513	1,021,713	**–**	–

19 TERM LOANS (CONT'D)

The secured term loans are generally secured by:

- mortgages on the borrowing subsidiaries' hotels, investment and development properties (see notes 3, 4 and 10);
- assignment of all rights and benefits to sale, lease and insurance proceeds in respect of hotels, investment and development properties;
- pledge on cash deposits of $104.8 million (2015: $121.3 million) (see note 14); and
- pledge of shares in a wholly-owned subsidiary.

The Group's secured term loans bear interest at rates ranging from 1.00% to 5.10% (2015: 1.00% to 7.20%) per annum during the year.

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Unsecured term loans				
Repayable:				
– Within 1 year	**842,032**	522,994	**423,874**	218,508
– After 1 year but within 5 years	**1,591,292**	2,182,006	**595,350**	1,318,364
	2,433,324	2,705,000	**1,019,224**	1,536,872

The Group's unsecured term loans bear interest at rates ranging from 0.23% to 10.28% (2015: 0.33% to 10.88%) per annum during the year. The Company's unsecured term loans bear interest at rates ranging from 0.86% to 10.28% (2015: 0.70% to 6.19%) per annum during the year.

20 BONDS AND NOTES

		Group		Company	
	Note	**2016**	**2015**	**2016**	**2015**
		$'000	**$'000**	**$'000**	**$'000**
Secured		**166,728**	158,049	**–**	–
Unsecured		**2,022,139**	1,957,104	**1,462,902**	1,317,395
	18	**2,188,867**	2,115,153	**1,462,902**	1,317,395
Repayable:					
– Within 1 year		**249,922**	348,860	**249,922**	119,780
– After 1 year but within 5 years		**1,300,325**	1,277,385	**574,360**	708,707
– After 5 years		**638,620**	488,908	**638,620**	488,908
		2,188,867	2,115,153	**1,462,902**	1,317,395

20 BONDS AND NOTES (CONT'D)

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Secured bonds and notes				
Repayable:				
– After 1 year but within 5 years	**166,728**	158,049	**–**	–

Secured bonds and notes comprise the following:

(i) $38 million (2015: $36 million) bond was issued by an indirectly owned subsidiary of CDLHT in 2015. The bond bears interest at a rate of 0.66% (2015: 0.66%) per annum during the year. CDLHT's interest in 2 Japan hotels is held through a Tokutei Mokutei Kaisha (TMK) structure, and such TMK structures are required to issue bond to fund the acquisition of assets.

The bondholders have a statutory preferred right, under Article 128 of the Japan Asset Liquidation Law, to receive payment of all obligations under the bond prior to other creditors out of the assets of the TMK. Such right shall be junior to the priority of the general statutory lien under the Japan Civil Code. While the assets of the TMK are subject to a statutory preferred right, it is not considered a mortgage under Japan laws.

Unless previously redeemed or purchased and cancelled, the bond is redeemable at its principal amount on its maturity date in September 2020; and

(ii) $129 million (2015: $123 million) bonds comprise 2 tranches issued by a subsidiary, which holds a Japan hotel through a TMK structure, in 2015. The bonds bear interests at rates ranging from 0.15% to 0.58% (2015: 0.27% to 0.58%) per annum during the year.

The bondholders, under Article 128 of the Japan Asset Liquidation Law, are under a statutory lien to receive payment of their claims under the bonds prior to other creditors out of the assets of the TMK. The order of priority of such statutory lien shall be immediately after the general statutory liens under the Japan Civil Code.

Unless previously redeemed or purchased and cancelled, the bond is redeemable at its principal amount on its maturity date in March 2020.

20 BONDS AND NOTES (CONT'D)

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Unsecured bonds and notes				
Repayable:				
– Within 1 year	**249,922**	348,860	**249,922**	119,780
– After 1 year but within 5 years	**1,133,597**	1,119,336	**574,360**	708,707
– After 5 years	**638,620**	488,908	**638,620**	488,908
	2,022,139	1,957,104	**1,462,902**	1,317,395

Unsecured bonds and notes comprise the following:

(i) $1,465 million (2015: $1,320 million) medium term notes (MTNs) which comprise 12 series (2015: 11 series) of notes issued by the Company at various interest rates as part of a $5.0 billion unsecured MTN programme established in 1999. The MTNs bear interest at rates ranging from 1.74% to 3.90% (2015: 1.74% to 3.90%) per annum during the year. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from February 2017 to June 2026 (2015: December 2016 to October 2024);

(ii) $290 million (2015: $212 million) MTNs which comprise 2 series (2015: 2 series) of notes issued by a subsidiary as part of a $1.0 billion unsecured MTN programme established in 2002. The MTNs bear interest at rates ranging from 1.34% to 2.05% (2015: 1.19% to 1.53%) per annum during the year. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from July 2019 to August 2021 (2015: March 2016 to July 2019);

(iii) $150 million (2015: $225 million) Islamic Trust Certificates (Certificates) which comprise 3 series (2015: 4 series) of certificates issued by a subsidiary (Issuer) under the Shariah financing principle of Ijarah as part of a $1.0 billion unsecured Islamic Trust Certificate Programme established in 2008. Ijarah financing is a scheme of financing using the leasing concept. The Issuer purchases investment properties and development properties from certain Group entities and provides these assets on leases. The Group has accounted for the transactions as a financing arrangement. The Group's properties under Ijarah financing continue to be accounted for as investment properties and development properties. The amounts paid and payable to the Certificate holders have been recorded as finance costs in profit or loss.

The Certificates bear coupon rates ranging from 2.00% to 3.25% (2015: 1.57% to 3.25%) per annum during the year. Unless previously redeemed or purchased and cancelled, the Certificates are redeemable at their principal amounts on their respective maturity dates from September 2018 to April 2020 (2015: December 2016 to April 2020); and

(iv) $120 million (2015: $204 million) MTNs which comprise 1 series (2015: 2 series) of notes issued by a subsidiary as part of a $1.0 billion unsecured MTN programme established in 2010. The MTNs bear interest at a rate of 2.50% (2015: 1.27% to 2.50%) per annum during the year. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on the maturity date of June 2018 (2015: August 2016 to June 2018).

21 BANK LOANS

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Bank loans repayable within 1 year					
– unsecured	18	**369,535**	639,733	**324,420**	454,970

The Group's and the Company's unsecured bank loans bear interest at rates ranging from 0.43% to 9.60% (2015: 0.51% to 6.00%) per annum during the year.

22 EMPLOYEE BENEFITS

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Net liability for:				
– defined benefit obligations	**42,832**	28,500	**–**	–
– short-term accumulating compensated absences	**24,133**	21,989	**2,282**	1,684
– long service leave	**416**	577	**–**	–
	67,381	51,066	**2,282**	1,684
Repayable:				
– Within 1 year	**24,544**	22,566	**2,282**	1,684
– After 1 year	**42,837**	28,500	**–**	–
	67,381	51,066	**2,282**	1,684

	Group 2016 $'000	Group 2015 $'000
Net liability for defined benefit obligations		
Present value of unfunded obligations	**15,882**	16,656
Present value of funded obligations	**151,761**	142,193
Fair value of plan assets	**(124,811)**	(130,349)
Liability for defined benefit obligations	**42,832**	28,500
Changes in the present value of defined benefit obligations		
Defined benefit obligations at 1 January	**158,849**	154,400
Acquisition of a subsidiary	**–**	128
Loss of control in a subsidiary	**(40)**	–
Remeasurements		
– Experience adjustment	**826**	(352)
– Actuarial losses/(gains) from changes in demographic assumptions	**37**	(1,655)
– Actuarial losses from changes in financial assumptions	**27,431**	2,291
Benefits paid	**(6,402)**	(5,994)
Contributions paid by employer	**–**	(1,723)
Interest cost	**4,777**	5,412
Current service costs	**2,521**	3,172
Past service costs	**–**	52
Translation differences on consolidation	**(20,356)**	3,118
Defined benefit obligations at 31 December	**167,643**	158,849

22 EMPLOYEE BENEFITS (CONT'D)

	Group 2016 $'000	Group 2015 $'000
Changes in the fair value of plan assets		
Fair value of plan assets at 1 January	**130,349**	123,341
Return on plan assets, excluding interest income	**9,278**	(2,687)
Contributions by employees	**391**	1,655
Contributions by employer	**5,273**	8,716
Benefits paid	**(6,610)**	(7,730)
Interest income	**3,967**	4,508
Translation differences on consolidation	**(17,837)**	2,546
Fair value of plan assets at 31 December	**124,811**	130,349

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

	Group 2016 $'000	Group 2015 $'000
Equity	**15,437**	16,458
Bonds	**10,569**	2,952
Cash	**98,805**	110,939
Fair value of plan assets	**124,811**	130,349
Expenses recognised in profit or loss		
Current service costs	**2,521**	3,172
Net interest costs	**810**	904
Past service costs	**–**	52
Defined benefit obligation expenses	**3,331**	4,128

The expenses are recognised in the following line items in profit or loss:

	Note	Group 2016 $'000	Group 2015 $'000
Cost of sales		**1,236**	1,405
Administrative expenses		**1,848**	2,438
Other operating expenses		**247**	285
Defined benefit obligation expenses	28	**3,331**	4,128

22 EMPLOYEE BENEFITS (CONT'D)

The life expectancies underlying the value of the accrued liabilities for the UK Plan, based on retirement age of 65, are as follows:

	2016 Years	2015 Years
Males	**25**	24
Females	**27**	27

The weighted average duration of the defined benefit obligations as at 31 December 2016 was 26 years (2015: 26 years).

The Group expects £1.0 million (approximately $1.8 million) contributions to be paid to the defined benefit plans in 2017.

The Group operates various funded pension schemes which are established in accordance with local conditions and practices within the countries concerned. The most significant funds are described below:

United Kingdom (UK)

The Group makes contributions to a pension scheme for its UK employees, which was set up in 1993. The plan operates a funded defined benefit arrangement together with a defined contribution plan, both with different categories of membership. The defined benefit section of the plan was closed to new entrants in 2001 and at the same time, rights to a guaranteed minimum pension (GMP) under the defined contribution scheme also ceased. The plan entitles a retired employee to receive an annual pension payment.

The contributions required are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 5 April 2014 and this has been updated on an approximate basis to 31 December 2016. The contributions of the Group during the year were 24% (2015: 24%) of pensionable salary.

As the defined benefit section is closed to new entrants, the current service cost, as a percentage of pensionable payroll is likely to increase as the membership ages, although it will be applied to a decreasing pensionable payroll. The assumptions which have the most significant effect on the results of the valuation are those relating to the discount rate and the rates of increase in salaries and pensions.

South Korea

The Group makes contributions to a defined benefit pension plan for its employees in South Korea. The contributions required are determined by an external qualified actuary using the projected unit credit method. The most recent valuation was carried out on 31 December 2016. 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.

22 EMPLOYEE BENEFITS (CONT'D)

Taiwan

The Group makes contributions to a defined benefit pension plan for its employees in Taiwan. The contributions required are determined by an external qualified actuary using the projected unit credit method. The most recent valuation was carried out on 31 December 2016. The contributions of the Group were 6% (2015: 6%) of the employees' earnings. The assumptions which have the most significant effect on the results of the valuations are those relating to the discount rate and the rate of increase in salaries.

The defined benefit plans are administered by pension funds that are legally separated from the Group. The boards of the pension funds are required by law to act in the best interests of the plan participants.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market investment risk.

The above plans are substantially funded by the Group's subsidiaries. The funding requirements are based on pension funds' actuarial measurement framework set out in the funding policies of the plans.

The assets of each scheme have been taken at market value and the liabilities have been calculated using the following principal assumptions:

	2016 UK	2016 South Korea	2016 Taiwan	2015 UK	2015 South Korea	2015 Taiwan
Inflation rate	**3.5%**	**3.0%**	**–**	3.2%	3.0%	–
Discount rate	**2.7%**	**2.8%**	**1.0%**	3.6%	2.8%	1.6%
Rate of salary increase	**4.0%**	**4.0%**	**3.0%**	3.7%	4.0%	3.0%
Rate of pension increases	**3.5%**	**–**	**–**	3.2%	–	–
Rate of revaluation	**2.5%**	**–**	**–**	2.2%	–	–
Annual expected return on plan assets	**2.7%**	**2.8%**	**1.0%**	3.6%	2.8%	1.6%

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered, may not be necessarily borne out in practice. The present values of the schemes' liabilities are derived from cash flow projections over long periods and are inherently uncertain. The expected annual return on UK defined benefit plan assets for 2016 was 2.7% (2015: 3.6%).

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in one of the relevant actuarial assumptions by one percent, holding other assumptions consistent.

22 EMPLOYEE BENEFITS (CONT'D)

Sensitivity analysis (cont'd)

	Defined benefit obligation 1 percent increase $'000	1 percent decrease $'000
Group		
2016		
Discount rate	(19,631)	19,963
Rate of salary increase	3,591	(3,323)
2015		
Discount rate	(22,903)	30,179
Rate of salary increase	4,794	(4,130)

23 OTHER LIABILITIES

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Miscellaneous (principally deposits received and payables)		**13,900**	16,318	**–**	–
Rental deposits		**52,206**	63,146	**9,248**	8,227
Non-current retention sums payable		**34,349**	44,524	**10,889**	11,892
Deferred income		**226,538**	221,016	**–**	–
Other non-current financial liability		**48,653**	–	**–**	–
Amount owing to a subsidiary	5	**–**	–	**150,000**	150,000
		375,646	345,004	**170,137**	170,119

Deferred income includes the following:

(i) $7,030,000 (2015: $7,030,000) relating to the deferred gain on the sale of cash flows as disclosed in footnote [@] of note 41;

(ii) $208,610,000 (2015: $208,610,000) relating to the deferred gain on the sale of leasehold interests in certain investment properties to associates as disclosed in footnote [@@] of note 41; and

(iii) $6,635,000 (2015: $Nil) relating to the deferred gain arising from the Group's exit of its entire interest in Summervale as disclosed in note 34(III).

Other non-current financial liability relates to a balance arising from the accounting of the Group's continuing involvement in the third Profit Participation Securities.

24 PROVISIONS

	Beijing indemnity $'000	Capital expenditure $'000	Legal fees $'000	Cash flows support $'000	Bond interest support $'000	Interest support $'000	Total $'000
Group							
At 1 January 2016	16,932	3,640	3,951	20,427	45,176	–	90,126
Provisions (reversed)/ made	–	(2,912)	–	(6,327)	–	39,663	30,424
Provisions utilised	–	–	(1,386)	(1,367)	(10,027)	–	(12,780)
Unwind of discount	–	–	–	96	1,659	153	1,908
Translation differences on consolidation	474	(3)	(77)	–	–	–	394
At 31 December 2016	17,406	725	2,488	12,829	36,808	39,816	110,072
Current							25,155
Non-current							84,917
							110,072

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

The provision for capital expenditure relates to the Group's obligations to incur capital expenditure under the terms of certain hotel operating agreements.

The provision for legal fees relates to provision made in relation to disputes in several hotels.

The provision for cash flows support relates to the Group's obligation to an associate, Sunbright Holdings Limited (Sunbright) to fund any shortfall for interest payments and/or annual/daily operational costs.

The bond interest support relates to the Group's obligation to fund the 5% interest payment on the fixed rate bonds subscribed by a third party investor through In-V Asset Holding Pte. Ltd. (In-V) which provided funding to the Group's associate, Golden Crest Holdings Pte. Ltd. and its subsidiaries (Golden Crest Group) to finance its acquisition of certain investment properties from the Group (footnote [@@] of note 41).

The interest support relates to the Group's obligation as the asset manager of Summervale to provide support for the coupon payments on fixed rate notes subscribed by third party investors and the Group, as well as interest payments for bank borrowings taken up by Summervale (note 34 (III)(d)).

25 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 2015 $'000	Recognised in profit or loss (note 29) $'000	Recognised in the statement of comprehensive income (note 29) $'000	Recognised directly in equity $'000	Acquisition of subsidiaries (note 34) $'000	Translation differences on consolidation $'000	At 31 December 2015 $'000
Group							
Deferred tax liabilities							
Property, plant and equipment	272,558	(20,643)	–	–	384	15,681	267,980
Investment properties	46,586	(7,492)	–	–	–	(4,058)	35,036
Development properties	48,059	(7,487)	–	–	–	–	40,572
Others	5,349	(1,633)	–	–	343	11	4,070
	372,552	(37,255)	–	–	727	11,634	347,658
Deferred tax assets							
Property, plant and equipment	(837)	(29,594)	–	–	–	(39)	(30,470)
Tax losses	(39,286)	(11,720)	–	–	–	(2,114)	(53,120)
Employee benefits	(12,124)	–	1,624	(253)	–	(492)	(11,245)
Others	(10,794)	261	–	–	–	(126)	(10,659)
	(63,041)	(41,053)	1,624	(253)	–	(2,771)	(105,494)
Total	309,511	(78,308)	1,624	(253)	727	8,863	242,164

25 DEFERRED TAX LIABILITIES (CONT'D)

	At 1 January 2016 $'000	Recognised in profit or loss (note 29) $'000	Recognised in the statement of comprehensive income (note 29) $'000	Recognised directly in equity $'000	Loss of control in a subsidiary (note 34) $'000	Translation differences on consolidation $'000	At 31 December 2016 $'000
Group							
Deferred tax liabilities							
Property, plant and equipment	267,980	(6,109)	–	–	–	4,911	266,782
Investment properties	35,036	(370)	–	–	–	(799)	33,867
Development properties	40,572	37,324	–	–	–	1	77,897
Others	4,070	1,543	–	–	–	5	5,618
	347,658	32,388	–	–	–	4,118	384,164
Deferred tax assets							
Property, plant and equipment	(30,470)	461	–	–	31	10	(29,968)
Tax losses	(53,120)	(27,583)	–	–	814	(15,470)	(95,359)
Development properties	–	(2,941)	–	–	–	2	(2,939)
Employee benefits	(11,245)	–	(3,539)	(15)	–	1,966	(12,833)
Others	(10,659)	4,007	–	–	30	(1,580)	(8,202)
	(105,494)	(26,056)	(3,539)	(15)	875	(15,072)	(149,301)
Total	242,164	6,332	(3,539)	(15)	875	(10,954)	234,863

25 DEFERRED TAX LIABILITIES (CONT'D)

	At 1 January 2015 $'000	Recognised in profit or loss $'000	At 31 December 2015 $'000	Recognised in profit or loss $'000	At 31 December 2016 $'000
Company					
Deferred tax liabilities					
Property, plant and equipment	253	470	723	(130)	593
Investment properties	13,598	(1,562)	12,036	(311)	11,725
Development properties	36,461	(1,146)	35,315	19,066	54,381
	50,312	(2,238)	48,074	18,625	66,699
Deferred tax asset					
Others	(2,562)	(1,357)	(3,919)	3,553	(366)
Total	47,750	(3,595)	44,155	22,178	66,333

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 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Deferred tax assets	9	**36,150**	32,834	**–**	–
Deferred tax liabilities		**(271,013)**	(274,998)	**(66,333)**	(44,155)
		(234,863)	(242,164)	**(66,333)**	(44,155)

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 2016 $'000	Group 2015 $'000
Deductible temporary differences	**156,176**	256,323
Tax losses	**245,898**	263,383
	402,074	519,706

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.

25 DEFERRED TAX LIABILITIES (CONT'D)

The tax losses with expiry dates are as follows:

	Group	
	2016 $'000	2015 $'000
Expiry dates		
– Within 1 to 5 years	**82,499**	84,711
– After 5 years	**3,562**	9,042
	86,061	93,753

At 31 December 2016, a deferred tax liability of $21,196,000 (2015: $23,378,000) in respect of temporary differences of $168,933,000 (2015: $133,922,000) related to the withholding tax on the distributable profit of the Group's subsidiaries was not recognised because the Group controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

26 TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade payables		**153,261**	201,927	**9,521**	8,042
Accruals		**603,735**	544,963	**104,180**	143,539
Progress billings		**366,773**	354,091	**–**	–
Deferred income		**102,979**	148,521	**8**	24
Other payables		**80,411**	99,346	**845**	954
Rental and other deposits		**67,447**	51,326	**6,018**	7,666
Retention sums payable		**39,660**	32,557	**10,907**	8,457
Derivative financial liabilities		**336**	–	**–**	–
Amounts owing to:					
– subsidiaries	5	**–**	–	**1,655,331**	2,038,715
– an associate	6	**–**	3	**–**	3
– joint ventures	7	**22,728**	22,733	**22,728**	22,727
– fellow subsidiaries	13	**137,900**	146,822	**–**	11
		1,575,230	1,602,289	**1,809,538**	2,230,138

27 REVENUE

Revenue of the Group includes property development income, income from owning and operating hotels, gross rental income, dividend income and others but excludes intra-group transactions. Others include mainly income from management and consultancy fees, and income from laundry services.

Property development income consists mainly of sale proceeds of commercial and completed residential properties and properties under development.

	Group	
	2016	**2015**
	$'000	**$'000**
Dividends from investments:		
– fellow subsidiaries		
– quoted	**1,188**	1,088
– unquoted	**5,400**	3,375
– others		
– quoted equity investments	**2,297**	1,587
– unquoted equity investments	**299**	2,111
Hotel operations	**1,633,705**	1,698,128
Property development (recognised on a percentage of completion basis)	**899,811**	946,045
Property development (recognised on completion)	**844,895**	91,050
Rental and car park income from investment properties	**366,886**	405,453
Others	**150,972**	155,271
	3,905,453	3,304,108

28 PROFIT FOR THE YEAR

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

		Group	
	Note	**2016**	**2015**
		$'000	**$'000**
Other operating income			
Gain on loss of control in subsidiaries	34	**148,216**	–
Gain on liquidation of a subsidiary		**433**	483
Gain on insurance claim		**4,227**	–
Management fees and miscellaneous income		**3,097**	869
Negative goodwill on acquisition of interest in an associate		**521**	–
Profit on realisation of investments in relation to financial assets with related parties		**17,925**	9,278
Profit on sale of investments		**490**	–
Profit on sale of property, plant and equipment and investment properties		**–**	313,996
		174,909	324,626

28 PROFIT FOR THE YEAR (CONT'D)

	Note	Group 2016 $'000	Group 2015 $'000
Staff costs			
Contributions to defined contribution plans		**41,239**	40,015
Equity settled share-based transactions		**(411)**	4,410
Increase in liability for defined benefit plans	22	**3,331**	4,128
Increase in liability for short-term accumulating compensated absences		**1,876**	83
Increase in liability for long service leave		**–**	1
Wages and salaries		**771,438**	775,524
		817,473	824,161
Less:			
Staff costs capitalised in:			
– development properties		**(7,288)**	(5,704)
– property, plant and equipment		**–**	(405)
		810,185	818,052
Other expenses			
Amortisation of intangible assets		**1,019**	1,210
Amortisation of lease premium prepayment		**3,857**	3,946
Audit fees paid to:			
– auditors of the Company		**3,501**	3,149
– other auditors of the subsidiaries		**2,611**	3,890
Non-audit fees:			
– auditors of the Company		**3,355**	3,508
– other auditors of the subsidiaries		**1,306**	1,543
Impairment losses made/(reversed) on:			
– amounts owing by joint ventures	7	**1,759**	(2,707)
– lease premium prepayment		**478**	165
– property, plant and equipment (net)	3	**38,340**	73,423
– trade and other receivables	11	**4,389**	2,512
Depreciation of:			
– investment properties	4	**67,089**	76,210
– property, plant and equipment	3	**149,918**	133,302
Direct operating expenses arising from investment properties which are not leased		**79**	438
Direct operating expenses arising from rental of investment properties (excluding depreciation)		**94,531**	102,980
Exchange loss (net)		**10,301**	10,463
Loss on sale of investments		**–**	5,292
Loss on sale of property, plant and equipment and investment properties		**702**	–
Loss on liquidation of a subsidiary		**51**	–
Operating lease expenses		**19,774**	18,603
Property, plant and equipment and investment properties written off		**2,546**	3,716
Allowance (written back)/made for foreseeable losses on development properties (net)	10	**(5,744)**	9,678

28 PROFIT FOR THE YEAR (CONT'D)

	Note	Group 2016 $'000	Group 2015 $'000
Finance income			
Interest income:			
– fellow subsidiaries		**12**	81
– financial institutions		**36,019**	38,664
– joint ventures		**7,853**	15,584
– others		**291**	404
Mark-to-market gain on financial assets held for trading (net)		**908**	–
		45,083	54,733
Finance income capitalised in development properties		**(1,584)**	(1,308)
Total finance income		**43,499**	53,425
Finance costs			
Amortisation of transaction costs capitalised		**9,247**	10,001
Impairment loss on available-for-sale financial asset		**500**	–
Interest expenses:			
– banks		**80,480**	90,631
– bonds and notes		**57,872**	58,725
– fellow subsidiaries		**2,864**	2,995
– others		**136**	79
Mark-to-market loss on financial assets held for trading (net)		**2,253**	4,908
Unwind of discount on non-current provisions	24	**1,908**	157
		155,260	167,496
Finance costs capitalised in:			
– development properties		**(31,162)**	(40,645)
– property, plant and equipment		**(463)**	(1,229)
Total finance costs		**123,635**	125,622
Net finance costs		**80,136**	72,197
The above finance income and finance costs (including amounts capitalised) include the following interest income and expenses in respect of assets and liabilities not at fair value through profit or loss:			
– total interest income on financial assets		**42,504**	53,135
– total finance costs on financial liabilities		**109,631**	110,550

Included in the mark-to-market loss on financial assets held for trading is a loss of $1,417,000 (2015: $3,108,000) recognised on shares of listed subsidiaries which are held by the Group for trading purposes. As these shares are held for trading purposes, and not as part of the controlling block of shares held in the subsidiaries, the relevant portion of equity represented is not consolidated.

Net finance costs of the Group and the Company have been capitalised at rates ranging from 0.08% to 5.10% (2015: 0.07% to 4.85%) and 0.10% to 1.45% (2015: 0.12% to 1.20%) per annum for development properties and property, plant and equipment respectively.

29 TAX EXPENSE

	Note	Group 2016 $'000	Group 2015 $'000
Current tax expense			
Current year		**128,585**	210,882
Over provision in respect of prior years		**(9,522)**	(13,791)
		119,063	197,091
Deferred tax expense			
Movements in temporary differences		**(5,626)**	(75,464)
Effect of changes in tax rates and legislation		**(6,103)**	(1,515)
Under/(Over) provision in respect of prior years		**18,061**	(1,329)
	25	**6,332**	(78,308)
Land appreciation tax			
Current year		**26,035**	572
Total tax expense		**151,430**	119,355

Tax recognised in other comprehensive income

	2016 Before tax $'000	2016 Tax expense (note 25) $'000	2016 Net of tax $'000	2015 Before tax $'000	2015 Tax expense (note 25) $'000	2015 Net of tax $'000
Group						
Defined benefit plan remeasurements	**(19,016)**	**3,539**	**(15,477)**	(2,971)	(1,624)	(4,595)
Change in fair value of available-for-sale equity investments	**2,172**	**–**	**2,172**	(3,881)	–	(3,881)
Effective portion of changes in fair value of cash flow hedges	**–**	**–**	**–**	581	–	581
Exchange differences on hedges of net investment in foreign entities	**(61,028)**	**–**	**(61,028)**	(15,678)	–	(15,678)
Exchange differences on monetary items forming part of net investment in foreign entities	**(4,745)**	**–**	**(4,745)**	4,722	–	4,722
Exchange differences realised on liquidation of investment in an associate reclassified to profit or loss	**–**	**–**	**–**	(123)	–	(123)
Exchange difference realised on liquidation of investment in a joint venture reclassified to profit or loss	**14**	**–**	**14**	–	–	–
Exchange differences realised on loss of control in/liquidation of subsidiaries reclassified to profit or loss	**(7,912)**	**–**	**(7,912)**	(483)	–	(483)
Translation differences arising on consolidation of foreign entities	**(79,006)**	**–**	**(79,006)**	57,265	–	57,265
	(169,521)	**3,539**	**(165,982)**	39,432	(1,624)	37,808

29 TAX EXPENSE (CONT'D)

Reconciliation of effective tax rate

	Group	
	2016	**2015**
	$'000	**$'000**
Profit before tax	**913,989**	985,375
Tax using the Singapore tax rate of 17% (2015: 17%)	**155,378**	167,514
Income not subject to tax	**(53,957)**	(95,765)
Expenses not deductible for tax purposes:		
– expenses	**25,963**	62,767
– write-back	**(6,927)**	(10,684)
Effect of changes in tax rates and legislation	**(6,103)**	(1,515)
Effect of different tax rates in other countries	**5,980**	(5,190)
Effect of share of results of associates and joint ventures	**2,981**	5,616
Land appreciation tax	**26,035**	572
Effect of tax reduction on land appreciation tax	**(6,509)**	–
Unrecognised deferred tax assets	**7,763**	17,906
Tax effect of losses not allowed to be set off against future taxable profits	**4,020**	921
Tax incentives	**(645)**	(1,078)
Utilisation of previously unrecognised deferred tax assets	**(11,088)**	(6,589)
Under/(Over) provision in respect of prior years	**8,539**	(15,120)
	151,430	119,355

30 EARNINGS PER SHARE

Basic earnings per share is calculated based on:

	Group	
	2016	**2015**
	$'000	**$'000**
Profit attributable to owners of the Company	**653,224**	773,367
Less:		
Dividends on non-redeemable convertible non-cumulative preference shares	**(12,922)**	(12,904)
Profit attributable to ordinary shareholders after adjustment of non-redeemable convertible non-cumulative preference dividends	**640,302**	760,463

30 EARNINGS PER SHARE (CONT'D)

	Group	
	2016 Number of shares	**2015 Number of shares**
Weighted average number of ordinary shares	**909,301,330**	909,301,330
Basic earnings per share	**70.4 cents**	83.6 cents

Diluted earnings per share is based on:

	2016 $'000	**2015 $'000**
Profit attributable to ordinary shareholders after adjustment for non-redeemable convertible non-cumulative preference dividends	**640,302**	760,463
Add:		
Dividends on non-redeemable convertible non-cumulative preference shares	**12,922**	12,904
Net profit used for computing diluted earnings per share	**653,224**	773,367

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	
	2016 Number of shares	**2015 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 of preference shares	**954,300,228**	954,300,228
Diluted earnings per share	**68.5 cents**	81.0 cents

31 DIVIDENDS

	Company	
	2016	2015
	$'000	$'000
Final tax exempt (one-tier) ordinary dividend paid of 8.0 cents (2015: 8.0 cents) per ordinary share in respect of financial year ended 31 December 2015	**72,744**	72,744
Special final tax exempt (one-tier) ordinary dividend paid of 4.0 cents (2015: 4.0 cents) per ordinary share in respect of financial year ended 31 December 2015	**36,372**	36,372
Special interim tax exempt (one-tier) ordinary dividend paid of 4.0 cents (2015: 4.0 cents) per ordinary share in respect of financial year ended 31 December 2016	**36,372**	36,372
Non-cumulative tax exempt (one-tier) preference dividend paid of 1.94 cents (2015: 1.93 cents) per preference share	**6,435**	6,399
Non-cumulative tax exempt (one-tier) preference dividend paid of 1.96 cents (2015: 1.97 cents) per preference share	**6,487**	6,505
	158,410	158,392

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

	Company	
	2016	2015
	$'000	$'000
Final tax exempt (one-tier) ordinary dividend of 8.0 cents (2015: 8.0 cents) per ordinary share	**72,744**	72,744
Special final tax exempt (one-tier) ordinary dividend of 4.0 cents (2015: 4.0 cents) per ordinary share	**36,372**	36,372
	109,116	109,116

32 COMMITMENTS

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

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Development expenditure contracted but not provided for in the financial statements	**450,701**	1,071,586	**29,150**	167,632
Capital expenditure contracted but not provided for in the financial statements	**94,916**	94,831	**29,784**	–
Commitments in respect of purchase of properties for which deposits have been paid	**76,640**	–	**–**	–
Commitments in respect of an investment in a joint venture	**15,019**	32,640	**–**	–
Commitments in respect of capital contribution to funds*	**28,785**	34,137	**–**	–

* Comprise capital commitments in relation to investment in financial assets with related parties.

32 COMMITMENTS (CONT'D)

In addition, the Group and the Company have the following commitments:

(a) The Group has a number of office facilities and hotel properties under operating leases. The leases typically run for an initial period of 1 to 30 years. The commitments of the Group and the Company for future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Within 1 year	**28,065**	29,542	**7,112**	7,044
After 1 year but within 5 years	**82,522**	76,493	**7,382**	4,763
After 5 years	**303,602**	301,047	**–**	–
	414,189	407,082	**14,494**	11,807

Included in the non-cancellable operating lease rental payables above are commitments with an associate and a related entity controlled by a key management personnel amounting to $100,000 and $Nil (2015: $188,000 and $619,000), respectively.

(b) CDLHT's subsidiary, CDL HBT Cambridge City Hotel (UK) Ltd, holds a leasehold land, with a 125-year lease granted by the Cambridge City Council (Head Lease), commencing on 25 December 1990. The lease term may be extended for a further term of 50 years pursuant to the lessee's option to renew under the Head Lease. Lease payment under this lease is variable, being a percentage of gross revenue and subject to a minimum value that is itself a function of the aggregate rent paid over the previous three years. For the year ended 31 December 2016, the Group recorded a lease payment of $412,000 (£219,000) (2015: $121,800 (£58,000)).

(c) 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	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Within 1 year	**246,795**	270,654	**49,781**	46,828
After 1 year but within 5 years	**354,553**	426,001	**53,308**	55,497
After 5 years	**115,215**	116,514	**135**	–
	716,563	813,169	**103,224**	102,325

Contingent rents, generally determined based on a percentage of tenants' revenue, of $7,837,000 (2015: $8,884,000) and $1,949,000 (2015: $1,113,000) have been recognised as income by the Group and the Company, respectively, in profit or loss during the year.

32 COMMITMENTS (CONT'D)

Included in the non–cancellable operating lease rental receivables above are commitments with related parties which are set out below.

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Non-cancellable operating lease rental receivables from:				
– a joint venture	**70**	154	**–**	–
– a fellow subsidiary	**573**	893	**573**	893
– an associate	**46**	183	**–**	–
– an associate of the ultimate holding company	**424**	635	**–**	–
– subsidiaries	**–**	–	**3,272**	5,078
	1,113	1,865	**3,845**	5,971

33 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	
	2016	2015
	$'000	$'000
Insurance premium paid and payable to an associate of the ultimate holding company	**(1,323)**	(1,244)
Management services fees received and receivable from:		
– fellow subsidiaries	**1,478**	1,435
– associates	**4,705**	2,149
– joint ventures	**6,076**	2,941
– a related entity controlled by a key management personnel	**36**	45
	12,295	6,570
Maintenance services fees received and receivable from:		
– fellow subsidiaries	**261**	300
– associates	**2,730**	577
– joint ventures	**2,388**	2,910
	5,379	3,787
Recovery of costs from joint ventures	**37**	14
Rental and rental-related income received and receivable from:		
– fellow subsidiaries	**320**	1,083
– an associate	**137**	139
– an associate of the ultimate holding company	**217**	204
– joint ventures	**85**	195
	759	1,621

33 RELATED PARTIES (CONT'D)

	Group 2016 $'000	Group 2015 $'000
Management services fees paid and payable to a fellow subsidiary	**(1,206)**	(1,409)
Professional fees paid and payable to firms of which directors of the Company are members:		
– charged to profit or loss	**–**	(156)
– included as cost of development properties	**–**	(6)
	–	(162)
Rental and rental-related expenses paid and payable to:		
– associates	**(712)**	(98)
– a joint venture	**(1,718)**	(160)
– a related entity controlled by a key management personnel	**(131)**	(187)
	(2,561)	(445)
Transactions between joint ventures with fellow subsidiaries/an associate of the ultimate holding company are as follows:		
– rental expense paid and payable to a fellow subsidiary	**(112)**	(112)
– management services fees paid and payable to fellow subsidiaries	**(3,393)**	(4,656)
– maintenance services fees paid and payable to a fellow subsidiary	**(464)**	(430)
– insurance premium paid and payable to an associate of the ultimate holding company	**(221)**	(236)
Compensation paid and payable to key management personnel:		
– short-term employee benefits	**32,901**	42,704
– other long-term benefits	**459**	243
– termination benefits	**–**	238
– share-based payment by a subsidiary	**–**	4,410
	33,360	47,595
Amounts owing to a key management personnel	**–**	20

In 2016, certain key management personnel (including close family members) of the Group had entered into sale and purchase agreements with subsidiaries of the Group to purchase residential properties with sale value amounting to $3,075,000 (2015: $1,790,000). Revenue from the sale will be recognised by the Group progressively based on the percentage of completion of the residential project.

34 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES, AND CHANGES IN INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL

(I) Acquisition of subsidiaries

<u>**2016**</u>

On 5 July 2016, the Group through its wholly-owned subsidiary, Sunmaster Holdings Pte. Ltd. (Sunmaster), acquired an additional 50% equity interest in Summervale Properties Pte. Ltd. (Summervale) which principally holds unsold completed properties of Nouvel 18, for an aggregate consideration of $410,960,000. Upon completion of the transaction, Summervale became a wholly-owned subsidiary of the Group. The acquisition was accounted for as acquisition of assets and was out of scope of FRS 103 *Business Combinations*. The net cash outflow for the acquisition amount to $410,451,000.

<u>**2015**</u>

In 2015, there were the following acquisitions of subsidiaries:

(a) On 1 January 2015, the Group's indirect wholly-owned subsidiary, Systematic Holdings Pte. Ltd. (SHPL), acquired 100% equity interest in Systematic Laundry & Healthcare Services Pte. Ltd. (SLHS) and Systematic Laundry & Uniform Services Pte. Ltd. (SLUS), as well as certain plant and equipment from one of the former shareholders of these two companies. In addition, 30% of the total number of issued shares in SHPL was allocated to the aforesaid former shareholder of SLHS and SLUS. Following the completion of these transactions, the Group owned an effective 70% equity interest in SLHS and SLUS. The total consideration for the 70% equity interest acquired amounted to $7,588,000.

The principal activities of SLHS and SLUS are those of laundry and dry cleaning services, washing and other cleaning preparations.

From 1 January 2015 to 31 December 2015, SLHS and SLUS contributed revenue of $16,826,000 and profit before tax of $588,000 to the Group's 2015 results.

(b) On 4 August 2015, the Group, through its indirect wholly-owned subsidiary, CBM International Pte. Ltd., acquired an additional 19% equity interest in its joint venture, CBM Qatar LLC, being the entire shareholding interests of its joint venture partner, for a consideration of $280,000 (Qatari Riyals 750,000).

From 4 August 2015 to 31 December 2015, CBM Qatar contributed revenue of $1,916,000 and profit before tax of $96,000 to the Group's 2015 results. If the acquisition had occurred on 1 January 2015, management estimated that there were no significant changes to the Group's revenue and profit for 2015.

(c) On 1 October 2015, the Group, through its indirect non wholly-owned subsidiary, CDLHT, acquired 100% equity interest in CDL HBT Cambridge City Hotel (UK) Ltd (CDL HBT) for a consideration of $136,083,000 (£63,074,000). CDL HBT owns the Cambridge City Hotel.

From 1 October 2015 to 31 December 2015, CDL HBT contributed revenue of $6,132,000 and profit before tax of $1,373,000 to the Group's 2015 results. If the acquisition had occurred on 1 January 2015, management estimated that there were no significant changes to the Group's revenue and profit for 2015.

34 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES, AND CHANGES IN INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL (CONT'D)

(I) Acquisition of subsidiaries (cont'd)

2015 (cont'd)

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition dates:

	Note	2015 $'000
Property, plant and equipment	3	140,664
Intangible assets		3,225
Consumable stocks		136
Trade and other receivables		9,574
Cash and cash equivalents		5,465
Trade and other payables		(9,386)
Employee benefits		(198)
Provision for taxation		(30)
Interest-bearing borrowings		(1,713)
Deferred tax liabilities	25	(727)
Net identifiable assets acquired		147,010
Non-controlling interests (based on share of net assets)		(3,059)
Total consideration		143,951
Deferred payment		(253)
Cash consideration paid, satisfied in cash		143,698
Cash acquired		(5,465)
Total net cash outflow		138,233

The transaction costs incurred for the above acquisitions amounted to $2,609,000 and had been included in "other operating expenses" in the Group's profit or loss.

(II) Changes in interests in subsidiaries without loss of control

There were the following changes in interests in subsidiaries without loss of control:

(a) A subsidiary of M&C, M&C REIT Management Limited (M&C REIT), being a REIT manager for CDLHT, received 4,634,171 units (2015: 6,851,910 units) in CDLHT in lieu of management fee income during the year. There was no significant change to the Group's effective interest in CDLHT during the year (2015: 22% to 24%).

(b) On 19 February 2016 (2015: 1 October 2015), M&C's indirect non wholly-owned subsidiary, Hong Leong International Hotel Singapore Pte. Ltd., acquired additional 0.3% (2015: 2%) interest in Hong Leong Hotel Development Limited for a cash consideration of $0.3 million (2015: $2.0 million) with no significant change to its ownership (2015: 84% to 86%) and the Group's effective interest (2015: 53% to 54%).

(c) On 20 May 2016, CDL Investments New Zealand Limited (CDLI), an indirect subsidiary of M&C, issued dividend in specie to the minority shareholders. There was no significant change to the Group's effective interest.

34 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES, AND CHANGES IN INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL (CONT'D)

(II) Changes in interests in subsidiaries without loss of control (cont'd)

(d) On 22 July 2016, M&C's indirect wholly-owned subsidiary, Newbury Investments Pte Ltd, acquired additional 20% interest in PT. Millennium Sirih Jakarta Hotel for a cash consideration of US$2.0 million (approximately $2.7 million), increasing its ownership from 80% to 100% and the Group's effective interest from 52% to 65%.

(e) On 30 November 2016, the Group's indirect wholly-owned subsidiary, Global City International Limited, acquired additional 30% interest in Suzhou Global City Genway Properties Co., Ltd. for a cash consideration of RMB550.0 million (approximately $113.5 million), increasing its ownership and the Group's effective interest from 70% to 100%.

(f) In 2015, the Group acquired additional interest in M&C, for $167.0 million in cash, increasing its ownership from 61% to 65% during the year.

(g) On 27 February 2015, M&C's indirect non wholly-owned subsidiary, Millennium & Copthorne Hotels New Zealand Limited, acquired the remaining 39% interest in KIN Holdings Limited (KIN) for a cash consideration of NZ$31.0 million (approximately $31.7 million), increasing its ownership from 61% to 100% and the Group's effective interest from 28% to 46%. In 2016, as a result of post completion adjustment to KIN's underlying net assets, the Group paid an additional cash consideration of NZ$0.2 million (approximately $0.2 million).

The following summarises the effect of changes in the Group's ownership interests in the above subsidiaries:

	2016 $'000	2015 $'000
Consideration paid for acquisition of non-controlling interests	**(116,693)**	(200,749)
Net decrease in equity attributable to non-controlling interests	**76,551**	183,540
Net decrease in equity attributable to owners of the Company	**(40,142)**	(17,209)
Represented by:		
Decrease in capital reserve	**(40,141)**	(19,248)
Increase in hedging reserve	**–**	18
Increase in other reserve	**–**	11
Increase in share option reserve	**–**	87
Increase in foreign currency translation reserve	**–**	1,267
(Decrease)/Increase in accumulated profits	**(1)**	656
Net decrease in equity attributable to owners of the Company	**(40,142)**	(17,209)

(III) Loss of control in subsidiaries

(a) On 26 July 2016, the Group via its three wholly-owned subsidiaries, eMpire Investments Limited, Citydev Investments Pte. Ltd. and Educado Company Limited, disposed of its entire 52.52% interests in City e-Solutions Limited (CES), for a consideration of HK$566 million (approximately $99 million) to an unrelated party. CES is a company listed on The Stock Exchange of Hong Kong Limited.

(b) On 21 October 2016, the Group via its indirect wholly-owned subsidiary, Venus Real Estate Investments Limited, disposed of its 39% shareholding in Exchange Tower Limited for a consideration of THB5 billion (approximately $190 million).

(c) On 31 December 2016, the Group via M&C Hotels Holdings USA Limited, a wholly-owned subsidiary of M&C, disposed of its 51% shareholding in Millennium & Copthorne Middle East Holdings Limited for a consideration of AED17 million (approximately $7 million).

34 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES, AND CHANGES IN INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL (CONT'D)

(III) Loss of control in subsidiaries (cont'd)

(d) In October 2016, the Group established its third Profit Participation Securities by entering into the following agreements with an unrelated party, Green 18 Pte. Ltd. (Green 18), to exit its entire interest in Summervale (the Transaction).

(i) Investment Agreement

Sunmaster, a wholly-owned subsidiary of the Group was the sole shareholder of Summervale prior to the Transaction. Sunmaster and Summervale entered into an Investment Agreement (IA) with Green 18. As part of the completion of the IA, Summervale:

1. entered into an agreement with a bank for a credit facility of $579.2 million and drawndown the loan; and

2. issued fixed income securities (the Notes) to the following:

   i. A bank, being the initial purchaser of the Notes due 2021 of $156.4 million; and

   ii. Ventagrand Holdings Limited, a wholly-owned subsidiary of the Group, being the subscriber of the Notes due 2023 of $140.0 million.

Upon completion of the IA, the following events took place in chronological order, as agreed between the parties:

1. cancellation of all of Sunmaster's shares in Summervale for nil consideration;

2. issuance of a combination of ordinary and preference shares in Summervale to Green 18 for $102.0 million; and

3. novation of existing shareholders' loans extended to Summervale by Sunmaster (as the outgoing creditor) to Green 18 (as the incoming creditor) such that the loans will be owed by Summervale to Green 18 instead of Sunmaster (the Novation).

The total funds received by Summervale of $977.6 million was largely used to repay Sunmaster pursuant to the Novation.

(ii) Asset Management and Marketing Agreement (AMMA)

Summervale had appointed Trentwell Management Pte. Ltd. (Trentwell), a wholly-owned subsidiary of the Group, as the asset manager and marketing agent of Summervale. Trentwell shall be given the exclusive authority by Summervale to manage and lease out Nouvel 18, as well as to market and divest units in Nouvel 18 for a period of five years (with an option to extend to seven years). Trentwell is entitled to a base annual management fee and an incentive fee after a performance benchmark is satisfied.

34 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES, AND CHANGES IN INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL (CONT'D)

(III) Loss of control in subsidiaries (cont'd)

The total effect of the loss of control in subsidiaries on the cash flows of the Group was as follows:

	Note	2016 $'000
Property, plant and equipment	3	10,201
Investment properties	4	117,862
Investments in associates and joint ventures		1,282
Financial assets		18,026
Intangible assets		2,755
Deferred tax assets	25	875
Development properties		875,430
Consumable stocks		86
Trade and other receivables		16,941
Cash and cash equivalents		107,235
Trade and other payables		(50,170)
Interest-bearing borrowings		(5,258)
Employee benefits		(710)
Provision for taxation		(2,439)
Other non-current liabilities		(1,003,269)
Non-controlling interests		(50,632)
Net identifiable assets on disposal		38,215
Total consideration		1,273,998
Less:		
Transaction costs		(46,931)
Proceeds receivable		(6,588)
Cash and cash equivalents disposed of		(107,235)
Net cash inflow		1,113,244
Total consideration		1,273,998
Less:		
Net identified assets on disposal		(38,215)
Realisation of reserves		3,654
Repayment of shareholders' loan		(997,992)
Provision for interest support	24	(39,663)
Transaction costs		(46,931)
Gain arising from loss of control		154,851
Gain deferred to the extent of the Group's other interests in Summervale*	23	(6,635)
Recognised in profit or loss		148,216

* The Group's other interests in Summervale is included in other financial asset (note 8).

The gain on loss of control was recognised in "other operating income" in the consolidated statement of profit or loss.

35 FINANCIAL INSTRUMENTS BY CATEGORY

An analysis of the Group's financial instruments is set out as follows:

	Note	Loans and receivables $'000	Available-for-sale financial assets $'000	Financial assets at fair value through profit or loss $'000	Fair value -hedging instruments $'000	Liabilities at amortised cost $'000	Total $'000
Group							
2016							
Assets							
Financial assets	8	321,153	77,450	16,399	–	–	415,002
Other non-current assets excluding deferred tax assets, intangible assets and prepayment		221,957	–	–	–	–	221,957
Trade and other receivables excluding prepayments and tax recoverable		1,094,948	–	–	171	–	1,095,119
Cash and cash equivalents	14	3,673,037	–	–	–	–	3,673,037
		5,311,095	77,450	16,399	171	–	5,405,115
Liabilities							
Interest-bearing borrowings	18	–	–	–	–	5,737,767	5,737,767
Trade and other payables excluding deferred income and progress billings	26	–	–	–	336	1,105,142	1,105,478
Other liabilities excluding deferred income	23	–	–	–	–	149,108	149,108
		–	–	–	336	6,992,017	6,992,353

35 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

	Note	Loans and receivables $'000	Available-for-sale financial assets $'000	Financial assets at fair value through profit or loss $'000	Liabilities at amortised cost $'000	Total $'000
Group						
2015						
Assets						
Financial assets	8	132,500	66,004	31,416	–	229,920
Other non-current assets excluding deferred tax assets, intangible assets and prepayment		7,219	–	–	–	7,219
Trade and other receivables excluding prepayments and tax recoverable		1,696,974	–	–	–	1,696,974
Cash and cash equivalents	14	3,564,885	–	–	–	3,564,885
		5,401,578	66,004	31,416	–	5,498,998
Liabilities						
Interest-bearing borrowings	18	–	–	–	6,482,701	6,482,701
Trade and other payables excluding deferred income and progress billings	26	–	–	–	1,099,677	1,099,677
Other liabilities excluding deferred income	23	–	–	–	123,988	123,988
		–	–	–	7,706,366	7,706,366

35 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

	Note	Loans and receivables $'000	Available-for-sale financial assets $'000	Liabilities at amortised cost $'000	Total $'000
Company					
2016					
Assets					
Financial assets	8	–	28,329	–	28,329
Trade and other receivables excluding prepayments		4,335,222	–	–	4,335,222
Cash and cash equivalents	14	2,043,714	–	–	2,043,714
		6,378,936	28,329	–	6,407,265
Liabilities					
Interest-bearing borrowings	18	–	–	2,806,546	2,806,546
Trade and other payables excluding deferred income	26	–	–	1,809,530	1,809,530
Other liabilities	23	–	–	170,137	170,137
		–	–	4,786,213	4,786,213
2015					
Assets					
Financial assets	8	–	25,857	–	25,857
Trade and other receivables excluding prepayments		5,614,323	–	–	5,614,323
Cash and cash equivalents	14	2,152,392	–	–	2,152,392
		7,766,715	25,857	–	7,792,572
Liabilities					
Interest-bearing borrowings	18	–	–	3,309,237	3,309,237
Trade and other payables excluding deferred income	26	–	–	2,230,114	2,230,114
Other liabilities	23	–	–	170,119	170,119
		–	–	5,709,470	5,709,470

36 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 & Risk Committee provides independent oversight of the effectiveness of the financial risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken for speculative purposes except for its use as hedging instruments where appropriate and cost efficient.

Credit risk

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

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

The Group establishes an allowance for impairment that represents its estimate of the specific loss component in respect of trade and other receivables. The allowance account in respect of trade receivables and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the reporting date.

Liquidity risk

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

36 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (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 $'000	Contractual cash flows $'000	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000
Group					
2016					
Term loans	3,178,837	3,319,988	1,247,833	2,072,155	–
Bonds and notes	2,188,867	2,455,288	294,155	1,460,428	700,705
Bank loans	369,535	370,409	370,409	–	–
Trade and other payables*	1,105,478	1,108,310	1,108,310	–	–
Bank overdrafts	4	4	4	–	–
Finance lease creditors	524	524	355	169	–
Other liabilities**	149,108	149,108	–	130,935	18,173
	6,992,353	7,403,631	3,021,066	3,663,687	718,878
2015					
Term loans	3,726,713	3,950,194	1,000,323	2,944,518	5,353
Bonds and notes	2,115,153	2,350,963	388,716	1,416,877	545,370
Bank loans	639,733	641,611	641,611	–	–
Trade and other payables*	1,099,677	1,102,774	1,102,774	–	–
Bank overdrafts	26	26	26	–	–
Finance lease creditors	1,076	1,078	587	491	–
Other liabilities**	123,988	123,988	–	106,320	17,668
	7,706,366	8,170,634	3,134,037	4,468,206	568,391
Company					
2016					
Term loans	1,019,224	1,079,361	445,871	633,490	–
Bonds and notes	1,462,902	1,686,744	280,960	705,079	700,705
Bank loans	324,420	325,138	325,138	–	–
Trade and other payables**	1,809,530	1,809,530	1,809,530	–	–
Other liabilities	170,137	180,991	3,616	177,375	–
	4,786,213	5,081,764	2,865,115	1,515,944	700,705

* Excluding deferred income and progress billings.
** Excluding deferred income.

36 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000
Company					
2015					
Term loans	1,536,872	1,651,246	253,369	1,397,877	–
Bonds and notes	1,317,395	1,516,266	147,775	823,121	545,370
Bank loans	454,970	455,537	455,537	–	–
Trade and other payables**	2,230,114	2,231,619	2,231,619	–	–
Other liabilities	170,119	185,247	3,521	181,726	–
	5,709,470	6,039,915	3,091,821	2,402,724	545,370

** Excluding deferred income.

It is not expected that the cash flows in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return on risk.

Interest rate risk

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

Interest rate derivatives are used to manage interest rate risk, to the extent that the perceived cost is considered to outweigh the benefit from the flexibility of variable rate borrowings, and the Group actively monitors the need and timing for such derivatives.

Where used, interest rate derivatives are classified as cash flow hedges and stated at fair value within the Group's statement of financial position.

36 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

Interest rates analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, their nominal interest rates at the reporting date and carrying amounts are as follows:

	Note	Interest rates per annum Floating rate %	Fixed rate %	Carrying amount Floating rate $'000	Fixed rate $'000	Total $'000
Group						
2016						
Financial assets						
Cash and cash equivalents (includes restricted deposits classified as other non-current assets)		–	0.10 to 3.70	–	3,078,268	3,078,268
Amounts owing by joint ventures*		–	1.50 to 6.75	–	121,025	121,025
Unquoted debt instruments	8	–	2.46 to 5.00	–	272,500	272,500
				–	3,471,793	3,471,793
Financial liabilities						
Bank overdrafts (secured)	18	2.53	–	(4)	–	(4)
Finance lease creditors		–	1.50 to 4.00	–	(524)	(524)
Term loans	19					
– secured		1.00 to 5.02	–	(745,513)	–	(745,513)
– unsecured		0.23 to 10.28	1.06 to 4.01	(1,825,013)	(608,311)	(2,433,324)
Bonds and notes	20					
– secured		0.16 to 0.20	0.58 to 0.66	(34,401)	(132,327)	(166,728)
– unsecured		1.34 to 2.05	1.75 to 3.90	(289,318)	(1,732,821)	(2,022,139)
Bank loans (unsecured)	21	0.50 to 9.60	2.24 to 2.34	(366,350)	(3,185)	(369,535)
Amounts owing to fellow subsidiaries	13	–	2.00 to 2.50	–	(137,884)	(137,884)
				(3,260,599)	(2,615,052)	(5,875,651)
Total				(3,260,599)	856,741	(2,403,858)
2015						
Financial assets						
Cash and cash equivalents		–	0.08 to 6.70	–	2,811,499	2,811,499
Amounts owing by joint ventures*		–	1.50 to 4.50	–	504,628	504,628
Unquoted debt instruments	8	–	5.00	–	132,500	132,500
				–	3,448,627	3,448,627
Financial liabilities						
Bank overdrafts (secured)	18	3.10	–	(26)	–	(26)
Finance lease creditors		–	1.50 to 10.39	–	(1,076)	(1,076)
Term loans	19					
– secured		1.00 to 5.10	4.21	(1,016,171)	(5,542)	(1,021,713)
– unsecured		0.33 to 5.94	1.06 to 4.01	(2,106,731)	(598,269)	(2,705,000)
Bonds and notes	20					
– secured		0.30	0.60 to 0.70	(32,627)	(125,422)	(158,049)
– unsecured		1.30 to 2.20	1.30 to 3.90	(294,832)	(1,662,272)	(1,957,104)
Bank loans (unsecured)	21	0.51 to 4.80	2.73 to 3.37	(632,778)	(6,955)	(639,733)
Amounts owing to fellow subsidiaries	13	–	2.00 to 2.50	–	(146,811)	(146,811)
				(4,083,165)	(2,546,347)	(6,629,512)
Total				(4,083,165)	902,280	(3,180,885)

* Carrying amount is net of impairment loss.

36 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

	Note	Interest rates per annum Floating rate %	Interest rates per annum Fixed rate %	Carrying amount Floating rate $'000	Carrying amount Fixed rate $'000	Total $'000
Company						
2016						
Financial assets						
Cash and cash equivalents		–	0.20 to 1.30	–	1,819,931	1,819,931
Amounts owing by:						
– subsidiaries*		0.50 to 10.46	1.00 to 1.75	1,106,725	2,516,040	3,622,765
– joint ventures*		–	1.50 to 2.00	–	3,597	3,597
				1,106,725	4,339,568	5,446,293
Financial liabilities						
Amounts owing to subsidiaries	5	–	2.74 to 3.25	–	(150,753)	(150,753)
Term loans (unsecured)	19	0.87 to 10.28	2.78	(820,416)	(198,808)	(1,019,224)
Bonds and notes (unsecured)	20	–	1.75 to 3.90	–	(1,462,902)	(1,462,902)
Bank loans (unsecured)	21	0.50 to 9.60	–	(324,420)	–	(324,420)
				(1,144,836)	(1,812,463)	(2,957,299)
Total				(38,111)	2,527,105	2,488,994
2015						
Financial assets						
Cash and cash equivalents		–	0.31 to 1.82	–	1,847,162	1,847,162
Amounts owing by:						
– subsidiaries*		0.51 to 6.12	1.00 to 1.75	1,688,809	2,098,700	3,787,509
– joint ventures*		–	1.50 to 2.00	–	202,348	202,348
				1,688,809	4,148,210	5,837,019
Financial liabilities						
Amounts owing to subsidiaries	5	–	1.00 to 3.25	–	(631,145)	(631,145)
Term loans (unsecured)	19	1.12 to 5.94	2.78	(1,338,428)	(198,444)	(1,536,872)
Bonds and notes (unsecured)	20	–	1.74 to 3.90	–	(1,317,395)	(1,317,395)
Bank loans (unsecured)	21	0.51 to 4.80	–	(454,970)	–	(454,970)
				(1,793,398)	(2,146,984)	(3,940,382)
Total				(104,589)	2,001,226	1,896,637

* Carrying amount is net of impairment loss.

36 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

Sensitivity analysis

For the variable rate financial assets and liabilities, a 100 basis points (bp) increase at the reporting date would have the impact as shown below. A decrease in 100 bp in interest rate would have an equal but opposite effect. This analysis, which is based on reporting date of each interest-bearing financial asset and liability, assumes that all other variables, in particular foreign currency exchange rates, remain constant and does not take into account the effect of qualifying borrowing costs allowed for capitalisation and tax effect.

	Group		Company	
	2016	**2015**	**2016**	**2015**
	\$'000	**\$'000**	**\$'000**	**\$'000**
100 bp increase				
(Reduction)/Increase in profit before tax	**(32,690)**	(40,958)	**9**	(724)

There is no impact on other components of equity.

The sensitivity analysis above excludes the financial effect of transaction costs recognised against the financial liabilities.

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Group's entities. The currencies giving rise to this risk are primarily the United States Dollar, Singapore Dollar, Thai Baht, Hong Kong Dollar, Australian Dollar, Sterling Pound, Renminbi, Japanese Yen, New Zealand Dollar and Euro.

The Group has a decentralised approach to the management of foreign currency risk. The Group manages its foreign currency exposure by adopting a policy of matching receipts and payments, and asset purchases and borrowings, in the currency of the relevant entity, where possible. Entities in the Group may have different approaches to the identification and management of this risk. Entities in the Group may borrow in currencies other than their functional currencies to fund investments that are denominated in their borrowing currencies. Forward exchange contracts are used purely as a hedging tool, where an active market for the relevant currency exists, to minimise the Group's exposure to movements in exchange rates on firm commitments and specific transactions.

Hedging of transaction exposure is undertaken with approved counterparties and within designated limits, using spot or short-term forward contracts to buy or sell the currency concerned, once the timing and the underlying amount of exposure have been determined. Foreign exchange derivatives may also be used to hedge specific transaction exposure where appropriate.

36 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

The Group's and the Company's exposure to foreign currencies are as follows:

	United States Dollar $'000	Singapore Dollar $'000	Thai Baht $'000	Hong Kong Dollar $'000
Group				
2016				
Financial assets	13,386	–	–	–
Trade and other receivables**	121	767	–	–
Cash and cash equivalents (net of cash pool overdrafts)	155,019	3,040	457	520
Amounts owing (to)/by subsidiaries (net) ****	27,296	(227,806)	6,448	(17,761)
Interest-bearing borrowings	(802,271)	–	–	–
Trade and other payables***	(549)	(644)	–	(46)
	(606,998)	(224,643)	6,905	(17,287)
2015				
Financial assets	15,217	–	–	208
Other non-current assets*	–	–	–	–
Trade and other receivables**	1,220	760	1,193	7
Cash and cash equivalents (net of cash pool overdrafts)	43,169	3,870	450	33,425
Amounts owing (to)/by subsidiaries (net) ****	66,712	(195)	6,252	(12,961)
Interest-bearing borrowings	(711,144)	–	–	(73,850)
Trade and other payables***	(314)	(724)	–	(97)
	(585,140)	3,711	7,895	(53,268)

* Excluding deferred tax assets, intangible assets and prepayment.
** Excluding prepayments and tax recoverable.
*** Excluding deferred income and progress billings.
**** Excluding amounts owing (to)/by subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future.

Australian Dollar $'000	Sterling Pound $'000	Renminbi $'000	Japanese Yen $'000	New Zealand Dollar $'000	Euro $'000	Others $'000
–	–	–	–	–	–	–
–	24	4,652	–	–	–	367
751	4,274	135,073	1,950	2,253	(10,313)	747
9,971	629,736	183,415	35,418	3,829	–	(18)
(97,431)	(486,019)	(176,353)	(206,694)	–	(175,015)	–
–	(355)	(3,903)	(77)	–	–	(9)
(86,709)	147,660	142,884	(169,403)	6,082	(185,328)	1,087
–	11,165	–	–	–	–	432
–	–	–	–	–	–	2,067
–	58	5,779	–	–	–	2,360
8,698	4,844	150,270	(41,073)	7,157	(11,354)	6
131	1,030,876	192,614	35,253	795	(377)	(6)
(95,660)	(663,911)	(189,873)	(154,466)	–	(178,613)	–
–	(472)	(1,027)	(45)	–	–	(7)
(86,831)	382,560	157,763	(160,331)	7,952	(190,344)	4,852

36 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

	United States Dollar $'000	Hong Kong Dollar $'000	Japanese Yen $'000	Sterling Pound $'000	Renminbi $'000	Others $'000
Company						
2016						
Trade and other receivables*	–	–	–	–	–	45
Cash and cash equivalents	550	45	–	1,079	–	19
Amounts owing (to)/by subsidiaries (net)	(231)	(18,830)	131,879	491,901	113,943	(5)
Interest-bearing borrowings	–	–	(166,342)	(486,019)	(176,353)	–
Trade and other payables**	–	–	(77)	(341)	(3,632)	(9)
	319	(18,785)	(34,540)	6,620	(66,042)	50
2015						
Trade and other receivables*	–	7	–	2	–	53
Cash and cash equivalents	532	32,826	–	4,717	–	6
Amounts owing (to)/by subsidiaries (net)	(224)	(14,014)	80,441	666,370	123,999	(5)
Interest-bearing borrowings	–	(73,850)	(116,142)	(663,911)	(189,873)	–
Trade and other payables**	–	(38)	(45)	(472)	(806)	(8)
	308	(55,069)	(35,746)	6,706	(66,680)	46

* Excluding prepayments.
** Excluding deferred income.

Sensitivity analysis

In 2016, the Group has determined that using a 5% increase/decrease instead of 10% increase/decrease in the underlying foreign currencies is more reflective of the Group's exposure to foreign currency risk in view of the current market situation.

A 5% strengthening of the following major currencies against the functional currency of each of the Group's entities at the reporting date held by the Group and the Company would (decrease)/increase profit and other components of equity before any tax effect by the amounts shown below. Similarly, a 5% weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

36 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

Sensitivity analysis (cont'd)

	Profit before tax $'000	Equity $'000
Group		
2016 (5% increase)		
United States Dollar	(18,907)	(11,443)
Singapore Dollar	(11,232)	–
Thai Baht	345	–
Hong Kong Dollar	(864)	–
Australian Dollar	537	(4,872)
Sterling Pound	7,383	–
Renminbi	7,144	–
Japanese Yen	(8,470)	–
New Zealand Dollar	304	–
Euro	(4,612)	(4,654)
2015 (10% increase)		
United States Dollar	(16,535)	(41,979)
Singapore Dollar	371	–
Thai Baht	790	–
Hong Kong Dollar	(5,327)	–
Australian Dollar	883	(9,566)
Sterling Pound	38,256	–
Renminbi	15,776	–
Japanese Yen	(12,201)	(3,832)
New Zealand Dollar	795	–
Euro	(9,534)	(9,500)
Company		
2016 (5% increase)		
United States Dollar	16	–
Hong Kong Dollar	(939)	–
Japanese Yen	(1,727)	–
Sterling Pound	331	–
Renminbi	(3,302)	–
2015 (10% increase)		
United States Dollar	31	–
Hong Kong Dollar	(5,507)	–
Japanese Yen	(3,575)	–
Sterling Pound	671	–
Renminbi	(6,668)	–

36 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 equity investments held for trading. An increase in the underlying equity prices of the above investments at the reporting date by 10% (2015: 10%) and 5% (2015: 5%) for the Group and the Company, respectively, would increase profit and other components of equity before any tax effect by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group $'000	Company $'000
2016		
Quoted equity investments available for sale and held for trading		
Equity	3,875	1,252
Profit before tax	1,640	–
2015		
Quoted equity investments available for sale and held for trading		
Equity	3,525	1,061
Profit before tax	2,861	–
Unquoted equity investments held for trading		
Profit before tax	254	–

36 FINANCIAL RISK MANAGEMENT (CONT'D)

Equity price risk (cont'd)

Similarly, a decrease in the underlying equity prices by 10% (2015: 10%) and 5% (2015: 5%) for the Group and the Company, respectively, would decrease profit and other components of equity before any tax effect by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group $'000	Company $'000
2016		
Quoted equity investments available for sale and held for trading		
Equity	(2,874)	(1,252)
Profit before tax	(2,641)	–
2015		
Quoted equity investments available for sale and held for trading		
Equity	(2,691)	(1,061)
Profit before tax	(3,695)	–
Unquoted equity investments held for trading		
Profit before tax	(254)	–

Financial guarantee

Two wholly-owned subsidiaries of the Group entered into deeds of guarantee in favour of Sunbright (the Deeds of Guarantee) on 15 December 2014. The maximum exposure of the Group under the Deeds of Guarantee at the end of the reporting period is approximately $61.4 million (2015: $95.8 million). At the end of the reporting date, the Group does not consider it probable that the claim will be made against the Group under the financial guarantee.

37 FAIR VALUE OF ASSETS AND LIABILITIES

Fair values versus carrying amounts

The carrying amounts of the financial instruments of the Group and the Company carried at cost or amortised cost are not materially different from their fair values as at the reporting date except as follows:

	2016 Carrying amount $'000	2016 Fair value $'000	2015 Carrying amount $'000	2015 Fair value $'000
Group				
Assets carried at amortised cost				
Unquoted debt instruments	272,500	268,163	132,500	132,500
Other financial asset	48,653	42,562	–	–
	321,153	310,725	132,500	132,500
Liabilities carried at amortised cost				
Bonds and notes				
– secured	(132,327)	(131,198)	(125,422)	(126,972)
– unsecured	(1,482,897)	(1,464,631)	(1,467,493)	(1,431,295)
Term loans				
– secured	–	–	(5,542)	(5,637)
– unsecured	(608,299)	(607,983)	(598,269)	(595,571)
Other non-current financial liability	(48,653)	(42,562)	–	–
	(2,272,176)	(2,246,374)	(2,196,726)	(2,159,475)
Company				
Liabilities carried at amortised cost				
Amount owing to a subsidiary	(150,000)	(147,967)	(150,000)	(144,980)
Bonds and notes (unsecured)	(1,212,980)	(1,196,716)	(1,197,615)	(1,166,001)
Term loans (unsecured)	(198,808)	(198,877)	(198,444)	(195,275)
	(1,561,788)	(1,543,560)	(1,546,059)	(1,506,256)

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: unobservable inputs for the asset or liability.

37 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

Fair value hierarchy (cont'd)

Assets and liabilities not carried at fair value but for which fair values are disclosed*

The table below analyses assets and liabilities not carried at fair value, but for which fair values are disclosed.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2016				
Investment properties	–	–	6,215,075	6,215,075
Unquoted debt instruments	–	268,163	–	268,163
Other financial asset	–	42,562	–	42,562
	–	310,725	6,215,075	6,525,800
Bonds and notes				
– secured	–	(131,198)	–	(131,198)
– unsecured	–	(1,464,631)	–	(1,464,631)
Term loans (unsecured)	–	(607,983)	–	(607,983)
Other non-current financial liability	–	(42,562)	–	(42,562)
	–	(2,246,374)	–	(2,246,374)
31 December 2015				
Investment properties	–	–	6,544,508	6,544,508
Unquoted debt instruments	–	132,500	–	132,500
	–	132,500	6,544,508	6,677,008
Bonds and notes				
– secured	–	(126,972)	–	(126,972)
– unsecured	–	(1,431,295)	–	(1,431,295)
Term loans				
– secured	–	(5,637)	–	(5,637)
– unsecured	–	(595,571)	–	(595,571)
	–	(2,159,475)	–	(2,159,475)
Company				
31 December 2016				
Investment properties	–	–	1,088,722	1,088,722
Amount owing to a subsidiary	–	(147,967)	–	(147,967)
Bonds and notes (unsecured)	–	(1,196,716)	–	(1,196,716)
Term loans (unsecured)	–	(198,877)	–	(198,877)
	–	(1,543,560)	–	(1,543,560)
31 December 2015				
Investment properties	–	–	1,090,711	1,090,711
Amount owing to a subsidiary	–	(144,980)	–	(144,980)
Bonds and notes (unsecured)	–	(1,166,001)	–	(1,166,001)
Term loans (unsecured)	–	(195,275)	–	(195,275)
	–	(1,506,256)	–	(1,506,256)

* Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

37 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

Fair value hierarchy (cont'd)

Financial assets and financial liabilities carried at fair value

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows:

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group					
2016					
Available-for-sale financial assets	8	38,752	–	–	38,752
Financial assets at fair value through profit or loss	8	16,399	–	–	16,399
		55,151	–	–	55,151
Derivative financial assets	11	–	171	–	171
Derivative financial liabilities	26	–	(336)	–	(336)
2015					
Available-for-sale financial assets	8	35,342	–	–	35,342
Financial assets at fair value through profit or loss	8	28,879	–	2,537	31,416
		64,221	–	2,537	66,758
Company					
2016					
Available-for-sale financial assets	8	25,039	–	–	25,039
2015					
Available-for-sale financial assets	8	21,227	–	–	21,227

37 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

Fair value hierarchy (cont'd)

Financial assets and financial liabilities carried at fair value (cont'd)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Financial assets at fair value through profit or loss $'000
Group	
At 1 January 2016	2,537
Total loss recognised in profit or loss	
– finance expense	(71)
Loss of control in a subsidiary	(2,365)
Translation differences on consolidation	(101)
At 31 December 2016	–
Total loss for the year included in profit or loss for assets held at the end of the reporting period	–
At 1 January 2015	3,338
Total loss recognised in profit or loss	
– finance expense	(997)
Translation differences on consolidation	196
At 31 December 2015	2,537
Total loss for the year included in profit or loss for assets held at the end of the reporting period	(997)

The fair value of the financial assets at fair value through profit or loss is determined based on the net asset value of the fund, which had underlying unlisted investments categorised as Level 3 in the fair value hierarchy. The fair value of such underlying investments is determined based on inputs such as contractual agreements, current and projected operating performance, rounds of financing and third-party transactions, discounted cash flow analysis and market-based information, including comparable company transactions, trading multiples and changes in market outlook, among other factors.

Although the Group believes that its estimate of fair value is appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

There is no sensitivity analysis prepared as the Group's exposure to the effect on fair value changes for 2015 and 2016 is insignificant.

37 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

Determination of fair value

Fair values have been determined for measurement and disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investment properties

For investment properties located in Singapore, the fair values are substantially 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 values of investment properties located overseas and certain investment properties in Singapore are determined by independent licensed appraisers who have appropriate recognised professional qualifications and recent experience in the location and category of the investment properties being valued. Fair values are determined having regard to recent market transactions for similar properties in the same locations.

Investments in equity investments

The fair values of quoted investments that are classified as available for sale and held for trading are their quoted bid prices at the reporting date.

The fair values of unquoted equity investments available for sale (except as described below) are estimated using valuation techniques that incorporate assumptions that are not evidenced by prices from observable current market transactions. Instead, they are based on unobservable inputs reflecting assumptions about the way assets would be priced.

The fair values of certain unquoted available-for-sale equity investments which are stated at cost, have not been determined as the fair value cannot be determined reliably given that the variability in the range of fair value estimates derived from valuation techniques is expected to be significant.

Investments in debt instruments and other financial asset

The fair values of debt instruments and other financial asset are calculated based on the present value of future principal and interest cash flow, discounted at the market rate of interest at the reporting date.

Amounts owing by and to subsidiaries, associates and joint ventures

The fair values of amounts owing by and to subsidiaries, associates and joint ventures are estimated as the present value of future cash flows, discounted at market interest rates.

37 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

Determination of fair value (cont'd)

Non-derivative financial assets and liabilities

The fair values of borrowings which reprice after six months and other non-derivative financial assets and liabilities, determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar agreements.

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables, and interest-bearing borrowings) or those which reprice within six months are assumed to approximate their fair values because of the short period to maturity or repricing. All other financial assets and liabilities are discounted to determine their fair values.

Financial derivatives

The fair values of forward foreign exchange contracts are based on banks' quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

38 OPERATING SEGMENTS

Information reported to the Board of Directors for the purposes of resource allocation and assessment of segment performances is specifically focused on the functionality of services provided. The following summary describes the operations in each of the Group's reportable segments:

- Property development – *develops and purchases properties for sale*
- Hotel operations – *owns and manages hotels*
- Rental properties – *develops and purchases investment properties for lease*
- Others – *comprises mainly investment in shares, management and consultancy services, and provision of laundry services. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2016 and 2015*.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

38 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2016					
Total revenue (including inter-segment revenue)	1,744,706	1,647,070	452,511	176,375	4,020,662
Inter-segment revenue	–	(13,365)	(85,625)	(16,219)	(115,209)
External revenue	1,744,706	1,633,705*	366,886	160,156	3,905,453

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

	2016 $'000
United States	514,891
Europe	392,156
Singapore	241,325
Rest of Asia	382,759
New Zealand	102,574
	1,633,705

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2016					
Profit from operating activities	459,745	159,526	226,817	77,537	923,625
Share of after-tax profit/(loss) of associates and joint ventures	89,610	(22,117)	7,868	(4,861)	70,500
Finance income	30,705	6,094	4,660	2,040	43,499
Finance costs	(60,355)	(27,751)	(32,086)	(3,443)	(123,635)
Net finance costs	(29,650)	(21,657)	(27,426)	(1,403)	(80,136)
Reportable segment profit before tax	519,705	115,752*	207,259	71,273	913,989

* Hotel operations for 2016 comprise revenue and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) attributable to hotel rooms owned by the Group amounting to $1,089.1 million (2015: $1,146.4 million) and $279.6 million (2015: $297.9 million) respectively.

38 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2016					
Depreciation and amortisation	865	126,815	88,855	5,348	221,883
Other material non-cash items					
Impairment losses made on property, plant and equipment	–	(38,340)	–	–	(38,340)
Impairment loss made on lease premium prepayment	–	(478)	–	–	(478)
Impairment losses made on amounts owing by joint ventures	–	(973)	–	(786)	(1,759)
Allowance written back for foreseeable losses on development properties	5,744	–	–	–	5,744
Gain on loss of control in/liquidation of subsidiaries (net)	27,026	2,288	69,220	50,064	148,598
Investments in associates and joint ventures	681,039	399,720	262,705	118,048	1,461,512
Other segment assets	8,757,241	5,070,875	3,940,248	531,386	18,299,750
Reportable segment assets	9,438,280	5,470,595	4,202,953	649,434	19,761,262
Tax recoverable					10
Deferred tax assets					36,150
Total assets					19,797,422
Reportable segment liabilities	4,401,994	1,465,558	1,934,338	64,206	7,866,096
Deferred tax liabilities					271,013
Provision for taxation					251,629
Total liabilities					8,388,738
Additions to non-current assets*	49,192	198,558	57,360	28,722	333,832

* Non-current assets include property, plant and equipment, investment properties, lease premium prepayment, investments in associates and joint ventures, and intangible assets.

38 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2015					
Total revenue (including inter-segment revenue)	1,037,095	1,710,963	491,817	183,210	3,423,085
Inter-segment revenue	–	(12,835)	(86,364)	(19,778)	(118,977)
External revenue	1,037,095	1,698,128	405,453	163,432	3,304,108

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

	2015 $'000
United States	541,420
Europe	424,125
Singapore	256,807
Rest of Asia	392,680
New Zealand	83,096
	1,698,128

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2015					
Profit from operating activities	253,960	199,594	491,092	6,041	950,687
Share of after-tax profit/(loss) of associates and joint ventures	109,084	(8,193)	(536)	6,530	106,885
Finance income	40,108	7,472	3,224	2,621	53,425
Finance costs	(47,304)	(27,937)	(33,578)	(16,803)	(125,622)
Net finance costs	(7,196)	(20,465)	(30,354)	(14,182)	(72,197)
Reportable segment profit/(loss) before tax	355,848	170,936	460,202	(1,611)	985,375

38 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2015					
Depreciation and amortisation	949	112,423	96,656	4,640	214,668
Other material non-cash items					
Impairment losses made on property, plant and equipment (net)	–	(73,423)	–	–	(73,423)
Impairment loss made on lease premium prepayment	–	(165)	–	–	(165)
Impairment losses reversed on amounts owing by joint ventures	–	2,173	–	534	2,707
Allowance for foreseeable losses on development properties	(9,678)	–	–	–	(9,678)
Investments in associates and joint ventures	657,256	320,094	218,315	110,930	1,306,595
Other segment assets	9,332,607	5,090,849	4,136,954	418,200	18,978,610
Reportable segment assets	9,989,863	5,410,943	4,355,269	529,130	20,285,205
Tax recoverable					491
Deferred tax assets					32,834
Total assets					20,318,530
Reportable segment liabilities	4,864,447	1,432,891	2,080,501	193,347	8,571,186
Deferred tax liabilities					274,998
Provision for taxation					259,331
Total liabilities					9,105,515
Additions to non-current assets*	14,769	240,458	70,013	6,436	331,676

* Non-current assets include property, plant and equipment, investment properties, lease premium prepayment, investments in associates and joint ventures, and intangible assets.

38 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

Geographical segments

The property development, hotel operations and rental properties segments are managed on a worldwide basis.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Singapore $'000	United States $'000	United Kingdom $'000	China $'000	Other countries $'000	Total $'000
2016						
Revenue	1,893,885	528,023	379,960	429,598	673,987	3,905,453
Non-current assets*	3,457,013	1,657,792	1,062,771	517,079	2,365,092	9,059,747
Reportable segment assets	10,772,046	1,785,913	1,905,643	1,836,344	3,461,316	19,761,262
2015						
Revenue	1,639,965	558,029	408,036	51,486	646,592	3,304,108
Non-current assets*	3,437,667	1,595,639	1,230,078	527,852	2,400,279	9,191,515
Reportable segment assets	11,198,898	1,761,844	2,194,020	1,727,911	3,402,532	20,285,205

* Include property, plant and equipment, investment properties, lease premium prepayment, investments in associates and joint ventures, and intangible assets.

39 NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, the Group is assessing the transition options and the potential impact on its financial statements, and to implement these standards. Management provides updates to the Board of Directors on the progress of implementing these standards. The Group does not plan to adopt these standards early.

Applicable to 2018 financial statements

New standards Summary of the requirements	**Potential impact on the financial statements**
FRS 115 ***Revenue from Contracts with Customers***	
FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 Revenue – *Barter Transactions Involving Advertising Services*. FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.	During 2016, the Group completed its initial assessment of the impact on the Group's financial statements. Based on its initial assessment, the Group does not expect significant changes to the basis of revenue recognition for its development projects and hotel operations. Significant financing component – there could be deemed financing component arising from the sale of development projects in China due to cash received in advance from the buyers prior to the handing over of the units. Any deemed interest cost would be capitalised as part of the development costs and recognised as cost of sales when the units are handed over to the buyers. Transition – The Group plans to adopt the standard when it becomes effective in 2018 with restatement of comparative information, and is gathering data to quantify the potential impact arising from the adoption.

39 NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED (CONT'D)

Applicable to 2018 financial statements (cont'd)

New standards Summary of the requirements	**Potential impact on the financial statements**
FRS 109 ***Financial Instruments***	
FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.	During 2016, the Group completed its initial assessment of the impact on the Group's financial statements. Overall, the Group does not expect a significant change to the measurement basis arising from the adoption of the new classification and measurement requirements under FRS 109. Loans and receivables currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109. For financial assets currently held at fair value, the Group expects to continue measuring most of these assets at fair value under FRS 109. Impairment – The Group considers the provisioning policies under the incurred loss model to be conservative. The Group will be performing a detailed analysis of its credit exposures to determine the impairment loss allowance required under the new standard. Measurement of unquoted equity securities – The Group's unquoted equity securities that are currently measured at cost will need to be fair valued, as the cost exemption is no longer allowed under FRS 109. As at 31 December 2016, the carrying amount of these unquoted equity securities amounts to $38.7 million. Transition – The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information, and is gathering data to quantify the potential impact arising from the adoption.

39 NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED (CONT'D)

Applicable to 2018 financial statements (cont'd)

Convergence with International Financial Reporting Standards (IFRS)

The Group is adopting the IFRS-identical Financial Reporting Standards (SG-IFRS) in 2018.

The Group has performed a preliminary assessment of the impact of SG-IFRS 1 *First-time adoption of International Financial Reporting Standards* for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 *Revenue from Contracts with Customers* and SG-IFRS 9 *Financial Instruments* will be similar to adopting FRS 115 and FRS 109 as described in this note. In addition, the Group expects to make use of the exemption on cumulative translation differences to deem the cumulative foreign exchange differences to be zero at the date of transition and reclassify any amounts recognised under FRS to accumulated profits. As at 31 December 2016, the cumulative foreign currency translation reserve amounts to $478.9 million.

The Group is currently performing an analysis of the available transitional option exemptions under SG-IFRS and the preliminary assessment may be subject to changes arising from the detailed analyses.

Applicable to 2019 financial statements

New standards Summary of the requirements	**Potential impact on the financial statements**
FRS 116 *Leases*	
FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models, respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*; INT FRS 15 *Operating Leases — Incentives*; and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.	The Group has commenced its assessment of the impact of FRS 116 on its financial statements. There are several existing non-cancellable operating lease agreements in which the Group is a lessee. Overall, the Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. Such operating lease commitments amount to approximately $414.2 million as at 31 December 2016 (note 32). The Group plans to adopt the standard when it becomes effective in 2019. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients in 2017. The Group expects that the impact on adoption of IFRS 16 *Leases* to be similar to adopting SG-FRS 116, after the transition to SG-IFRS in 2018 as described above.

40 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES

The following are the Group's significant investments in subsidiaries:

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
	Direct/Indirect Subsidiaries of the Company				
*	Allinvest Holding Pte Ltd	Property owner and investment holding	Singapore	**100**	100
*	Aston Properties Pte Ltd	Property owner, developer and investment holding	Singapore	**100**	100
^	Adelais Properties Limited	Property owner	Jersey	**100**	100
^	Beaumont Properties Limited	Property owner	Jersey	**100**	100
*	Bloomsville Investments Pte Ltd	Property owner, developer and investment holding	Singapore	**100**	100
*	Canvey Developments Pte. Ltd.	Property owner and developer	Singapore	**70**	70
*	CBM Pte. Ltd.	Provision of building maintenance, security, cleaning and related services to commercial and residential buildings	Singapore	**100**	100
*	CBM Parking Pte. Ltd.	Provision of car park operation, management, civil, construction and electrical works related to parking systems and related services	Singapore	**100**	100
*	CBM International Pte. Ltd.	Investment holding and provision of building maintenance, security, cleaning and related services to commercial and residential buildings	Singapore	**100**	100
**	CBM Qatar LLC	Provision of facilities management services	State of Qatar	**–**	49#
*	CBM Security Pte. Ltd.	Provision of security services, consultancy services related to security matters, supply of equipment, security escort services and facilities management services	Singapore	**100**	100
*	CBM Solutions Pte. Ltd.	Advisors, consultants and service providers	Singapore	**100**	100
**	CBM (Taiwan) Co., Ltd.	Carpark management services	Taiwan	**100**	100
**	CDL China (Shanghai) Consulting Co., Ltd.	Provision of consultancy services	People's Republic of China	**100**	100
*	CDL Land Pte Ltd	Property owner and developer	Singapore	**100**	100

40 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
	Direct/Indirect Subsidiaries of the Company (cont'd)				
*	CDL Management Services Pte. Ltd.	Provision of project and property management and consultancy services	Singapore	**100**	100
*	CDL Properties Ltd	Property owner and investment holding	Singapore	**100**	100
*	Central Mall Pte Ltd	Property owner	Singapore	**100**	100
*	Cideco Pte. Ltd.	Property owner	Singapore	**100**	100
*	City Condominiums Pte Ltd	Property owner, developer and investment holding	Singapore	**100**	100
*	City Developments Realty Limited	Investment in shares and investment holding	Singapore	**100**	100
*	City e-Solutions Limited (Note 34)	Investment holding and provision of consultancy services	Hong Kong/ Cayman Islands	**–**	53
*	City Serviced Offices Pte. Ltd.	Operating serviced offices	Singapore	**100**	100
*	City Sunshine Holdings Pte. Ltd.	Property owner and developer	Singapore	**100**	100
*	Citydev Investments Pte. Ltd.	Investment in shares and investment holding	Singapore	**100**	100
*	Citydev Nahdah Pte. Ltd.	To issue Islamic trust certificates and to act as trustee for the certificate holders	Singapore	**100**	100
*	Citydev Real Estate (Singapore) Pte Ltd	Property owner	Singapore	**100**	100
**	Chongqing Eling Property Development Co., Ltd.	Property owner and developer	People's Republic of China	**100**	100
**	Chongqing Huang Huayuan Property Development Co., Ltd.	Property owner and developer	People's Republic of China	**100**	100
*	Crescent View Developments Pte. Ltd.	Property owner and developer	Singapore	**60**	60
^	Darien Properties Investment Limited	Property owner	Jersey	**100**	100
**	Educado Company Limited	Investment holding and share dealing	Hong Kong	**100**	100
*	Ellinois Management Services Pte. Ltd.	Asset/portfolio management	Singapore	**100**	100

40 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
	Direct/Indirect Subsidiaries of the Company (cont'd)				
*	Empire City Consultant Pte Ltd	Management of properties	Singapore	**100**	100
^	eMpire Investments Limited	Investment holding	Bermuda	**100**	100
**	Exchange Tower Ltd.	Property owner and investment holding	Thailand	**–**	39#
^	Finite Properties Investment Limited	Property owner	Jersey	**100**	100
*	Glades Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	**100**	100
*	Grange 100 Pte. Ltd.	Property investment and owner	Singapore	**100**	100
*	Guan Realty (Private) Limited	Property owner and developer	Singapore	**100**	100
*	Hong Leong Properties Pte. Limited	Property owner	Singapore	**100**	100
**	Iconique Tokutei Mokuteki Kaisha	Asset management	Japan	**100**	–
*	Ingensys Pte. Ltd.	Systems integration activities	Singapore	**70**	70
*	Island Glades Developments Pte. Ltd.	Property owner and developer	Singapore	**70**	70
^	Jayland Properties Limited	Property owner	Jersey	**100**	100
*	Land Equity Development Pte Ltd	Property owner	Singapore	**100**	100
**	Lingo Enterprises Limited	Property holding and property investment	Singapore/ Hong Kong	**100**	100
^	Melvale Holdings Limited	Investment holding and property developer	Jersey	**100**	100
**	Millennium & Copthorne Hotels plc	Investment holding	United Kingdom	**65**	65
*	New Vista Realty Pte. Ltd.	Property owner and developer	Singapore	**100**	100
*	Novel Developments Pte. Ltd.	Property owner and developer	Singapore	**100**	100
**	Pacific Height Enterprises Company Limited	Property investment	Japan/ Hong Kong	**100**	100
**	Palmerston Holdings Sdn. Bhd.	Property owner and developer	Malaysia	**51**	51
**	Phuket Square Company Limited	Retail and hotel business	Thailand	**49#**	49#

40 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
	Direct/Indirect Subsidiaries of the Company (cont'd)				
^	Pinenorth Properties Limited	Property owner	Jersey	**100**	100
^	Reach Across International Limited	Investment holding	British Virgin Islands	**100**	100
*	Redvale Investments Pte. Ltd.	Asset/portfolio management	Singapore	**100**	100
^	Reselton Properties Limited	Property owner	Jersey	**100**	100
*	Republic Plaza City Club (Singapore) Pte Ltd	Owner and operator of clubs	Singapore	**100**	100
***	Shanghai Jingwen Zhaoxiang Real Estate Limited	Property developer	People's Republic of China	**100**	100
*	Singapura Developments (Private) Limited	Property owner, developer and investment holding	Singapore	**100**	100
*	Sparkland Holdings Pte. Ltd.	Property developer	Singapore	**70**	70
*	Sunshine Plaza Pte Ltd	Property owner, developer and investment holding	Singapore	**100**	100
**	Suzhou Global City Genway Properties Co., Ltd.	Property owner and developer	People's Republic of China	**100**	70
*	Systematic Laundry & Healthcare Services Pte. Ltd.	Laundry and dry cleaning services, washing and other cleaning preparations	Singapore	**70**	70
*	Systematic Laundry & Uniform Services Pte. Ltd.	Laundry and dry cleaning services	Singapore	**70**	70
**	Tempus Platinum Investments Tokutei Mokuteki Kaisha	Property owner and developer	Japan	**95**	95
*	Trentwell Management Pte. Ltd.	Asset management and consultancy services	Singapore	**100**	–
*	Verspring Properties Pte. Ltd.	Property owner and developer	Singapore	**100**	100
*	White Haven Properties Pte. Ltd.	Property owner and developer	Singapore	**100**	100
^	Wideachieve Holdings Limited	Investment holding	British Virgin Islands	**100**	100

40 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2016 %	2015 %
	Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels plc				
**	Anchorage-Lakefront Limited Partnership	Hotel owner	USA	**65**	65
^	Archyield Limited	Hotel owner and operator	United Kingdom	**65**	65
**	Avon Wynfield LLC	Hotel owner	USA	**65**	65
**	Beijing Fortune Hotel Co., Ltd.	Hotel owner and operator	People's Republic of China	**46**	46
**	Bostonian Hotel Limited Partnership	Hotel owner	USA	**65**	65
**	Buffalo RHM Operating LLC	Hotel owner	USA	**65**	65
*	CDL Hospitality Trusts	See ## below	Singapore	**24**	24
**	CDL (New York) LLC	Hotel owner	USA	**65**	65
^	CDL Hotels (Chelsea) Limited	Hotel owner and operator	United Kingdom	**65**	65
**	CDL Hotels (Korea) Ltd.	Hotel owner and operator	Republic of Korea	**65**	65
**	CDL Hotels (Malaysia) Sdn. Bhd.	Hotel owner and operator	Malaysia	**65**	65
^	CDL Hotels (UK) Limited	Hotel owner and operator	United Kingdom	**65**	65
**	CDL Hotels USA, Inc.	Hotel investment holding company	USA	**65**	65
**	CDL Investments New Zealand Limited	Investment and property management company	New Zealand	**33**	33
**	CDL West 45th Street LLC	Hotel owner	USA	**65**	65
**	Chicago Hotel Holdings, Inc.	Hotel ownership	USA	**65**	65
**	Cincinnati S.I. Co.	Hotel owner	USA	**65**	65
*	City Hotels Pte. Ltd.	Hotel operator and investment holding company	Singapore	**65**	65
**	Copthorne Aberdeen Limited	Hotel management	United Kingdom	**54**	54
^	Copthorne Hotel (Birmingham) Limited	Hotel owner and operator	United Kingdom	**65**	65
^	Copthorne Hotel (Cardiff) Limited	Hotel owner and operator	United Kingdom	**65**	65

40 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2016 %	2015 %
	Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels plc (cont'd)				
^	Copthorne Hotel (Effingham Park) Limited	Hotel owner and operator	United Kingdom	**65**	65
^	Copthorne Hotel (Gatwick) Limited	Hotel owner and operator	United Kingdom	**65**	65
^	Copthorne Hotel (Manchester) Limited	Hotel owner and operator	United Kingdom	**65**	65
^	Copthorne Hotel (Merry Hill) Limited	Hotel owner and operator	United Kingdom	**65**	65
**	Copthorne Hotel (Newcastle) Limited	Hotel owner and operator	United Kingdom	**62**	62
^	Copthorne Hotel (Plymouth) Limited	Hotel owner and operator	United Kingdom	**65**	65
^	Copthorne Hotel (Slough) Limited	Hotel owner and operator	United Kingdom	**65**	65
**	Copthorne Hotel Holdings Limited	Investment holding company	United Kingdom	**65**	65
**	Copthorne Hotels Limited	Hotel investment holding company	United Kingdom	**65**	65
**	Copthorne Orchid Penang Sdn. Bhd.	Hotel owner	Malaysia	**65**	65
**	Durham Operating Partnership L.P.	Hotel ownership	USA	**65**	65
**	Gateway Regal Holdings LLC	Hotel owner and operator	USA	**65**	65
**	Grand Plaza Hotel Corporation	Hotel owner and operator and investment holding company	Philippines	**43**	43
*	Harbour View Hotel Pte Ltd	Hotel operator	Singapore	**65**	65
**	Hong Leong Ginza TMK	Property owner	Japan	**76**	76
**	Hong Leong Hotel Development Limited	Hotel owner and operator	Taiwan	**54**	54
*	Hospitality Holdings Pte. Ltd.	Investment holding company	Singapore	**65**	65
^	Hotel Liverpool Limited	Property letting	United Kingdom	**65**	65
^	Hotel Liverpool Management Limited	Operating company	United Kingdom	**65**	65

40 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
	Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels plc (cont'd)				
*	King's Tanglin Shopping Pte. Ltd.	Property owner	Singapore	**65**	65
**	Lakeside Operating Partnership L.P.	Hotel ownership	USA	**65**	65
^	London Britannia Hotel Limited	Hotel owner and operator	United Kingdom	**65**	65
^	London Tara Hotel Limited	Hotel owner and operator	United Kingdom	**65**	65
**	M&C Crescent Interests, LLC	Property owner	USA	**65**	65
**	M&C Hotel Interests, Inc.	Hotel management services company	USA	**65**	65
**	M&C Hotels France SAS	Hotel owner	France	**65**	65
**	M&C New York (Times Square) EAT II LLC	Hotel owner	USA	**65**	65
**	M&C New York (Times Square), LLC	Investment holding	USA	**65**	65
*	M&C REIT Management Limited	REIT investment management services	Singapore	**65**	65
**	Millennium & Copthorne Hotels New Zealand Limited	Hotel investment holding company	New Zealand	**49**	49
*	Millennium & Copthorne International Limited	Hotels and resorts management	Singapore	**65**	65
**	Millennium CDG Paris SAS	Hotel operator	France	**65**	65
**	Millennium Hotels Italy Holdings S.r.l	Hotellerie sector	Italy	**65**	65
**	Millennium Hotels Palace Management S.r.l	Hotel operator	Italy	**65**	–
**	Millennium Hotels Property S.r.l	Hotel owner and operator	Italy	**65**	65
^	Millennium Hotels (West London) Limited	Property letting	United Kingdom	**65**	65
^	Millennium Hotels (West London) Management Limited	Hotel operator	United Kingdom	**65**	65
**	Millennium Opera Paris SAS	Hotel operator	France	**65**	65
**	P.T. Millennium Sirih Jakarta Hotel	Hotel owner	Indonesia	**65**	52

40 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
	Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels plc (cont'd)				
*	Republic Hotels & Resorts Limited	Hotel operator and investment holding company	Singapore	**65**	65
*	Republic Iconic Hotel Pte. Ltd.	Hotel operator	Singapore	**65**	65
**	RHH Operating LLC	Hotel owner	USA	**65**	65
**	RHM Aurora LLC	Hotel ownership	USA	**65**	65
**	RHM Management LLC	Hotel ownership	USA	**65**	65
**	RHM Ranch LLC	Hotel owner	USA	**65**	65
**	RHM-88, LLC	Hotel owner and operator	USA	**65**	65
**	Sunnyvale Partners Ltd.	Hotel ownership	USA	**65**	65
**	Trimark Hotel Corporation	Hotel owner and operator	USA	**65**	65
**	WHB Biltmore LLC	Hotel owner and operator	USA	**65**	65

* Audited by KPMG LLP Singapore

** Audited by other member firms of KPMG International

*** Audited by Shanghai Xuan Cheng Certified Public Accountants

^ Not subject to audit by law of country of incorporation

\# The companies were considered subsidiaries of the Group as the Group was exposed to variable returns from the companies and had the ability to affect those returns through the managements' control over the financial and operating policies of the companies.

\## 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 was activated as master lessee. In addition to its function as a master lessee, HBT may also undertake certain hospitality and hospitality-related development projects, acquisition and investments which may not be suitable for H-REIT.

Although the Group owns less than half of the voting power of the investee, management has determined that the Group has control over the investee. This is because a subsidiary of the Group, M&C REIT Management Limited, acts as REIT Manager with its fees having a performance-based element, and therefore the Group has exposure to variable returns from its involvement with the investee.

41 ASSOCIATES AND JOINT VENTURES

The following are the Group's significant investments in associates and joint ventures:

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
	Associates				
	Associates of the Company				
*	Cityview Place Holdings Pte. Ltd.	Property owner and developer	Singapore	**42@**	42@
*	Centro Property Holding Pte. Ltd.	Property owner	Singapore	**80@@**	80@@
*	T-Grande Property Holding Pte. Ltd.	Property owner	Singapore	**80@@**	80@@
*	Victorian Property Holding Pte. Ltd.	Property owner	Singapore	**80@@**	80@@
	Associate of Millennium & Copthorne Hotels plc				
*	First Sponsor Group Limited	Investment holding company	Singapore/ Cayman Islands	**23**	23
	Joint Ventures				
	Joint Ventures of the Company				
*	Aster Land Development Pte Ltd	Property development and investment dealing	Singapore	**30**	30
*	Branbury Investments Ltd	Property owner	Singapore	**43**	43
**	CBM Qatar LLC	Provision of facilities management services	State of Qatar	**49**	–
**	CBM Facilities Management (Thailand) Co., Ltd.	Provision of integrated facilities management services in Thailand	Thailand	**49**	49
*	Freshview Developments Pte. Ltd.	Property owner and developer	Singapore	**50**	50
*	Granmil Holdings Pte Ltd	Property owner and developer	Singapore	**40**	40
**	Krungthep Rimnam Limited	Hotel business	Thailand	**49**	49
**	Merivale JV Pty Limited	Trustee	Australia	**33**	–
*	Mount V Development Pte. Ltd.	Real estate developer	Singapore	**30**	30
***	OOO "Soft-Project"	Hotel and property owner and developer	Russia	**50**	50
*	Richmond Hotel Pte Ltd	Property owner, developer and investment holding	Singapore	**33**	33
****	Shanghai Mamahome Co., Ltd	Operator of online apartment rental platform	People's Republic of China	**20**	–

41 ASSOCIATES AND JOINT VENTURES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2016 %	2015 %
	Joint Ventures (cont'd) **Joint Ventures of the Company (cont'd)**				
*	Serangoon Green Pte. Ltd.	Property owner and developer	Singapore	**50**	50
*	South Beach Consortium Pte. Ltd.	Property owner, developer and investment holding	Singapore	**50.1**@@@	50.1@@@
*	Tomlinson Hotel Pte. Ltd.	Hotel owner	Singapore	**33**	33
*	Tripartite Developers Pte. Limited	Property developer	Singapore	**33**	33
*	Wealthall Development Pte. Ltd.	Property developer	Singapore	**30**	30
	Joint Ventures of Millennium & Copthorne Hotels plc				
^	New Unity Holdings Limited	Investment holding company	British Virgin Islands	**33**	33
**	Fena Estate Company Limited	Investment holding company	Thailand	**33**	33

* Audited by KPMG LLP Singapore
** Audited by other member firms of KPMG International
*** Audited by BDO Unicorn Inc
**** Audited by BDO China Shu Lun Pan Certified Public Accountants LLP
^ Not subject to audit by law of country of incorporation
@ Although the Group is the legal owner of the entire equity interests in Cityview Place Holdings Pte. Ltd. (Cityview), management has determined that it does not have control over Cityview upon the sale of cash flows in Cityview. The Group has significant influence in Cityview through Sunbright Holdings Limited (Sunbright). Accordingly, Cityview is reclassified as an associate of the Group.

i. Sale and purchase agreement

On 15 December 2014, Baynes Investment Pte. Ltd. (Baynes), a wholly-owned subsidiary of the Group, entered into a conditional sale and purchase agreement (the SPA) with Sunbright, a special purpose vehicle established in the Cayman Islands, to sell the Dividends in its wholly-owned subsidiary, Cityview, for a consideration of $800.0 million. The consideration was arrived at, taking into account expected future cash flows from the Dividends and discounting them to net present value. The completion of the transaction is conditional upon certain conditions having been fulfilled including the following conditions:

(1) the successful drawdown of certain loans under two separate senior loan facilities (the Senior Loans) from two financial institutions, with an aggregate of $750.0 million to two wholly-owned subsidiaries of Sunbright; and

(2) Sunbright raising funds amounting to not less than $750.0 million from its investors (see (ii) below).

The conditions precedent were fulfilled by 22 December 2014 and the transaction was completed on that date (the Completion).

41 ASSOCIATES AND JOINT VENTURES (CONT'D)

ii. Profit participation securities

On 22 December 2014, the Group through its wholly-owned subsidiary, Astoria Holdings Limited (Astoria), subscribed for 37.5% interest in a capital instrument called profit participation securities (PPS) issued by Sunbright. The PPS has a tenor of 5 years and will expire upon final payment of the cash flows arising from the Dividends. The PPS carries a fixed payout amount (the Fixed Payout) at the rate of 5% per annum, which is payable on a semi-annual basis or, at the election of the PPS holders, payable upfront in one lump sum on the date of issue of the PPS.

Astoria, together with other investors (the Third Party Investors), (collectively, the PPS Holders), elected to receive the Fixed Payout upfront and the total Fixed Payout of $187.5 million was offset against the consideration payable by the PPS holders for the subscription of the PPS.

The Group will receive from Sunbright the cash flows purchased from Baynes (after satisfying certain senior ranking liabilities, including capital contributions from the Third Party Investors) in accordance with a pre-agreed order of priority as set out in the terms of the PPS.

iii. Investment Committees

On 22 December 2014, the Group entered into an Investors' Agreement with the Third Party Investors and Sunbright. Under the Investors' Agreement, the management of the affairs of Sunbright and its subsidiaries are delegated to the Investment Committees where the Group has the right to appoint 5 out of 12 members. Taken as a whole, the Group does not have power over the relevant activities of Cityview.

The Group has also determined that it has significant influence over Sunbright because of its representation on the Investment Committees. Accordingly, Sunbright is considered an associate of the Group.

iv. Repayment of shareholder's loan

As part of the transaction, the subsidiaries of Sunbright had drawn down on the Senior Loan Facility and subsequently extended loans amounting to $700.0 million to Cityview. The loans were used by Cityview to repay an existing shareholder's loan of $700.0 million to the Group on 22 December 2014.

The Group has significant influence in Cityview through Sunbright. Accordingly, Cityview is reclassified as an associate of the Group.

41 ASSOCIATES AND JOINT VENTURES (CONT'D)

@@ These companies are indirect wholly-owned subsidiaries of Golden Crest Holdings Pte. Ltd. (Golden Crest). On 15 December 2015, the Group entered into an agreement with a third party investor to create a joint office investment platform through Golden Crest, a special purpose vehicle incorporated to enter into sale and purchase agreements for the acquisition of the leasehold interests in three investment properties (the Properties) from the Group. The transaction was completed on 22 December 2015. Golden Crest financed the acquisition of the Properties partly through the issuance of equity shares to the Group and the third party investor and partly through a five-year loan obtained from In-V Asset Holding Pte. Ltd. (In-V), a financing vehicle. In-V issued $332.5 million in aggregate value of junior fixed rate bonds, which carries a fixed rate of 5% per annum for a period of five years, to the Group and the third party investor. The Group and the third party investor co-financed the acquisition of the Properties in the ratio of 40:60. The remaining financing for the acquisition is funded through senior loan facilities of an aggregate value of $750.1 million from two financial institutions.

Further, under the shareholders' agreement entered, the payouts shall be in accordance with a distribution waterfall such that when the assets are divested, the first priority will be to repay the senior loans, followed by repaying the third party investor's $200.2 million capital, then a preferred return to the third party investor amounting to a total internal rate of return of up to 12.6% per annum (inclusive of the 5% annual coupon payment). The Group will then be repaid its $133.3 million capital investment. Thereafter, whatever cash flows remain will be split between the Group and third party investor in the proportion of 60:40 respectively.

Although the Group owns 80% of the ordinary shares in the share capital of Golden Crest, it does not have control over Golden Crest and its subsidiaries (collectively Golden Crest Group). The management of the affairs of Golden Crest Group is delegated to the board of directors of Golden Crest. In accordance with the Shareholders' Agreement entered among the Group, Golden Crest and the third party investor, the Group has the right to appoint 2 out of 5 directors. Accordingly, Golden Crest Group is classified as an associate of the Group.

@@@ Although the Group holds more than 50% ownership interest in South Beach Consortium Pte. Ltd. (South Beach), pursuant to a contractual agreement between the Group and its joint venture partner in South Beach, joint control is exercised by both parties over the activities of South Beach. Accordingly, South Beach is classified as a joint venture of the Group.

The Group does not consider the above associates and joint ventures to be individually material to the Group under the context of FRS 112 *Disclosure of Interests in Other Entities*.

42 NON-CONTROLLING INTERESTS

The following subsidiary has material non-controlling interests.

Name	Principal place of business/Country of incorporation	Ownership interests held by non-controlling interests 2016 %	2015 %
Millennium & Copthorne Hotels plc (M&C)	United Kingdom	**35**	35

The following summarises the consolidated financial results and financial position of M&C, its subsidiaries and its interests in associates and joint ventures, prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The financial information presented below represents the amounts before any inter-company eliminations with other companies in the Group.

	2016 $'000	2015 $'000
Revenue	**1,740,908**	1,779,409
Profit after tax	**202,401**	208,113
Other comprehensive income	**(121,496)**	55,449
Total comprehensive income	**80,905**	263,562
Attributable to non-controlling interests:		
– Profit	**100,123**	107,846
– Total comprehensive income	**97,644**	159,510
Non-current assets	**5,747,298**	5,847,814
Current assets	**947,262**	845,176
Non-current liabilities	**(1,926,698)**	(1,663,617)
Current liabilities	**(611,358)**	(840,005)
Net assets	**4,156,504**	4,189,368
Net assets attributable to non-controlling interests	**2,146,475**	2,211,307
Cash flows from operating activities	**319,447**	371,789
Cash flows used in investing activities	**(180,394)**	(296,171)
Cash flows used in financing activities[1]	**(45,098)**	(365,487)
Net increase/(decrease) in cash and cash equivalents	**93,955**	(289,869)

1 Included in cash flows used in financing activities was dividend paid to non-controlling interests of $78,939,000 (2015: $109,922,000).

STATISTICS OF ORDINARY SHAREHOLDINGS

AS AT 28 FEBRUARY 2017

Class of Shares	:	Ordinary Shares
No. of Ordinary Shares issued	:	909,301,330
No. of Ordinary Shareholders	:	11,725
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 – 99	259	2.21	8,581	0.00
100 – 1,000	4,754	40.54	3,874,681	0.43
1,001 – 10,000	5,821	49.65	20,537,610	2.26
10,001 – 1,000,000	864	7.37	31,924,786	3.51
1,000,001 and above	27	0.23	852,955,672	93.80
	11,725	100.00	909,301,330	100.00

Based on information available to the Company as at 28 February 2017, approximately 38.47% of the issued ordinary shares of the Company is held by the public, and accordingly, Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited has been complied with.

MAJOR ORDINARY SHAREHOLDERS LIST – Top 20 as at 28 February 2017

No.	Name	No. of Ordinary Shares Held	%*
1	Hong Leong Holdings Limited	148,787,477	16.36
2	Citibank Nominees Singapore Pte Ltd	138,976,147	15.28
3	Hong Leong Investment Holdings Pte. Ltd.	138,169,335	15.20
4	DBS Nominees Pte Ltd	77,366,972	8.51
5	DBSN Services Pte Ltd	54,205,932	5.96
6	BNP Paribas Securities Services	51,330,974	5.65
7	HSBC (Singapore) Nominees Pte Ltd	38,097,438	4.19
8	Hong Realty (Private) Limited	29,088,799	3.20
9	Euroform (S) Pte. Limited	19,603,045	2.16
10	Raffles Nominees (Pte) Ltd	19,492,044	2.14
11	United Overseas Bank Nominees Pte Ltd	18,719,985	2.06
12	Hong Leong Corporation Holdings Pte Ltd	18,584,760	2.04
13	SGI Investment Holdings Pte Ltd	15,752,414	1.73
14	NIN Investment Holdings Pte Ltd	15,161,490	1.67
15	Garden Estates (Pte.) Limited	14,152,365	1.56
16	Daiwa (Malaya) Private Limited	9,469,000	1.04
17	Gordon Properties Pte. Limited	9,304,616	1.02
18	UOB Nominees (2006) Pte Ltd	6,382,060	0.70
19	Interfab Private Limited	5,648,781	0.62
20	Hotel Holdings (Private) Ltd	5,123,000	0.56
	TOTAL	**833,416,634**	**91.65**

* The percentage of Ordinary Shares held is based on the total number of issued Ordinary Shares of the Company as at 28 February 2017.

STATISTICS OF ORDINARY SHAREHOLDINGS

AS AT 28 FEBRUARY 2017

SUBSTANTIAL SHAREHOLDERS
(As shown in the Register of Substantial Shareholders as at 28 February 2017)

	No. of Ordinary Shares in which they have interest			
	Direct Interest	**Deemed Interest**	**Total**	**%***
Hong Realty (Private) Limited	32,088,799	30,488,981 [1]	62,577,780	6.882
Hong Leong Holdings Limited	148,787,477	19,546,445 [2]	168,333,922	18.512
Hong Leong Investment Holdings Pte. Ltd.	140,169,335	300,146,809 [3]	440,316,144	48.424
Davos Investment Holdings Private Limited	–	440,316,144 [4]	440,316,144	48.424
Kwek Holdings Pte Ltd	–	440,316,144 [4]	440,316,144	48.424
Aberdeen Asset Managers Limited	–	53,834,709 [5]	53,834,709	5.920
Aberdeen Asset Management Asia Limited	–	90,768,071 [5]	90,768,071	9.982
Aberdeen Asset Management PLC	–	118,017,366 [5]	118,017,366	12.979

* The percentage of Ordinary Shares held is based on the total number of issued Ordinary Shares of the Company as at 28 February 2017.

Notes:

(1) Hong Realty (Private) Limited ("HR") is deemed under Section 4 of the Securities and Futures Act, Chapter 289 of Singapore ("SFA") to have an interest in the 30,488,981 Ordinary Shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(2) Hong Leong Holdings Limited ("HLH") is deemed under Section 4 of the SFA to have an interest in the 19,546,445 Ordinary Shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(3) Hong Leong Investment Holdings Pte. Ltd. ("HLIH") is deemed under Section 4 of the SFA to have an interest in the 300,146,809 Ordinary Shares held directly and/or indirectly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof which includes (i) the 62,577,780 Ordinary Shares held directly and indirectly by HR; and (ii) the 168,333,922 Ordinary Shares held directly and indirectly by HLH, out of which 9,304,616 Ordinary Shares have been identified as Ordinary Shares in which HR is also deemed to have an interest in under note [1] above.

(4) Davos Investment Holdings Private Limited and Kwek Holdings Pte Ltd are deemed under Section 4 of the SFA to have an interest in the 440,316,144 Ordinary Shares held directly and/or indirectly by HLIH in which they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(5) The deemed interests of Aberdeen Asset Managers Limited ("AAML"), Aberdeen Asset Management Asia Limited ("AAMAL") and Aberdeen Asset Management PLC ("Aberdeen") relate to Ordinary Shares held by various accounts managed or advised by AAML, AAMAL and Aberdeen.

STATISTICS OF PREFERENCE SHAREHOLDINGS

AS AT 28 FEBRUARY 2017

Class of Shares	:	Non-Redeemable Convertible Non-Cumulative Preference Shares ("Preference Shares")
No. of Preference Shares issued	:	330,874,257
No. of Preference Shareholders	:	2,531
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 six months, such right to attend and vote shall continue until such Preference Dividend (or any part thereof) in arrears and unpaid has been paid in full;

(b) If the resolution in question varies the rights attached to the Preference Shares; or

(c) If the resolution in question is for the winding up of the Company.

Range of Preference Shareholdings	No. of Preference Shareholders	%	No. of Preference Shares	%
1 – 99	26	1.03	1,309	0.00
100 – 1,000	961	37.97	772,691	0.23
1,001 – 10,000	1,138	44.96	4,479,696	1.35
10,001 – 1,000,000	391	15.45	31,909,962	9.65
1,000,001 and above	15	0.59	293,710,599	88.77
	2,531	100.00	330,874,257	100.00

MAJOR PREFERENCE SHAREHOLDERS LIST – Top 20 as at 28 February 2017

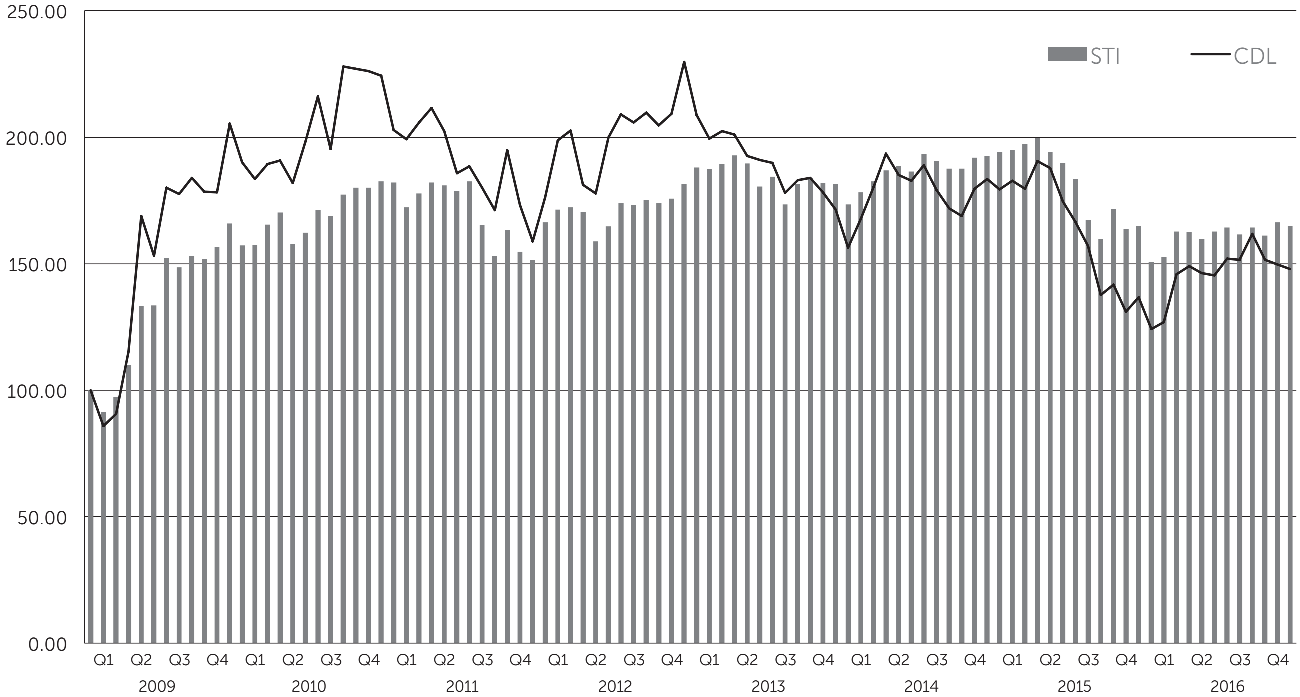
No.	Name	No. of Preference Shares Held	%*
1	Raffles Nominees (Pte) Ltd	97,676,981	29.52
2	Mandai Properties Pte Ltd	64,931,000	19.62
3	Citibank Nominees Singapore Pte Ltd	44,899,904	13.57
4	Aster Land Development Pte Ltd	26,913,086	8.13
5	CIMB Securities (Singapore) Pte Ltd	25,001,746	7.56
6	Fairmount Development Pte Ltd	7,000,000	2.12
7	HSBC (Singapore) Nominees Pte Ltd	5,440,297	1.65
8	Guan Hong Plantation Private Limited	5,000,000	1.51
9	DBS Nominees Pte Ltd	3,653,316	1.10
10	Hong Leong Foundation	3,564,038	1.08
11	Upnorth Development Pte. Ltd.	3,000,000	0.91
12	Interfab Private Limited	2,054,102	0.62
13	Hong Leong Finance Nominees Pte Ltd	2,024,000	0.61
14	Freddie Tan Poh Chye	1,370,000	0.41
15	United Overseas Bank Nominees Pte Ltd	1,182,129	0.36
16	Sun Yuan Overseas Pte Ltd	972,000	0.29
17	Wong Seow Choon George	953,000	0.29
18	Morgan Stanley Asia (Singapore) Securities Pte Ltd	945,386	0.29
19	Chu Fung @ Mary Chu	661,000	0.20
20	Sloane Court Hotel Pte Ltd	606,000	0.18
	TOTAL	**297,847,985**	**90.02**

* The percentage of Preference Shares held is based on the total number of Preference Shares of the Company as at 28 February 2017.

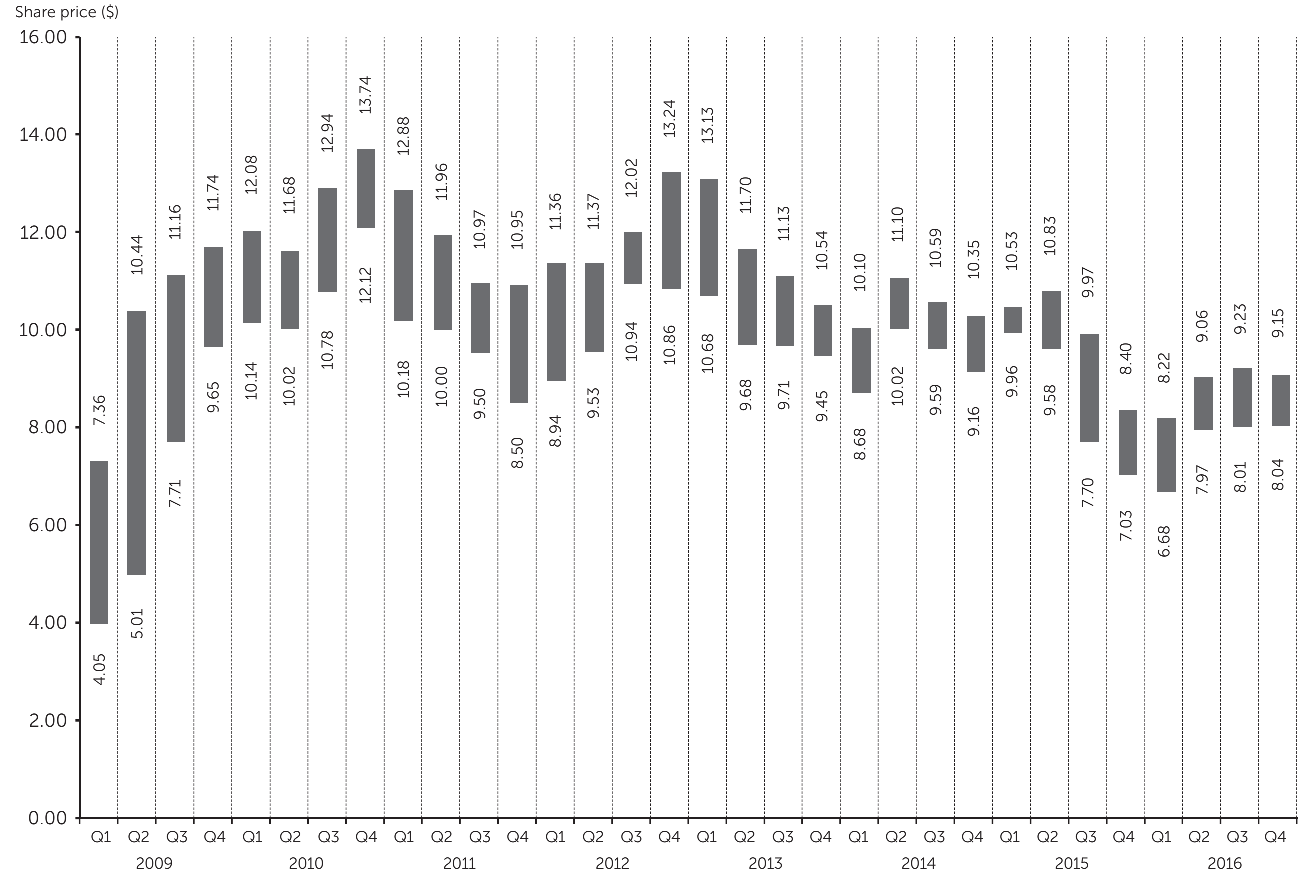
SHARE TRANSACTION STATISTICS

8-YEAR SHARE PRICE PERFORMANCE

NORMALISED VALUES



8-YEAR SHARE PRICE HIGH-LOW BY QUARTER



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Fourth Annual General Meeting (the "Meeting") of City Developments Limited (the "Company") will be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Tuesday, 25 April 2017 at 3.00 p.m. for the following purposes:

(A) ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 31 December ("FY") 2016 and the Auditors' Report thereon.

2. To declare a final one-tier tax-exempt ordinary dividend of 8.0 cents per ordinary share ("Final Ordinary Dividend") and a special final one-tier tax-exempt ordinary dividend of 4.0 cents per ordinary share ("Special Final Ordinary Dividend") for FY 2016.

3. To approve Directors' Fees of $546,787.00 for FY 2016 (FY 2015: $601,958.00) and Audit & Risk Committee ("ARC") Fees comprising $35,000.00 payable to the ARC chairman and $27,500.00 payable to each ARC member for the period from 1 July 2017 to 31 December 2017 (period from 1 July 2016 to 30 June 2017: $70,000.00 per annum for the ARC chairman and $55,000.00 per annum for each ARC member), with payment of the ARC Fees to be made quarterly in arrears at the end of each calendar quarter.

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

   (a) Mr Philip Yeo Liat Kok
   (b) Mr Tan Poay Seng
   (c) Ms Tan Yee Peng
   (d) Mr Koh Thiam Hock

5. To re-appoint KPMG LLP as Auditors and to authorise the Directors to fix their remuneration.

(B) SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without any modifications, the following resolutions as Ordinary Resolutions:

6. That authority be and is hereby given to the Directors to:

   (a) (i) issue ordinary shares of the Company whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require ordinary shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into ordinary shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

   (b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue ordinary shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution was in force, provided that:

(1) the aggregate number of ordinary shares to be issued pursuant to this Ordinary Resolution (including ordinary shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding ordinary shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 50% of the total number of issued ordinary shares, excluding treasury shares, of the Company (as calculated in accordance with paragraph (2) of this Ordinary Resolution), of which the aggregate number of ordinary shares to be issued other than on a *pro rata* basis to shareholders of the Company (including ordinary shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding ordinary shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 10% of the total number of issued ordinary shares, excluding treasury shares, of the Company (as calculated in accordance with paragraph (2) of this Ordinary Resolution);

(2) (subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of ordinary shares that may be issued under paragraph (1) of this Ordinary Resolution, the percentage of issued ordinary shares, excluding treasury shares, shall be based on the total number of issued ordinary shares, excluding treasury shares, of the Company at the time this Ordinary Resolution is passed, after adjusting for:

(i) new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of ordinary shares;

(3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company ("AGM") or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

7. That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (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") 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 SGX-ST; and/or

(ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on 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 scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws, regulations and rules of 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 Ordinary Resolution and expiring on the earliest of:

(i) the date on which the next AGM of the Company is held or required by law to be held;

(ii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked in general meeting; or

(iii) the date on which the purchases or acquisitions of Ordinary Shares and/or Preference Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Ordinary 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 Ordinary Resolution (excluding any Ordinary Shares held as treasury shares as at that date), 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 Ordinary Resolution; and

"Maximum Price" in relation to an Ordinary Share or a Preference Share to be purchased or acquired (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 SGX-ST, on which transactions in the Ordinary Shares or Preference Shares (as the case may be) 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 a Preference Share (as the case may be) transacted on SGX-ST as shown in any publication of SGX-ST or other sources;

"Highest Last Dealt Price" means the highest price transacted for an Ordinary Share or a Preference Share (as the case may be) as recorded on SGX-ST on the Market Day on which there were trades in the Ordinary Shares or Preference Shares (as the case may be) 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 (as the case may be), 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 (as the case may be), and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"Market Day" means a day on which SGX-ST is open for trading in securities; and

(d) the Directors of the Company 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 Ordinary Resolution.

8. (a) That approval be and is hereby given for the purpose of Chapter 9 of the Listing Manual of SGX-ST, for the Company, its subsidiaries and its associated companies that are not listed on SGX-ST, or an approved exchange, over which the Company, its subsidiaries and/or its interested person(s), have control, or any of them, to enter into any of the transactions falling within the category of Interested Person Transactions, particulars of which are set out in the Company's Circular to Shareholders dated 28 April 2003 (the "Circular") with any party who is of the class or classes of Interested Persons described in the Circular, provided that such transactions are entered into in accordance with the review procedures for Interested Person Transactions as set out in the Circular, and that such approval (the "IPT Mandate"), shall unless revoked or varied by the Company in General Meeting, continue in force until the next AGM of the Company; and

(b) That the Directors of the Company and each of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Ordinary Resolution.

(C) TO TRANSACT ANY OTHER ORDINARY BUSINESS

By Order of the Board

Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong
Company Secretaries

Singapore
27 March 2017

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

Subject to the approval of the ordinary shareholders at the Meeting for the payment of the Final Ordinary Dividend and Special Final Ordinary Dividend, the Ordinary Shares Transfer Books and Register of Holders of ordinary shares of the Company will be closed on 3 May 2017. Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited of 112 Robinson Road #05-01, Singapore 068902, up to 5.00 p.m. on 2 May 2017 will be registered to determine ordinary shareholders' entitlement to the Final Ordinary Dividend and Special Final Ordinary Dividend.

The Final Ordinary Dividend and Special Final Ordinary Dividend, if approved by the ordinary shareholders at the Meeting, will be paid on 22 May 2017.

Explanatory Notes:

1. With reference to item 3 of the Ordinary Business above, the Directors' Fees of $546,787.00 for FY 2016 excludes the Audit & Risk Committee ("ARC") Fees of $197,636.00 paid to the ARC chairman and ARC members for FY 2016 which had been approved by shareholders at the 2015 and 2016 AGMs of the Company. The structure of fees paid or payable to Directors for FY 2016 can be found on page 48 of the Annual Report.

2. With reference to item 4(a) of the Ordinary Business above, Mr Philip Yeo Liat Kok will, upon re-election as a Director of the Company, remain as chairman of the Nominating Committee ("NC") and a member of the Remuneration Committee ("RC") and Board Sustainability Committee ("BSC").

   Key information on Mr Philip Yeo Liat Kok is found on page 28 of the Annual Report. Mr Yeo has no shareholdings in the Company and its related corporations, and has no relationships with the Company, its 10% shareholders or its Directors. Mr Yeo is considered independent by the Board.

3. With reference to item 4(b) of the Ordinary Business above, Mr Tan Poay Seng will, upon re-election as a Director of the Company, remain as a member of the BSC.

   Key information on Mr Tan Poay Seng is found on page 28 of the Annual Report. Mr Tan has no shareholdings in the Company and its related corporations, and has no relationships with the Company, its 10% shareholders or its Directors. Mr Tan is considered independent by the Board.

4. With reference to item 4(c) of the Ordinary Business above, Ms Tan Yee Peng will, upon re-election as a Director of the Company, remain as a member of the Board Committee and ARC.

   Key information on Ms Tan Yee Peng is found on page 29 of the Annual Report. Ms Tan has no shareholdings in the Company and its related corporations, and has no relationships with the Company, its 10% shareholders or its Directors. Ms Tan is considered independent by the Board.

5. With reference to item 4(d) of the Ordinary Business above, Mr Koh Thiam Hock will, upon election as a Director of the Company, remain as a member of the ARC.

   Key information on Mr Koh Thiam Hock is found on page 29 of the Annual Report. Mr Koh has no shareholdings in the Company and its related corporations, and has no relationships with the Company, its 10% shareholders or its Directors. Mr Koh is considered independent by the Board.

6. The Ordinary Resolution set out in item 6 above, if passed, will empower the Directors of the Company from the date of the Meeting until the next AGM (unless such authority is previously revoked or varied at a general meeting), to issue ordinary shares and/or make or grant Instruments that might require new ordinary shares to be issued up to a number not exceeding 50% of the total number of issued ordinary shares, excluding treasury shares, of the Company, of which up to 10% may be issued other than on a *pro rata* basis to shareholders. The aggregate number of ordinary shares which may be issued under this Ordinary Resolution will be calculated based on the total number of issued ordinary shares, excluding treasury shares, of the Company at the time that this Ordinary Resolution is passed, after adjusting for new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of ordinary shares.

7. The Ordinary Resolution set out in item 7 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 (collectively, the "Shares") from time to time subject to and in accordance with the guidelines set out in Annexure I of the Appendix Accompanying this Notice. This authority will expire at the conclusion of the next AGM of the Company, unless previously revoked or varied at a general meeting or when such purchases or acquisitions are carried out to the full extent mandated.

   The Company intends to use internal resources and/or external borrowings to finance purchases or acquisitions of its Shares under the Share Purchase Mandate. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on whether the Shares are purchased or acquired out of capital or profits of the Company, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time and whether the Shares purchased or acquired are held in treasury or cancelled.

   Based on the existing number of issued Ordinary Shares and Preference Shares of the Company as at 28 February 2017 (the "Latest Practicable Date"), the exercise in full of the Share Purchase Mandate would result in the purchase of 90,930,133 Ordinary Shares (representing 10% of the total number of issued Ordinary Shares of the Company) and 33,087,425 Preference Shares (representing 10% of the total number of issued Preference Shares of the Company).

   Assuming that the Company purchases or acquires the 90,930,133 Ordinary Shares and 33,087,425 Preference Shares at the Maximum Price, the maximum amount of funds required is approximately:

   (a) (in the case of Market Purchases) $938 million based on $9.90 for one Ordinary Share (being the price equivalent to 5% above the Average Closing Price as at the Latest Practicable Date) and $1.13 for one Preference Share (being the price equivalent to 5% above the Average Closing Price as at the Latest Practicable Date); and

   (b) (in the case of Off-Market Purchases) $1,089 million based on $11.49 for one Ordinary Share (being the price equivalent to 20% above the Highest Last Dealt Price as at the Latest Practicable Date) and $1.33 for one Preference Share (being the price equivalent to 20% above the Highest Last Dealt Price as at the Latest Practicable Date).

   The financial effects of the purchase or acquisition of such Shares pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 December 2016 based on these assumptions are set out in paragraph 3.5 of Annexure I to the Appendix Accompanying this Notice.

8. The Ordinary Resolution set out in item 8 above, if passed, will renew the IPT Mandate first approved by Shareholders on 29 May 2003 to facilitate the Company, its subsidiaries and its associated companies to enter into Interested Person Transactions, the details of which are set out in Annexure II and Appendix A of the Appendix Accompanying this Notice. The IPT Mandate will continue in force until the conclusion of the next AGM of the Company, unless previously revoked or varied at a general meeting.

   <u>Voting restriction pursuant to Rule 921(7) of the Listing Manual of SGX-ST</u>

   Hong Leong Investment Holdings Pte. Ltd. and its subsidiaries, the Directors of the Company and their associates, who are also shareholders of the Company and being Interested Persons under the IPT Mandate, are required to abstain from voting at the Meeting in respect of the Ordinary Resolution 8 in relation to the proposed renewal of the IPT Mandate.

Meeting Notes:

a. (i) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (ii) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

b. A proxy need not be a member of the Company.

c. The form of proxy must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 not less than 72 hours before the time appointed for holding the Meeting.

d. Completion and return of the form of 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 form of proxy to the Meeting.

e. Pursuant to Rule 730(A)(2) of the Listing Manual of SGX-ST, all resolutions at this Meeting shall be voted on by way of a poll.

f. To allow for a more efficient voting system, polling will be done by way of an electronic poll voting system. With poll voting, members present in person or represented by proxy at the Meeting will be entitled to vote on a 'one-share, one-vote' basis. The detailed procedures for the electronic poll voting will be explained at the Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes");

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT PURSUANT TO SECTION 64A OF THE COMPANIES ACT

Non-Redeemable Convertible Non-Cumulative Preference Shares ("Preference Shares")

Class Meetings: Holders of Preference Shares ("Preference Shareholders") shall be entitled to attend, speak and vote at any class meeting of the Preference Shareholders. Every Preference Shareholder who is present in person (or by proxy) at such class meetings shall have on a show of hands one vote and on a poll one vote for every Preference Share of which he is the holder.

General Meetings: Preference Shareholders shall be entitled to attend (in person or by proxy) any general meeting of the Company and shall have on a show of hands one vote and on a poll one vote in respect of each Preference Share of which he is the holder if (i) dividends with respect to the Preference Shares (or any part thereof) due and payable and accrued is in arrears and has remained unpaid for at least six months; (ii) the resolution in question varies the rights attached to the Preference Shares; or (iii) the resolution in question is for the winding up of the Company.

Except as provided above, Preference Shareholders shall not be entitled to attend or vote at General Meetings of the Company.

CITY DEVELOPMENTS LIMITED
(Co. Reg. No. 196300316Z)
(Incorporated in the Republic of Singapore)

PROXY FORM
54th Annual General Meeting

IMPORTANT:
1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) may appoint more than two proxies to attend, speak and vote at the AGM.
2. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold ordinary shares through their CPF/SRS funds and/or holders of City Developments Limited's Preference shares. CPF/SRS investors should contact their respective Agent Banks/ SRS operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 27 March 2017.

* I/We, ______________________________

with NRIC/Passport/Company Registration Number: ______________________________

of ______________________________ (Address)

being a *member/members of City Developments Limited (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport number	Proportion of Shareholdings: No. of ordinary shares	Proportion of Shareholdings: %

*and/or

as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the Fifty-Fourth Annual General Meeting of the Company ("AGM") to be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Tuesday, 25 April 2017 at 3.00 p.m., and at any adjournment thereof in the following manner as specified below. *My/our *proxy/proxies may vote or abstain from voting at *his/their discretion on any of the resolutions where *I/we have not specified any voting instruction, and on any other matter arising at the AGM.

Note: Voting on all resolutions will be conducted by poll. If you wish to exercise 100% of your votes **For** or **Against** a resolution, please tick with "✓" in the corresponding box against that resolution. If you wish to split your votes, please indicate the number of votes **For** and/or **Against** that resolution.

No.	Resolutions		FOR	AGAINST
	ORDINARY BUSINESS:			
1.	Adoption of the Directors' Statement and Audited Financial Statements together with the Auditors' Report thereon			
2.	Declaration of a Final Ordinary Dividend and a Special Final Ordinary Dividend			
3.	Approval of Directors' Fees and Audit & Risk Committee Fees			
4.	Election/Re-election of Directors:	(a) Mr Philip Yeo Liat Kok		
		(b) Mr Tan Poay Seng		
		(c) Ms Tan Yee Peng		
		(d) Mr Koh Thiam Hock		
5.	Re-appointment of KPMG LLP as Auditors			
	SPECIAL BUSINESS:			
6.	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 of Singapore and the listing manual of Singapore Exchange Securities Trading Limited			
7.	Renewal of Share Purchase Mandate			
8.	Renewal of IPT Mandate for Interested Person Transactions			

Dated this ______________ day of ______________ 2017.

No. of ordinary shares held

____
Signature(s) or Common Seal of Member(s)

*Delete accordingly

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Notes:

1. If the member has ordinary shares entered against his/her name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she should insert that number of ordinary shares. If he/she has ordinary shares registered in his/her name in the Register of Members, he/she should insert that number of ordinary shares. If he/she has ordinary shares entered against his/her name in the Depository Register and ordinary shares registered in his/her name in the Register of Members, he/she should insert the aggregate number of ordinary shares. If no number is inserted, this form of proxy shall be deemed to relate to all the ordinary shares held by him/her.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

3. A proxy need not be a member of the Company.

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4. Completion and return of this form of 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 this form of proxy to the AGM.

5. This form of proxy must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902 not less than 72 hours before the time fixed for holding the AGM.

6. This form of proxy must be signed by the appointor or his attorney duly authorised in writing. Where the form of proxy 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 a form of proxy 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 form of proxy, failing which the form of proxy 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 Constitution and Section 179 of the Companies Act, Chapter 50 of Singapore.

8. The Company shall be entitled to reject the form of proxy 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 form of proxy (including any related attachment). In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any form of proxy lodged if the member, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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54th AGM
Proxy Form

Affix
Postage
Stamp

CITY DEVELOPMENTS LIMITED
c/o M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

3rd fold and glue all sides firmly overleaf. Do not staple.

MIX
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Corporate Communications Department, City Developments Limited &
Group Corporate Affairs, Hong Leong Group Singapore

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Co. Reg. No. 196300316Z

CITY DEVELOPMENTS LIMITED

(Co. Reg. No. 196300316Z)
(Incorporated in the Republic of Singapore)

APPENDIX ACCOMPANYING
THE NOTICE OF ANNUAL GENERAL MEETING
DATED 27 MARCH 2017

IN RELATION TO

(1) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE; AND

(2) THE PROPOSED RENEWAL OF THE IPT MANDATE FOR INTERESTED PERSON TRANSACTIONS

CONTENTS

CITY DEVELOPMENTS LIMITED

(Co. Reg. No. 196300316Z)
(Incorporated in the Republic of Singapore)

Board of Directors:		**Registered Office:**
Kwek Leng Beng	(Executive Chairman)	36 Robinson Road
Kwek Leng Peck	(Non-executive Director)	#04-01 City House
Tang See Chim	(Non-executive Independent Director)	Singapore 068877
Philip Yeo Liat Kok	(Non-executive Independent Director)	
Tan Poay Seng	(Non-executive Independent Director)	
Chan Soon Hee Eric	(Lead Independent Director)	
Tan Yee Peng	(Non-executive Independent Director)	
Koh Thiam Hock	(Non-executive Independent Director)	

27 March 2017

To: The Shareholders of City Developments Limited ("**Shareholders**")

Dear Sir/Madam

(I) PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

(II) PROPOSED RENEWAL OF THE IPT MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

We refer to the Notice of the Fifty-Fourth Annual General Meeting of City Developments Limited ("**CDL**" or the "**Company**") ("**54th AGM**") issued by the Company on 27 March 2017 (the "**Notice**").

Item 7 of the Notice is an Ordinary Resolution ("**Resolution 7**") to be proposed at the 54th AGM for the renewal of the Company's Share Purchase Mandate which will empower the Directors to make purchases or otherwise acquire issued ordinary shares of the Company ("**Ordinary Shares**") and/or issued non-redeemable convertible non-cumulative preference shares of the Company ("**Preference Shares**") from time to time subject to certain restrictions set out in the listing manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**"). Information relating to Resolution 7 is set out in Annexure I.

Item 8 of the Notice is an Ordinary Resolution ("**Resolution 8**") to be proposed at the 54th AGM for the renewal of the Company's IPT Mandate for interested person transactions which will facilitate the Company, its subsidiaries and its associated companies, to enter into transactions with its interested persons, the details of which are set out in Annexure II and Appendix A.

The purpose of this letter is to provide Shareholders with the reasons for, and information relating to Resolutions 7 and 8.

2. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors in issued Ordinary Shares and Preference Shares, and the interests of the Substantial Shareholders in issued Ordinary Shares based on the Company's Register of Directors' Shareholdings and Register of Substantial Shareholders respectively as at 28 February 2017 (the "**Latest Practicable Date**"), were as follows:

Directors	**Class of Shares**	**Number of Shares held**	**%** [(1)]
Kwek Leng Beng	Ordinary	397,226	0.044
	Preference	144,445	0.044
Kwek Leng Peck	Ordinary	43,758	0.005
Tang See Chim	Ordinary	11,000	0.001
	Preference	4,000	0.001

	Number of Ordinary Shares			
Substantial Shareholders	**Direct Interest**	**Deemed Interest**	**Total**	**%** [(1)]
Hong Realty (Private) Limited ("**HR**")	32,088,799	30,488,981[(2)]	62,577,780	6.882
Hong Leong Holdings Limited ("**HLH**")	148,787,477	19,546,445[(3)]	168,333,922	18.512
Hong Leong Investment Holdings Pte. Ltd. ("**HLIH**")	140,169,335	300,146,809[(4)]	440,316,144	48.424
Davos Investment Holdings Private Limited ("**Davos**")	–	440,316,144[(5)]	440,316,144	48.424
Kwek Holdings Pte Ltd ("**KH**")	–	440,316,144[(5)]	440,316,144	48.424
Aberdeen Asset Managers Limited ("**AAML**")	–	53,834,709[(6)]	53,834,709	5.920
Aberdeen Asset Management Asia Limited ("**AAMAL**")	–	90,768,071[(6)]	90,768,071	9.982
Aberdeen Asset Management PLC ("**Aberdeen**")	–	118,017,366[(6)]	118,017,366	12.979

Notes:

(1) Based on 909,301,330 issued Ordinary Shares as at the Latest Practicable Date (none of which were held as treasury shares) and 330,874,257 issued Preference Shares as at that date.

(2) HR is deemed under Section 4 of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**") to have an interest in the 30,488,981 Ordinary Shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(3) HLH is deemed under Section 4 of the SFA to have an interest in the 19,546,445 Ordinary Shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(4) HLIH is deemed under Section 4 of the SFA to have an interest in the 300,146,809 Ordinary Shares held directly and/ or indirectly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof which includes (i) the 62,577,780 Ordinary Shares held directly and indirectly by HR; and (ii) the 168,333,922 Ordinary Shares held directly and indirectly by HLH, out of which 9,304,616 Ordinary Shares have been identified as Ordinary Shares in which HR is also deemed to have an interest in under note [(2)] above.

(5) Davos and KH are deemed under Section 4 of the SFA to have an interest in the 440,316,144 Ordinary Shares held directly and/or indirectly by HLIH in which they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(6) The deemed interests of AAML, AAMAL and Aberdeen relate to Ordinary Shares held by various accounts managed or advised by AAML, AAMAL and Aberdeen.

Directors of the Company will abstain from voting their shareholdings in the Company, if any, and have undertaken to ensure that their associates will abstain from voting their respective shareholdings in the Company, if any, on Resolution 8 relating to the proposed renewal of the IPT Mandate at the 54th AGM.

The relevant companies within the Hong Leong Investment Holdings Pte. Ltd. ("**HLIH**") group (which includes HLIH, a controlling shareholder of the Company and their associates), being Interested Persons under the IPT Mandate, will abstain from voting their respective shareholdings in the Company on Resolution 8 at the 54th AGM.

3. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this letter (including the Annexures and Appendix A) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this letter constitutes full and true disclosure of all material facts about the renewal of the Share Purchase Mandate and of the IPT Mandate, and the Company and its subsidiaries and the Directors are not aware of any facts the omission of which would make any statement in this letter misleading.

Where information contained in this letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this letter in its proper form and context.

Shareholders who are in any doubt as to the action they should take, should consult their stockbrokers or other professional advisers immediately.

Yours faithfully
CITY DEVELOPMENTS LIMITED

KWEK LENG BENG
Executive Chairman

Note: **Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Letter to Shareholders.**

PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

1. BACKGROUND

At the Annual General Meeting of the Company held on 20 April 2016 (the "**2016 AGM**"), Ordinary Shareholders had approved, *inter alia*, the renewal of the Share Purchase Mandate to enable the Company to purchase or otherwise acquire its issued Shares. The rationale for, authority and limitations on, and the financial effects of, the Share Purchase Mandate were set out in the Company's Appendix Accompanying Notice of Annual General Meeting dated 28 March 2016 and Ordinary Resolution 8 set out in the Notice of 2016 AGM.

The Share Purchase Mandate was expressed to take effect from the passing of the Ordinary Resolution at the 2016 AGM and will expire on the date of the forthcoming Fifty-Fourth Annual General Meeting to be held on 25 April 2017 (the "**54th AGM**"). Accordingly, Ordinary Shareholders' approval will be sought for the renewal of the Share Purchase Mandate at the 54th AGM.

Since the renewal of the Share Purchase Mandate at the 2016 AGM, the Company has not purchased or acquired any Shares under the Share Purchase Mandate.

2. DEFINITIONS

In this Annexure I, the following definitions shall apply throughout unless otherwise stated:

"CDP"	:	The Central Depository (Pte) Limited
"Company"	:	City Developments Limited
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"Constitution"	:	The Constitution of the Company, as amended or modified from time to time
"EPS"	:	Earnings per Ordinary Share
"Group"	:	The Company and its subsidiaries
"HLIH"	:	Hong Leong Investment Holdings Pte. Ltd.
"HLIH Group"	:	HLIH and its subsidiaries
"Income Tax Act"	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time
"Latest Practicable Date"	:	28 February 2017, being the latest practicable date prior to the printing of this Appendix accompanying the Notice of Annual General Meeting
"Listing Manual"	:	The Listing Manual of SGX-ST, as amended or modified from time to time
"Market Day"	:	A day on which SGX-ST is open for trading in securities

"Market Purchase"	:	An on-market purchase of Shares by the Company effected on SGX-ST, through one or more duly licensed stockbrokers appointed by the Company for the purpose
"NAV"	:	Net Asset Value
"Off-Market Purchase"	:	An off-market purchase of Shares by the Company effected in accordance with an equal access scheme
"Ordinary Shareholders"	:	Registered holders of Ordinary Shares, except where the registered holder is CDP, the term "**Ordinary Shareholders**" shall in relation to such Ordinary Shares, mean the Depositors whose securities accounts maintained with CDP are credited with the Ordinary Shares
"Ordinary Shares"	:	Ordinary shares of the Company
"Preference Shares"	:	Non-redeemable convertible non-cumulative preference shares of the Company
"SFA"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Share Purchase Mandate"	:	The mandate to enable the Company to purchase or otherwise acquire its issued Shares
"Shareholders"	:	Registered holders of Shares, except where the registered holder is CDP, the term "**Shareholders**" shall in relation to such Shares, mean the Depositors whose securities accounts maintained with CDP are credited with the Shares
"Shares"	:	Ordinary Shares and Preference Shares
"SIC"	:	Securities Industry Council of Singapore
"Take-over Code"	:	The Singapore Code on Take-overs and Mergers

The terms "**Depositor**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Annexure I to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Income Tax Act, the SFA, the Listing Manual or Take-over Code or any statutory modification thereof and not otherwise defined in this Annexure I shall have the same meaning assigned to it under the Companies Act, the Income Tax Act, the SFA, the Listing Manual or Take-over Code or any statutory modification thereof, as the case may be.

Any discrepancies in the tables in this Annexure I between the listed amounts and the totals thereof are due to rounding.

3. RENEWAL OF THE SHARE PURCHASE MANDATE

3.1 Rationale for the Share Purchase Mandate.

The Share Purchase Mandate will give the Directors the flexibility to purchase or acquire its Shares, if and when circumstances permit, with a view to enhancing the EPS and/or the NAV per Ordinary Share. The Directors believe that share purchases also provide the Company and its Directors with an alternative to facilitate the return of surplus cash over and above its ordinary capital requirements and exercise greater control over the Company's share capital structure.

The Directors further believe that share purchases or acquisitions may bolster confidence of Ordinary Shareholders and/or holders of Preference Shares. With the Share Purchase Mandate, the Directors will have the ability to purchase Shares on SGX-ST, where appropriate, to stabilise the demand for the Shares and to buffer against short-term share price volatility due to market speculation.

Purchases of Shares by the Company will be made only in circumstances where it is considered to be in the best interests of the Company. Further, the Directors do not propose to carry out share purchases to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from SGX-ST.

3.2 Authority and Limits of the Share Purchase Mandate.

The authority and limitations placed on the purchase or acquisition of issued Shares by the Company under the Share Purchase Mandate are summarised below:

3.2.1 Maximum Number of Shares

Only Shares which are issued and fully paid may be purchased or acquired by the Company under the Share Purchase Mandate.

Subject to the Companies Act, the Share Purchase Mandate will authorise the Company, from time to time, to purchase such number of Shares which represents up to:

(i) in the case of Ordinary Shares, a maximum of 10% of the total number of issued Ordinary Shares (excluding any Ordinary Shares which are held as treasury shares); and

(ii) in the case of Preference Shares, a maximum of 10% of the total number of issued Preference Shares,

as at the date of the 54th AGM at which the renewal of the Share Purchase Mandate is approved.

As at the Latest Practicable Date, no Ordinary Shares were held as treasury shares.

3.2.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, by the Company from the date of the 54th AGM up to the earliest 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 Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated.

3.2.3 **Manner of Purchase**

Purchases or acquisitions of Shares may be made by way of Market Purchases and/or Off-Market Purchases.

Market Purchases refer to purchases or acquisitions of Shares by the Company effected on SGX-ST, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases or acquisitions of Shares by the Company made under an equal access scheme. The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the Companies Act or the Constitution, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

(i) the offers for the purchase or acquisition of shares under the scheme are to be made to every person who holds shares to purchase or acquire the same percentage of their shares;

(ii) all of those persons have a reasonable opportunity to accept the offers made to them; and

(iii) the terms of all the offers are the same except that there shall be disregarded:

(aa) differences in consideration attributable to the fact that the offers relate to shares with different accrued dividend entitlements;

(bb) differences in consideration attributable to the fact that the offers relate to shares with different amounts remaining unpaid; and

(cc) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

In addition, the Listing Manual provides that in making an Off-Market Purchase, a listed company must issue an offer document to all shareholders containing, *inter alia*:

(1) the terms and conditions of the offer;

(2) the period and procedures for acceptances;

(3) the reasons for the proposed share purchases;

(4) the consequences, if any, of share purchases by the listed company that will arise under the Take-over Code or other applicable take-over rules;

(5) whether the share purchases, if made, could affect the listing of the listed company's shares on SGX-ST;

(6) details of any share purchases made by the listed company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(7) whether the shares purchased by the listed company will be cancelled or kept as treasury shares.

3.2.4 **Maximum Purchase Price**

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price must not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and

(ii) in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price (as defined below),

(the "**Maximum Price**").

For the above purposes:

"**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 Market Days on SGX-ST, on which transactions in the Ordinary Shares or Preference Shares (as the case may be) 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 a Preference Share (as the case may be) transacted on SGX-ST as shown in any publication of SGX-ST or other sources;

"**Highest Last Dealt Price**" means the highest price transacted for an Ordinary Share or a Preference Share (as the case may be) as recorded on SGX-ST on the Market Day on which there were trades in the Ordinary Shares or Preference Shares (as the case may be) immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

"**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 Ordinary Shareholders or holders of Preference Shares (as the case may be), 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 (as the case may be) and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

3.3 **Source of Funds.**

In purchasing or acquiring Shares, the Company may only apply funds legally available for such purchase or acquisition in accordance with the Constitution and applicable laws in Singapore. Payment may be made by the Company in consideration of the purchase or acquisition of its own Shares out of the Company's capital as well as from its profits.

The Company intends to use internal resources and/or external borrowings to finance purchases or acquisitions of its Shares under the Share Purchase Mandate. The Directors do not intend to exercise the Share Purchase Mandate to such extent as would have a material adverse effect on the working capital requirements or the gearing levels of the Group. In determining whether to undertake any purchases or acquisitions of Shares under the Share Purchase Mandate, the Directors will take into account, *inter alia*, the prevailing market conditions, the financial position of the Group and other relevant factors.

3.4 **Status of Purchased or Acquired Shares.**

Under the Companies Act, Preference Shares which are purchased or acquired by the Company will be deemed cancelled immediately on purchase or acquisition. Ordinary Shares purchased or acquired by the Company may be held or dealt with as treasury shares or cancelled. As such, Shares cancelled upon purchase or acquisition by the Company will be automatically delisted by SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as practicable following settlement of any such purchase or acquisition.

Some of the provisions on treasury shares under the Companies Act are summarised below:

3.4.1 **Maximum Holdings**

The number of Ordinary Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Ordinary Shares.

3.4.2 **Voting and Other Rights**

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote in respect of treasury shares and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

3.4.3 **Disposal and Cancellation**

Where Ordinary Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

(i) sell the treasury shares for cash;

(ii) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

(iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the treasury shares; or

(v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares of the usage, the number of treasury shares before and after the usage, and the percentage of the number of treasury shares of the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on SGX-ST before and after the usage and the value of the treasury shares of the usage.

3.5 **Financial Effects.**

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of capital or profits of the Company, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the Company and the Group based on the audited financial statements of the Group for the financial year ended 31 December 2016 are based on the assumptions set out below:

3.5.1 **Purchase or Acquisition out of Capital or Profits**

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The purchases or acquisitions of Shares by the Company will reduce the cash reserves and/or increase the borrowings of the Company and the Group, thereby reducing the working capital and shareholders' funds of the Company and the Group. As a result of this, the gearing ratio of the Company and the Group will increase and the current ratios will decrease on the assumption that the additional external borrowings obtained, if any, are classified as current liabilities.

3.5.2 **Maximum Price Paid for Shares Purchased or Acquired**

As at the Latest Practicable Date, the Company has 909,301,330 issued Ordinary Shares (none of which are held as treasury shares) and 330,874,257 Preference Shares.

Based on the existing number of issued Ordinary Shares and Preference Shares of the Company as at the Latest Practicable Date, the exercise in full of the Share Purchase Mandate would result in the purchase of 90,930,133 Ordinary Shares (representing 10% of the total number of issued Ordinary Shares of the Company) and 33,087,425 Preference Shares (representing 10% of the total number of issued Preference Shares of the Company).

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 90,930,133 Ordinary Shares at the Maximum Price of $9.90 for one Ordinary Share (being the price equivalent to 5% above the Average Closing Price as at the Latest Practicable Date) and 33,087,425 Preference Shares at the Maximum Price of $1.13 for one Preference Share (being the price equivalent to 5% above the Average Closing Price as at the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 90,930,133 Ordinary Shares and 33,087,425 Preference Shares is approximately $938 million.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 90,930,133 Ordinary Shares at the Maximum Price of $11.49 for one Ordinary Share (being the price equivalent to 20% above the Highest Last Dealt Price as at the Latest Practicable Date) and 33,087,425 Preference Shares at the Maximum Price of $1.33 for one Preference Share (being the price equivalent to 20% above the Highest Last Dealt Price as at the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 90,930,133 Ordinary Shares and 33,087,425 Preference Shares is approximately $1,089 million.

3.5.3 Whether the underlying Shares are cancelled or held in treasury

The financial effects on the Group arising from purchases or acquisitions of Shares will also depend on whether the Shares purchased or acquired are cancelled or held in treasury.

For illustrative purposes only, on the basis that the Company purchases or acquires 90,930,133 Ordinary Shares and 33,087,425 Preference Shares by way of Market Purchases made out of profits and/or capital and held in treasury for Ordinary Shares purchased or acquired and cancelled for Preference Shares purchased or acquired, and that the Share Purchase Mandate had been effective on 1 January 2016, the financial effects on the audited financial statements of the Group and the Company for the financial year ended 31 December 2016 would have been as follows:

	GROUP		COMPANY	
	Before Purchase of Ordinary Shares and Preference Shares	After Purchase of Ordinary Shares and Preference Shares[(1),(8)]	Before Purchase of Ordinary Shares and Preference Shares	After Purchase of Ordinary Shares and Preference Shares[(1),(8)]
As at 31 December 2016	**$'000**	**$'000**	**$'000**	**$'000**
Share Capital and Reserves[(1)]	9,293,808	9,257,712	6,513,399	6,477,303
Treasury Shares	–	(900,208)	–	(900,208)
NAV	9,293,808	8,357,504	6,513,399	5,577,095
Total Equity	11,408,684	10,472,380	6,513,399	5,577,095
Current Assets[(2)]	10,080,565	9,144,261	6,877,223	5,940,919
Current Liabilities[(2)]	3,659,388	3,659,388	2,831,191	2,831,191
Working Capital	6,421,177	5,484,873	4,046,032	3,109,728
Net Borrowings[(2),(3)]	1,865,288	2,801,592	768,087	1,704,391
Number of Ordinary Shares[(7)]	909,301,330	818,371,197	909,301,330	818,371,197
Financial Ratios				
NAV per Ordinary Share ($)	10.22	10.21	7.16	6.81
Basic EPS (Ordinary) (cents)[(4)]	70.42	78.40	64.94	72.31
Net Gearing (times)[(5)]	0.16	0.27	0.12	0.31
Current Ratio (times)[(6)]	2.75	2.50	2.43	2.10

Notes:

(1) Assuming no Preference Shares are converted.

(2) Assuming the purchases or acquisitions of Ordinary Shares and Preference Shares are funded using all available cash and cash equivalents (excluding amounts held under project accounts which withdrawals are restricted to payment for expenditure incurred on development projects) of the Company and the balance, if any, via short term bank borrowings. For the purpose of this calculation, we have not taken into account any interest foregone on the utilised cash and cash equivalents, or any interest payable on the additional borrowings.

(3) Net borrowings refer to the aggregate borrowings from banks and financial institutions, and finance lease creditors, after deducting cash and cash equivalents. Unamortised balance of transaction costs have not been deducted from the gross borrowings.

(4) Basic EPS is based on the net profit attributable to Ordinary Shareholders after adjustment of non-redeemable convertible non-cumulative preference dividends and the number of Ordinary Shares.

(5) Net gearing is computed based on the ratio of net borrowings to total equity.

(6) Current ratio is computed based on the ratio of current assets to current liabilities.

(7) Number of Ordinary Shares refers to number of issued and paid-up Ordinary Shares as at the Latest Practicable Date as well as the weighted average number of Ordinary Shares outstanding during the year.

(8) The funds used for effecting the number of Shares purchased or acquired are taken from capital (50%) and out of accumulated profits (50%).

Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustration purposes only.

In particular, it is important to note that the above analysis is based on the latest audited financial statements of the Group for the financial year ended 31 December 2016, and is not necessarily representative of the future financial performance of the Group or the Company. In addition, the actual impact will depend on the actual number and price of Shares that may be acquired or purchased by the Company as well as how the purchase or acquisition is funded, and the Company may not carry out the Share Purchase Mandate to the full 10% mandated and may cancel or hold in treasury all or part of the Ordinary Shares purchased or acquired.

3.6 **Taxation.**

Purchase or Acquisition of Ordinary Shares

The proceeds received by the shareholder from the buyback will be treated as proceeds from the disposal of Ordinary Shares. Whether or not such proceeds are taxable in the hands of such shareholder will depend on whether such proceeds are receipt of an income or capital nature.

Any gains from the disposal of the Ordinary Shares considered to be capital in nature will not be taxable in Singapore. However, any gains derived by any person from the disposal of the Ordinary Shares which are considered as revenue income from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable in Singapore.

Holders of the Ordinary Shares who apply or are required to apply Singapore Financial Reporting Standard 39 - Financial Instruments: Recognition and Measurement ("**FRS 39**"), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Ordinary Shares, irrespective of disposal, in accordance with FRS 39.

Holders of the Ordinary Shares should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Ordinary Shares.

Purchase or Acquisition of Preference Shares

The tax consequences of the purchase or acquisition of Preference Shares are as per those stated under "Purchase or Acquisition of Ordinary Shares".

Holders of the Preference Shares should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Preference Shares.

Shareholders should note that the foregoing does not constitute, and should not be regarded as constituting, advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or any tax implications, including those who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

3.7 **Listing Manual.**

The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to SGX-ST, in such reporting format as prescribed by SGX-ST or the Listing Manual, not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase of any of its shares; and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. The Listing Manual restricts a listed company from purchasing shares by way of a Market Purchase at a price which is more than 5% above the Average Closing Market Price (as defined in Section 3.2.4 of this Annexure I). Hence, the Maximum Price for the purchase or acquisition of Shares by the Company by way of a Market Purchase complies with this requirement.

Although the Listing Manual does not prescribe a maximum price in relation to purchase or acquisition of shares by way of an Off-Market Purchase, the Company has set a cap of 20% above the Highest Last Dealt Price of an Ordinary Share or a Preference Share (as the case may be) as the Maximum Price for an Ordinary Share or a Preference Share to be purchased or acquired by way of an Off-Market Purchase.

While the Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of a decision until such price sensitive information has been publicly announced. In particular, in line with the Company's Internal Code On Securities Trading, the Company will not purchase or acquire any Shares during the period of two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, and one month before the announcement of the Company's financial statements for the full financial year (as the case may be).

The Listing Manual requires a listed company to ensure that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by public shareholders. Under the Listing Manual, "**public**" is defined as persons other than the directors, substantial shareholders, chief executive officer or controlling shareholders of the company and its subsidiaries, as well as the associates of such persons.

Based on information available to the Company as at the Latest Practicable Date, approximately 38.47% of the issued Ordinary Shares were held by public Ordinary Shareholders. In the event that the Company purchases the maximum of 10% of its issued Ordinary Shares from such public Ordinary Shareholders, the resultant percentage of the issued Ordinary Shares held by public Ordinary Shareholders would be reduced to approximately 31.63%. Accordingly, the Directors are of the view that there is, at present, a sufficient number of Ordinary Shares in issue held by public Ordinary Shareholders that would permit the Company to potentially undertake purchases or acquisitions of the Ordinary Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting adversely the listing status of the Ordinary Shares on SGX-ST, and that the number of Ordinary Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect orderly trading of the Ordinary Shares.

3.8 **Obligation to Make a Take-Over Offer.**

(i) As the Preference Shares do not carry general voting rights, there will be no Take-over Code implications arising from the purchase or acquisition by the Company of Preference Shares pursuant to the Share Purchase Mandate.

(ii) If, as a result of any purchase or acquisition of Ordinary Shares made by the Company under the Share Purchase Mandate, an Ordinary Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 14 of the Take-over Code. Consequently, an Ordinary Shareholder or group of Ordinary Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make a take-over offer for the Company under Rule 14.

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert: (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); (b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other, and (c) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second-mentioned company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company.

The circumstances under which Ordinary Shareholders, including Directors, and persons acting in concert with them, respectively, will incur an obligation to make a take-over offer after a purchase or acquisition of Ordinary Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code if, as a result of a purchase or acquisition of Ordinary Shares by the Company:

(aa) the percentage of voting rights held by such Directors and their concert parties in the Company increase to 30% or more; or

(bb) if the Directors and their concert parties hold 30% or more but less than 50% of the Company's voting rights, and their voting rights increase by more than 1% in any period of six months.

In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, an Ordinary Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing its Ordinary Shares, the voting rights of such Ordinary Shareholder would increase to 30% or more, or, if such Ordinary Shareholder holds 30% or more but less than 50% of the Company's voting rights, the voting rights of such Ordinary Shareholder would increase by more than 1% in any period of six months. Such Ordinary Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Shareholders who are in doubt as to whether they would incur any obligation to make a takeover offer under the Take-over Code as a result of any purchase or acquisition of Ordinary Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the SIC at the earliest opportunity.

3.9 Certain General Take-Over Code Implications Arising from the Share Purchase Mandate.

Based on information available to the Company as at the Latest Practicable Date, HLIH and its concert parties ("**HLIH Concert Parties**") hold approximately 49.10% of the total number of issued Ordinary Shares.

Assuming that there is no change in the said shareholding interests of the HLIH Concert Parties in the Company, the purchase or acquisition by the Company of the maximum 90,930,133 Ordinary Shares (being 10% of the total number of issued Ordinary Shares of the Company as at the Latest Practicable Date) from Ordinary Shareholders other than the HLIH Concert Parties, will result in their collective shareholding interests increasing from 49.10% to 54.56%. In addition, if the Company were to exercise its right to convert the Preference Shares into Ordinary Shares, the percentage shareholding of the HLIH Concert Parties may also increase (depending on whether and the extent to which, the Company converts the Preference Shares into Ordinary Shares).

Based on the above information as at the Latest Practicable Date, the percentage of voting rights held by the HLIH Concert Parties in the Company may be increased by more than 1% in any 6-month period as a result of acquisition of Ordinary Shares by the Company pursuant to the Share Purchase Mandate and/or the conversion of the Preference Shares.

The HLIH Concert Parties has made an application to SIC and it has been confirmed by SIC, *inter alia*, that:

(i) the HLIH Concert Parties will not be obliged under the Take-over Code to make a take-over offer for the Ordinary Shares even if their aggregate shareholdings were to so increase by more than 1% in any 6-month period, provided that their collective shareholdings amount to more than 49% for at least six months prior to such increase. As at the Latest Practicable Date, the HLIH Concert Parties have collectively held more than 49% of the Company for more than six months; and

(ii) no take-over obligation will arise even if any individual member or sub-group within the HLIH Concert Parties group increases its holding to 30% or more, or if already holding between 30% and 50%, acquires further voting rights in the Company sufficient to increase its holding by more than 1% in any 6-month period.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any substantial Shareholder (together with persons acting in concert with it) who would become obliged to make a mandatory take-over offer for the Company under the Take-over Code in the event that the Company purchases the maximum 90,930,133 Ordinary Shares pursuant to the Share Purchase Mandate.

4. RECOMMENDATION

For the reasons set out in Section 3 of Annexure I, the Directors recommend that Ordinary Shareholders vote in favour of the Ordinary Resolution 7 for the renewal of the Share Purchase Mandate at the forthcoming 54th AGM.

PROPOSED RENEWAL OF THE IPT MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. BACKGROUND

On 29 May 2003, the Company obtained shareholders' approval at an Extraordinary General Meeting of the Company ("**2003 EGM**") for the Company, its subsidiaries and its associated companies not listed on Singapore Exchange Securities Trading Limited ("**SGX-ST**") or an approved exchange, over which the Company, its subsidiaries and/or interested persons have control (collectively "**CDL EAR Group**"), 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 renewed at each of the Company's Annual General Meetings since 2004, including the last 53rd Annual General Meeting. 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 forthcoming 54th AGM of the Company for the renewal of the IPT Mandate.

2. RENEWAL OF THE IPT MANDATE

Under Chapter 9 of the Listing Manual, a general mandate for transactions with interested persons is subject to annual renewal. The IPT Mandate approved at the 53rd AGM was expressed, unless revoked or varied by the Company in general meeting, to continue in force until the next Annual General Meeting of the Company, being the 54th AGM, which is to be held on 25 April 2017. Accordingly, it is proposed that the IPT Mandate be renewed at the 54th AGM, to take effect until the conclusion of the next Annual General Meeting of the Company to be held in 2018.

The nature of the Interested Person Transactions and the classes of Interested Persons in respect of which the IPT Mandate is sought to be renewed remain unchanged.

Particulars of the IPT Mandate, including the rationale for, the benefits to be derived by the Company, as well as the review procedures for determining transaction prices with the specified classes of Interested Persons and other general information relating to Chapter 9 of the Listing Manual, are set out in Appendix A.

3. INTERESTED PERSON TRANSACTIONS CONDUCTED IN THE YEAR ENDED 31 DECEMBER 2016

Interested Person Transactions conducted by the CDL EAR Group under the IPT Mandate during the year ended 31 December 2016 ("**FY2016**") were as follows:

Interested Persons	Aggregate value of all interested person transactions conducted in FY2016 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than $100,000)	$'000
Hong Leong Investment Holdings Pte. Ltd. group of companies	<u>Property-related</u> Provision to interested persons of: (i) project management services; (ii) property management and maintenance and customer services; (iii) security services; and (iv) marketing services.	27,585
	<u>Management and Support Services</u> Provision to interested persons of: (i) accounting and financial services; (ii) and hotel consulting services.	2,045
	<u>General Transactions</u> Purchase of goods and services from interested person.	967
	Total:	**30,597**
Directors and their immediate family members		Nil

4. AUDIT & RISK COMMITTEE'S STATEMENT

The Audit & Risk Committee of the Company confirms that:

(a) the methods and procedures for determining the transaction prices of the Interested Person Transactions conducted under the IPT Mandate have not changed since the 2003 EGM; and

(b) the methods and procedures referred to in (a) above 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.

5. RECOMMENDATION

The Directors who are considered independent for the purposes of the proposed renewal of the IPT Mandate are Mr Tang See Chim, Mr Philip Yeo Liat Kok, Mr Tan Poay Seng, Mr Chan Soon Hee Eric, Ms Tan Yee Peng and Mr Koh Thiam Hock.

They are of the opinion that the entry into of the Interested Person Transactions (as described in Section 6 of Appendix A) between the CDL EAR Group (as defined in Section 2 of Appendix A) and the Interested Persons (as described in Section 5 of Appendix A) in the ordinary course of business will be entered into to enhance the efficiency of the Group and are in the best interests of the Company. For the reasons set out in Sections 2 and 4 of Appendix A, they recommend that Shareholders vote in favour of Resolution 8 for the renewal of the IPT Mandate at the forthcoming 54th AGM.

THE IPT MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. CHAPTER 9 OF THE LISTING MANUAL

1.1 Chapter 9 of the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Chapter 9**") applies to transactions between a party that is an entity at risk and a counter party that is an interested person. The objective of Chapter 9 (as stated in Rule 901 of the Listing Manual) is to guard against the risk that interested persons could influence a listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders. The aforementioned terms "entity at risk", "interested person" and "associated companies" are defined below.

1.2 <u>Main terms used in Chapter 9:</u>

(a) An "**entity at risk**" means

(i) the listed company;

(ii) a subsidiary of the listed company that is not listed on SGX-ST or an approved exchange; or

(iii) an associated company of the listed company that is not listed on SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has or have control over the associated company.

(b) An "**associated company**" of a listed company means a company in which at least 20 per cent. but not more than 50 per cent. of its shares are held by the listed company or the listed group.

(c) An "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9.

(d) An "**interested person**", in the case of a company, means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.

(e) An "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder of the listed company (being an individual) means an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder; the trustees of any trust of which the director and/or his immediate family, or the chief executive officer and/or his immediate family or the controlling shareholder and/or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and any company in which the director and/or his immediate family, or the chief executive officer and/or his immediate family or the controlling shareholder and/or his immediate family has or have an aggregate interest (directly or indirectly) of 30 per cent. or more; and, where a controlling shareholder of the listed company is a corporation, its "associate" means its subsidiary or holding company or fellow subsidiary or a company in which it and/or such other companies taken together have (directly or indirectly) an interest of 30 per cent. or more.

(f) A "**chief executive officer**" of a listed company means the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the listed company.

(g) A "**controlling shareholder**" of a listed company means a person who holds directly or indirectly 15 per cent. or more of the nominal amount of all voting shares in the listed company; or a person who in fact exercises control over a company.

(h) An "**interested person transaction**" means a transaction between an entity at risk and an interested person.

1.3 Materiality thresholds, announcement requirements and shareholders' approval

When Chapter 9 applies to a transaction with an interested person (except for any transaction which is below $100,000 in value and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and are hence excluded from certain requirements of Chapter 9) and the value of the transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches or exceeds certain materiality thresholds (which are based on the listed company's latest audited consolidated net tangible assets ("**NTA**")[1]), the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for the transaction.

In particular, shareholders' approval is required for an interested person transaction of a value equal to, or exceeding:

(a) 5 per cent. of the listed company's latest audited consolidated NTA[2]; or

(b) 5 per cent. of the listed company's latest audited consolidated NTA, when aggregated with the values of other transactions entered into with the same interested person (such term as construed under Chapter 9) during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

1.4 Shareholders' general mandate

Chapter 9 allows a listed company to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses, which may be carried out with the listed company's interested persons.

2. INTRODUCTION AND RATIONALE FOR THE IPT MANDATE

2.1 Hong Leong Investment Holdings Pte. Ltd. ("**HLIH**"), the controlling shareholder of the Company and its associates (the "**HLIH Group**") are interested persons of the Company.

2.2 Due to the size of the HLIH Group and the diversity of the activities of CDL and its subsidiaries (the "**Group**"), it is anticipated that:

(a) CDL;

(b) subsidiaries of CDL that are not listed on SGX-ST or an approved exchange; and

(c) associated companies of CDL that are not listed on SGX-ST or an approved exchange, provided that the Group or the Group and its interested person(s), has or have control over the associated companies,

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1 Based on the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 December 2016, the annual consolidated NTA of the Group was $9,276,873,000.

2 In relation to the Company, for the purposes of Chapter 9, in the current financial year and until such time that the annual consolidated financial statements of the Company and its subsidiaries for the year ending 31 December 2017 are published by the Company, 5 per cent. of the latest annual audited consolidated NTA of the Group would be $463,843,650.

(together, the "**CDL EAR Group**"), or any of them, would, in the ordinary course of its businesses, enter into certain transactions with its interested persons. It is likely that such interested person transactions will occur with some degree of frequency and may arise at any time. Thus, the IPT Mandate is intended to facilitate transactions in the normal course of business of the CDL EAR Group falling within the categories of interested person transactions as set out in Section 6 below (the "**Interested Person Transactions**"), that are transacted from time to time with the interested persons as specified in Section 5 below (the "**Interested Persons**") provided that they are carried out at arm's length and on the Group's normal commercial terms and which are not prejudicial to the interests of the Company and its minority Shareholders.

3. SCOPE OF THE IPT MANDATE

3.1 The IPT Mandate will not cover any Interested Person Transaction which has a value below $100,000 as the threshold and aggregation requirements of Chapter 9 of the Listing Manual of SGX-ST do not apply to such transactions.

3.2 Transactions with interested persons, which do not fall within the ambit of the IPT Mandate (including any renewal thereof), will be subject to the applicable provisions of Chapter 9 and/or any other applicable provisions of the Listing Manual.

4. BENEFITS OF THE IPT MANDATE

4.1 The Directors are of the view that it will be beneficial to the CDL EAR Group to transact or continue to transact with the Interested Persons, especially since the Interested Person Transactions are undertaken on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and policies and will not be prejudicial to the interests of the Company and its minority Shareholders.

4.2 Where the Interested Person Transactions relate to the provision to, and the obtaining from, Interested Persons of products or services as contemplated in Sections 6(a), (b) and (d), the CDL EAR Group will benefit from having access, where applicable, to competitive quotes from its Interested Persons as well as from unrelated third parties, and may also derive savings in terms of cost efficiencies and greater economies of scale in its transactions with Interested Persons. The provision of products and services to Interested Persons are also an additional source of revenue for the CDL EAR Group, provided that such products and services are provided on arm's length basis and on normal commercial terms. Where the Interested Person Transactions relate to financial and treasury transactions as contemplated in Section 6(c), the CDL EAR Group will benefit from the competitive quotes received from its Interested Persons, thus leveraging on the financial strength and credit standing of the Interested Persons.

4.3 The adoption of the IPT Mandate and the renewal of the same on an annual basis would eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when such Interested Person Transactions with the Interested Persons arise, thereby reducing substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group. This would also enable the Group to maximise its business opportunities especially in commercial transactions which are time-sensitive in nature. At the same time, the Group would be able to channel the significant amount of administrative resources, including time and expenses, saved towards its other corporate objectives.

5. CLASSES OF INTERESTED PERSONS

The IPT Mandate will apply to transactions with the following classes of Interested Persons:

(a) the HLIH Group; and

(b) Directors, chief executive officer(s) and controlling shareholders of the Company (other than entities who fall under the HLIH Group described in paragraph (a) above) and their respective associates.

6. CATEGORIES OF INTERESTED PERSON TRANSACTIONS

The Interested Person Transactions between the CDL EAR Group and Interested Persons which will be covered by the IPT Mandate relate to recurrent transactions of a revenue or trading nature or those necessary for the Group's day-to-day operations, and are set out as follows:

(a) Property-related Transactions

Transactions within the ambit of this category comprise the leasing or rental of properties; the award of contracts to main contractors, suppliers and consultants for property development projects; the provision and/or receipt of project management services; marketing and property agency services; cleaning, security and building maintenance services; property and estate management services including serviced apartments and serviced offices management services; and carpark management services.

(b) Management and Support Services

This category comprises transactions in relation to the receipt or provision of management services; legal; and financial advisory and consultancy services.

(c) Financial and Treasury Transactions

This category comprises transactions in relation to the placement of funds with Interested Persons, the borrowing of funds from Interested Persons, and the entry into foreign exchange, swap and option transactions with Interested Persons that do not fall under the exceptions to interested person transactions pursuant to Rule 915(6) and Rule 915(7) of Chapter 9[3]; and the subscription by the CDL EAR Group of debt securities issued by any Interested Person and the issue of debt securities by the CDL EAR Group to any Interested Person.

Pursuant to Rule 916(3) of Chapter 9, the provision of a loan by the CDL EAR Group to a joint venture with an Interested Person does not require the seeking of shareholders' approval provided that such loan is extended by all joint venture partners on the same terms and in proportion to their equity interest in the joint venture; the Interested Person does not have an existing equity interest in the joint venture prior to the participation of the CDL EAR Group in the joint venture; and the Company has announced that its Audit & Risk Committee (as defined herein) is of the view that: (i) the provision of the loan is not prejudicial to the interests of the Company and its minority Shareholders; (ii) the risks and rewards of the joint venture are in proportion to the equity of each of the joint venture partners; and (iii) the terms of the joint venture are not prejudicial to the interests of the Company and its minority Shareholders.

(d) General Transactions

This category comprises transactions in relation to the purchase and sale of goods including building materials, electronic and engineering equipment, building automation systems, computer systems (hardware and software), vehicles, parts and accessories, and the provision and receipt of after-sales services.

7. REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

7.1 In general, there are procedures established by the Group to ensure that Interested Person Transactions, which are reviewed and approved by the management, are undertaken on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and policies, are not prejudicial to the interests of the Company and its minority Shareholders, and on terms which are generally no more favourable to the Interested Persons than those extended to or received from unrelated third parties.

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[3] Pursuant to Rule 915(6) and Rule 915(7) of Chapter 9, the provision or receipt of financial assistance or services by or from a financial institution that is licensed or approved by the Monetary Authority of Singapore, on normal commercial terms and in the ordinary course of business does not constitute an interested person transaction which would require compliance with Rules 905, 906 and 907 of Chapter 9. Rule 905 relates to requirements for immediate announcement of interested person transactions, Rule 906 relates to requirements for seeking shareholders' approval for interested person transactions, and Rule 907 relates to requirements for disclosure of the aggregate value of interested person transactions in the listed company's annual report.

7.1.1 **Property-related Transactions, Management and Support Services, and General Transactions**

All Interested Person Transactions (other than the Financial and Treasury Transactions covered in Section 7.1.2 below) are to be carried out at the published or prevailing rates/prices of the service or product providers (including, where applicable, preferential rates/prices/discounts accorded to a class or classes of customers or for bulk purchases where the giving of such preferential rates/prices/discounts are commonly practised within the applicable industry and may be similarly extended to unrelated third parties), on the service or product provider's usual commercial terms which may also be similarly extended to unrelated third parties, or otherwise in accordance with other applicable industry norms.

In addition, the CDL EAR Group will monitor the Interested Person Transactions (other than the Financial and Treasury Transactions covered in Section 7.1.2 below) as follows:

(a) <u>Property-related Transactions comprising the award of contracts to main contractors, suppliers and consultants for property development projects</u>

(i) an Interested Person Transaction under this sub-paragraph (a) with a value in excess of $10 million shall be reviewed and approved by the audit & risk committee of the Company (the "**Audit & Risk Committee**") prior to the entry into of such Interested Person Transaction, or if it is expressed to be conditional on Shareholders' approval, prior to the completion of such Interested Person Transaction;

(ii) an Interested Person Transaction under this sub-paragraph (a) with a value below or equal to $10 million but in excess or equal to $100,000 shall be reviewed by the Audit & Risk Committee at its quarterly meetings; and

(iii) Interested Person Transactions under this sub-paragraph (a) shall be undertaken based on tenders which may be conducted for the award of such contracts with at least two bids from unrelated third parties to be obtained for comparison purposes. In the absence of tenders or the ability to obtain at least two bids for any tender, an Interested Person Transaction under this subparagraph (a) shall be undertaken based on comparison of rates/prices and terms offered by the Interested Person with the rates/prices and terms offered or generally quoted by at least two unrelated third parties who are engaged in providing similar services or products.

(b) <u>Property-related Transactions comprising the leasing or rental of properties</u>

(i) an Interested Person Transaction under this sub-paragraph (b) with a value in excess of $5 million shall be reviewed and approved by the Audit & Risk Committee prior to the entry into of such Interested Person Transaction, or if it is expressed to be conditional on Shareholders' approval, prior to the completion of such Interested Person Transaction;

(ii) an Interested Person Transaction under this sub-paragraph (b) with a value below or equal to $5 million but in excess or equal to $100,000 shall be reviewed by the Audit & Risk Committee at its quarterly meetings; and

(iii) Interested Person Transactions under this sub-paragraph (b) shall be entered into after comparison of rates quoted to at least two unrelated third parties (in the case of leases granted to Interested Persons) or comparison of rates quoted by or obtained from at least two unrelated third parties (in the case of leases granted by Interested Persons) and after taking into account the prevailing market rental rates for other properties within its vicinity of similar or comparable standing and facilities, the tenure of the lease, the area of the leased premises and any other factor which may affect the rental rates or terms of the lease.

(c) Property-related Transactions (other than those covered under sub-paragraphs (a) and (b) herein), Management and Support Services and General Transactions

(i) an Interested Person Transaction under this sub-paragraph (c) with a value in excess of $3 million shall be reviewed and approved by the Audit & Risk Committee prior to the entry into of such Interested Person Transaction, or if it is expressed to be conditional on Shareholders' approval, prior to the completion of such Interested Person Transaction;

(ii) an Interested Person Transaction under this sub-paragraph (c) with a value below or equal to $3 million but in excess or equal to $100,000 shall be reviewed by the Audit & Risk Committee at its quarterly meetings; and

(iii) Interested Person Transactions under this sub-paragraph (c) shall be entered into, where applicable:

(1) in the case of the provision of services or products by an Interested Person, based on tenders (with at least two bids from unrelated third parties to be obtained for comparison purposes) or comparison of rates and terms offered by or generally quoted by at least two unrelated third parties who are engaged in providing similar services or products; and

(2) in the case of the provision of services or products to an Interested Person, based on comparison of rates and terms offered to at least two unrelated third parties for transactions of a similar nature, size or complexity and taking into account the availability of resources, expertise or manpower for the performance of such services or provision of such goods and the existence of any cost and/or time saving factors.

(d) In the event that comparison quotations cannot be obtained in respect of the Interested Person Transactions covered under sub-paragraphs (a), (b) and (c) above (for example, where there are no unrelated third party providers or users of such services or products, or where the service or product is a proprietary item or due to the nature, speciality or confidentiality of the service or product to be supplied), such Interested Person Transactions shall be entered into only after the senior management staff of the relevant company in the CDL EAR Group (having no interest, direct or indirect, in the interested person transaction and having the authority in such company to approve the entering into of transactions of such nature and value), has evaluated and weighed the benefits of, and rationale for, transacting with the Interested Person and in their report submitted to the Audit & Risk Committee, confirmed that the price and terms offered to or by the Interested Person are fair and reasonable. In such evaluation and confirmation, the factors which may be taken into account include, but shall not be limited, to the following:

(i) in relation to the sale of goods or services to the Interested Person and as determined by the senior management staff of the relevant company in the CDL EAR Group and reported to the Audit & Risk Committee, the terms of supply should be in accordance with the CDL EAR Group's usual business practice and consistent with the margins obtained by the CDL EAR Group in its business operations or the margins obtained for the same or substantially the same type of transactions;

(ii) in relation to the purchase of goods or services from the Interested Person, the terms of supply will be compared to those for the same or substantially the same types of transactions entered into between the Interested Person and unrelated third parties. The review procedures in such cases may include where applicable, reviewing the standard price lists provided by the Interested Person to its customers for such products or services;

(iii) the efficiencies and flexibilities derived by the CDL EAR Group in transacting with the Interested Person as compared with transacting with unrelated third parties; and

(iv) prevailing industry norms.

7.1.2 **Financial and Treasury Transactions**

(a) Placement of Funds

In relation to the placement with any Interested Person by the CDL EAR Group of its funds, the Company will require that quotations be obtained from such Interested Person and at least two principal bankers or financial institutions of the Group ("**Principal Bankers**") for rates offered by such Principal Bankers for deposits of an amount and currency and for a period equivalent to that of the funds to be placed by the CDL EAR Group. The CDL EAR Group will only place its funds with such Interested Person provided that the interest rate quoted is not less than the highest of the rates quoted by such Principal Bankers and after evaluating and taking into account any factor that may materially and adversely affect the credit standing of the Interested Person with whom the funds are to be placed by the CDL EAR Group or the risks associated in the placement of such funds with the Interested Person, and such other factors relevant for consideration.

(b) Borrowing of Funds

In relation to the borrowing of funds from any Interested Person by a company within the CDL EAR Group, the Company will require that quotations be obtained from such Interested Person and at least two bankers of the borrowing company within the CDL EAR Group for rates offered by such bankers for loans of an amount and currency and for a period equivalent to that of the funds to be borrowed by such borrowing company within the CDL EAR Group. The CDL EAR Group will only borrow funds from such Interested Person provided that the interest rate quoted is not more than the lowest of the rates quoted by such bankers.

(c) Foreign Exchange, Swaps and Options

In relation to foreign exchange, swap and option transactions with any Interested Person by the CDL EAR Group, the Company will require that rate quotations be obtained from such Interested Person and at least two Principal Bankers. The CDL EAR Group will only enter into such foreign exchange, swap and option transactions with such Interested Person provided that such rates quoted are no less favourable than the rates quoted by such Principal Bankers.

(d) Subscription of Debt Securities

In relation to the subscription by the CDL EAR Group of debt securities issued by the Interested Persons, the CDL EAR Group will only enter into the subscription of such debt securities provided that the price(s) at which the CDL EAR Group subscribes for such debt securities will not be higher than the price(s) at which such debt securities are subscribed for by unrelated third parties.

In relation to the issue of debt securities by the CDL EAR Group to Interested Persons, the CDL EAR Group will only issue such debt securities to Interested Persons provided that the price(s) at which the CDL EAR Group issues such debt securities will not be lower than the price(s) at which such debt securities are issued to unrelated third parties.

In addition to the foregoing, the following threshold limits will be applied to ensure further monitoring by the Group of the Financial and Treasury Transactions entered into by the CDL EAR Group:

Placement of Funds and Subscription of Debt Securities

Where the aggregate of the outstanding principal amount of funds placed with, and debt securities subscribed from, the same Interested Person (as such term is construed under Chapter 9) shall at any time exceed the equivalent of 10 per cent. of the consolidated shareholders' funds of the Group (based on its latest audited financial statements), each subsequent placement of funds with, or subscription of debt securities from, the same Interested Person shall require the prior approval of the Audit & Risk Committee.

Where the aggregate of the outstanding principal amount of funds placed with, and debt securities subscribed from, the same Interested Person does not at any time exceed the limit set out above, the placement of funds with, and subscription of debt securities from, that Interested Person will not require the prior approval of the Audit & Risk Committee but shall be reviewed by the Audit & Risk Committee at its quarterly meetings.

7.2 A register will be maintained by the Group to record all Interested Person Transactions (and the basis including the quotations, if any and where relevant, obtained to support such basis on which they are entered into) which are entered into pursuant to the IPT Mandate.

The Company shall, on a quarterly basis, report to the Audit & Risk Committee on all Interested Person Transactions, and the basis of such transactions, entered into with Interested Persons during the preceding quarter. The Audit & Risk Committee shall review such Interested Person Transactions at its quarterly meetings except where such Interested Person Transactions are required under the review procedures to be approved by the Audit & Risk Committee prior to the entry thereof.

7.3 The annual internal audit plan shall incorporate a review of the established review procedures for the monitoring of Interested Person Transactions entered into pursuant to the IPT Mandate.

The Audit & Risk Committee shall review the internal audit report on Interested Person Transactions to ascertain that the established review procedures to monitor Interested Person Transactions have been complied with. If, during a review by the Audit & Risk Committee, the Audit & Risk Committee is of the view that the established review procedures are not sufficient or have become inappropriate, in view of changes to the nature of, or the manner in which, the business activities of the CDL EAR Group are conducted, it will take such actions as it deems appropriate and/or institute additional procedures as necessary to ensure that future transactions of a similar nature are on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, and the Company will revert to the Shareholders for a fresh mandate based on new review procedures for transactions with Interested Persons.

For the purpose of the review process, if a member of the Audit & Risk Committee has an interest in the transaction to be reviewed by the Audit & Risk Committee, he will abstain from any decision making by the Audit & Risk Committee in respect of that transaction. For example, where two members of the Audit & Risk Committee have an interest each in the transaction to be reviewed by the Audit & Risk Committee, the review of that transaction will be undertaken by the remaining member(s) of the Audit & Risk Committee.

8. EXPIRY AND RENEWAL OF THE IPT MANDATE

The IPT Mandate will take effect from the date of receipt of Shareholders' approval, and will (unless revoked or varied by the Company in General Meeting) continue in force until the next Annual General Meeting of the Company and will apply to Interested Person Transactions entered into from the date of receipt of Shareholders' approval. Approval from Shareholders will be sought for the renewal of the IPT Mandate at each subsequent Annual General Meeting, subject to review by the Audit & Risk Committee of its continued application to the Interested Person Transactions.

If the Audit & Risk Committee is of the view that the review procedures under the IPT Mandate are not sufficient to ensure that the Interested Person Transactions are transacted on normal commercial terms and will be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh mandate from the Shareholders based on new review procedures for Interested Person Transactions.

9. DISCLOSURE

In accordance with Chapter 9, the Company will disclose in its annual report the aggregate value of the Interested Person Transactions conducted pursuant to the IPT Mandate during the financial year (as well as in the Company's annual reports for subsequent financial years that the IPT Mandate continues to be in force). In addition, the Company will announce the aggregate value of the Interested Person Transactions conducted pursuant to the IPT Mandate for the financial periods which it is required to report on (pursuant to Rule 705 of the Listing Manual) within the time required for the announcement of such report. These disclosures will be in the form set out in Rule 907 of the Listing Manual.