50 GOLDEN YEARS

CITY DEVELOPMENTS LIMITED

ANNUAL REPORT 2013

FROM HERITAGE

CONTENTS

TO NEW HORIZONS

2013 marked a significant moment in CDL's history, as we celebrated our 50th anniversary. With each milestone recorded in the last five decades, we are reminded of the five core values that have underpinned our relentless efforts to drive growth and progress.

Led by these core values – **Competent, Cooperative, Creative, Caring, Committed** – we have transformed our business and in turn shaped Singapore's landscape beyond just bricks and mortar. And it is through upholding these same values that we will go on to attain new heights in the next 50 years and beyond, towards greater things to come.

10-YEAR FINANCIAL HIGHLIGHTS

Year		2004[3]	2005	2006
Revenue		$2,380m	$2,374m	$2,547m
Profit before tax		$503m	$404m	$692m
Profit for the year attributable to owners of the Company		$227m	$200m	$352m
Net gearing ratio		0.55	0.50	0.40
Return on equity		5.2%	4.4%	7.4%
Net asset value per share		$4.99	$5.12	$5.21
Basic earnings per share		25.3 cents	20.8 cents	37.0 cents
Dividends				
a)	Ordinary dividend (gross) per share			
	- final	7.5 cents	7.5 cents	7.5 cents
	- special interim	–	–	7.5 cents
	- special final	–	5.0 cents	10.0 cents
b)	Preference dividend (net) per share	2.19 cents	3.90 cents	3.90 cents

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

[2] Final tax-exempt (one-tier) ordinary dividends proposed for financial year ended 31 December 2013 will be subject to the approval of the ordinary shareholders at the forthcoming Annual General Meeting.

[3] Certain accounting policies or accounting standards had changed in the financial years 2005 and 2011. Only the financial information above presented for each of the years immediately preceding 2005 and 2011 had been restated to reflect the relevant changes in accounting policies or accounting standards.

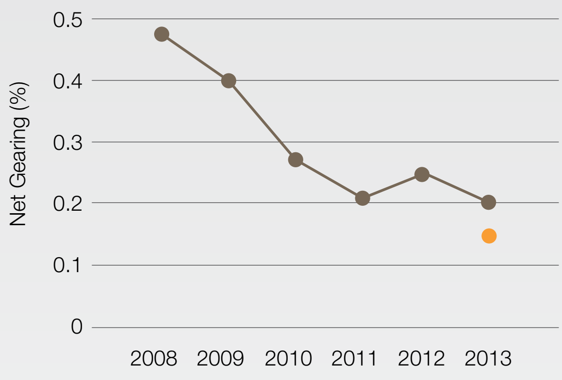
2007	2008	2009	2010[3]	2011	2012	2013
$3,106m	$2,945m	$3,273m	$3,103m	$3,280m	$3,354m	**$3,162m**
$955m	$834m	$832m	$1,067m	$1,136m	$960m	**$892m**
$725m	$581m	$593m	$784m	$799m	$678m	**$683m**
0.48	0.48	0.40	0.29	0.21	0.25	**0.20**
13.9%	10.7%	9.9%	12.5%	11.7%	9.3%	**8.7%**
$5.72	$5.97	$6.57	$6.89	$7.51	$8.03	**$8.63**
78.3 cents	62.5 cents	63.8 cents	84.8 cents	86.4 cents	73.2 cents	**73.7 cents**
7.5 cents[1]	7.5 cents[1]	8.0 cents[1]	8.0 cents[1]	8.0 cents[1]	8.0 cents[1]	**8.0 cents[2]**
10.0 cents	–	–	–	5.0 cents[1]	–	**8.0 cents[1]**
12.5 cents[1]	–	–	10.0 cents[1]	5.0 cents[1]	5.0 cents[1]	**–**
3.90 cents	3.90 cents[1]	3.90 cents[1]	3.90 cents[1]	3.90 cents[1]	3.90 cents[1]	**3.90 cents[1]**

Capital Management

	As at 31/12/13	As at 31/12/12
Cash and cash equivalents	$2,871m	$2,162m[a]
Net borrowings	$1,968m	$2,357m
Net gearing ratio[b]	0.20	0.25
Net gearing ratio if fair value gains on investment properties are taken in	0.14	0.18
Interest cover ratio	15.2 times	17.4 times

[a] Includes cash and cash equivalents classified as assets held for sale.
[b] Excludes fair value gains on investment properties as the Group's accounting policy is to state its investment properties at cost less accumulated depreciation and impairment losses.

Net Gearing



If fair value gains on investment properties are taken in.

BUILDING A LEGACY OF INDUSTRY LEADERSHIP

COMPETENT

CDL has evolved from being Singapore's premier property pioneer to becoming an internationally renowned property and hospitality conglomerate, a brand synonymous with quality and excellence. Since our inception in 1963, we have, through the years, continually honed and refined our expertise and leveraged on our experience to blaze trails across the industry. Be it earning our place as one of the world's Most Sustainable Corporations or receiving Singapore's first Building and Construction Authority Quality Excellence Award – Quality Champion (Platinum), we take pride in achieving excellence in all that we do and we aim to inspire others to do the same.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to report that the City Developments Limited Group achieved strong earnings of $683 million for the full year ended 31 December 2013 despite an increasingly challenging Singapore property market. Going forward, with a strong balance sheet, the Group will focus on building synergistic platforms to capitalise on overseas growth markets with new geographies and products, to accelerate diversification and deliver more value to shareholders.

GROUP PERFORMANCE

Despite the challenging property market in Singapore, resulting in part from several rounds of Government cooling measures, the Group continued to deliver a respectable performance for the year ended 31 December 2013 (FY 2013). For FY 2013, the Group achieved attributable profit after tax and non-controlling interests of $683.0 million, on par with FY 2012 of $678.3 million.

For the quarter ended 31 December 2013 (Q4 2013), the Group posted an attributable profit after tax and non-controlling interests of $221.0 million (Q4 2012: $249.3 million).

Basic earnings per share of the Group stood at 23.6 cents for Q4 2013 (Q4 2012: 26.7 cents) and 73.7 cents for FY 2013 (FY 2012: 73.2 cents).

In terms of pre-tax profit, the property development segment was the main contributor, representing 46.3% and 66.8% of the Group's profit before tax for FY 2013 and Q4 2013 respectively, despite reporting lower profits. The lower profit contribution from this segment was due to the completion of Hundred Trees and Tree House in 2013, coupled with the absence of similar gain from disposal of industrial land parcels at Jalan Lam Huat recorded in Q4 2012. Furthermore, the Group was unable to recognise profits for some of its launched private residential projects as construction of these projects have yet to commence or reach recognition stage. The Group was also unable to recognise profits from its three fully sold Executive Condominiums (ECs), following the mandatory adoption of accounting standard INT FRS 115 in 2011, which only allows profit recognition of ECs in entirety, upon completion of construction.

The rental properties segment, though second in line, had seen its profit contribution increased by 68.1% for FY 2013, primarily due to the disposal of 100G Pasir Panjang warehouse, a non-core investment property in Q2 2013.

Profit contributions from Millennium & Copthorne Hotels plc (M&C) to the Group were lower primarily due to differences in accounting treatment of income recognition between Singapore and London for The Glyndebourne condominium (former Copthorne Orchid Hotel), which was completed in Q4 2013. Its hotel revenues for the year also showed a reduction of 1.5% compared to 2012 as a result of the temporary removal of a net 290,000 room nights from the system over the course of the year, in connection with the ongoing asset management programme. During the year, there was a greater emphasis on driving revenue through higher occupancy ratios rather than increased room rates. This reflected a more competitive trading environment in some regions – especially Singapore – and other factors, notably the absence of the Olympics in London compared to 2012 and the reduced number of Japanese visitors to Seoul, mainly as a result of political tensions.

As at 31 December 2013, the Group's gearing ratio, without factoring in any fair value surpluses on investment properties, was 20.0% (FY 2012: 25.0%). Its interest cover was at 15.2 times for FY 2013 (FY 2012: 17.4 times).

The Board is recommending an ordinary dividend of 8.0 cents per share. Together with the special interim ordinary dividend of 8.0 cents per share paid on 5 September 2013, the total dividends for 2013 amount to 16.0 cents per share.

Property

In Q4 2013, the Singapore economy grew by 5.5% on a year-on-year basis (Q3 2013: 5.8%). On a quarter-on-quarter seasonally-adjusted annualised basis, the economy grew by 6.1%, much higher than the 0.3% growth in the previous quarter. For the whole of 2013, Singapore economy expanded by 4.1%, higher than the 1.9% growth in 2012, marginally beating Ministry of Trade and Industry's (MTI) growth estimates of 3.5% to 4.0% for the year. While most sectors saw growth, the construction sector moderated to 5.9% (FY 2012: 8.6%), due to a slowdown in both public and private construction activities.

According to data from Urban Redevelopment Authority (URA), developers sold 2,568 private residential units (excluding ECs) in Q4 2013 – an increase of 5.7% (Q3 2013: 2,430 units sold). For the whole of 2013 however, developers sold a total of 14,948 private residential units (excluding ECs) – representing a fall of 32.7% (FY 2012: 22,197 units sold). If ECs are included, developers sold 18,536 units of new homes – a drop of 30.6% (FY 2012: 26,696 units sold).

In 2013, prices of private residential properties increased by 1.1% (FY 2012: 2.8%). URA data indicated that the Residential Property Price Index (PPI) decreased to 214.3 points in Q4 2013 (Q3 2013: 216.3 points). Overall prices of non-landed private residential properties decreased by 0.9% quarter-on-quarter in Q4 2013, compared to the 0.4% increase in the previous quarter.

Notwithstanding the challenging conditions caused by the numerous property cooling measures, the Group's ongoing residential projects, officially launched in 2013, continued to book in reasonable sales.

Echelon, a 508-unit joint venture development centrally positioned at Alexandra View is almost sold-out, with only three penthouses left. Bartley Ridge, an 868-unit joint venture development located at Bartley Road/Mount Vernon Road has seen strong take-up with about 90% of the project sold to date. D'Nest, a 912-unit Pasir Ris Grove condominium, located within walking distance to Pasir Ris MRT station, is now 93% sold. Jewel @ Buangkok, the 616-unit project situated just minutes' walk to the Buangkok MRT station, has achieved steady sales with 86% of the 450 launched units sold. Lush Acres, a 380-unit EC project located along Fernvale Close in Sengkang, is now 100% sold.

In Q4 2013, the Group launched two projects in October. The first is The Venue Residences and Shoppes – a mixed development offering 266 apartments and 28 retail units. Situated along Tai Thong Crescent, at the junction of Upper Serangoon and MacPherson Roads, it is just a few minutes' walk from Potong Pasir MRT station. 50% of all the retail units and 66% of the 70 apartments released for sale have been taken up.

Buying interests in this city fringe project was affected by the latest round of property cooling measures especially the Total Debt Servicing Ratio (TDSR) which restricts potential buyers' borrowing capacity, resulting in many preferring to adopt a wait-and-see attitude. Given its excellent location in an area that is undergoing rapid transformation and its unique position as a mixed-use development, The Venue Residences and Shoppes should continue to enjoy interests from investors and home-buyers in the medium to long-term.

The other project is The Inflora, a 396-unit joint venture condominium at Flora Drive, located in the Changi/Pasir Ris locale. The project was competitively priced based on low land cost and sold out within a few weeks.

For the year under review, the Group, together with its joint venture associates, sold 3,210 units, including ECs, at a value of about $3.32 billion, emerging as the top-selling private developer in Singapore (FY 2012: 2,395 units with total sales value of $2.78 billion).

In Q4 2013, profits were booked in from various pre-sold projects, namely 368 Thomson, Buckley Classique, H_2O Residences and UP@Robertson Quay. Profits from joint venture projects were also booked in. They include HAUS@SERANGOON GARDEN, The Palette, Bartley Residences, Hedges Park, The Inflora and Bartley Ridge.

Profits were also realised from The Glyndebourne, which is developed by M&C. While M&C's Q4 2013 performance was significantly boosted by profit recognition from this development, it should be noted that the CDL Group has been progressively recognising profit for The Glyndebourne project based on stage of construction for the units sold, whereas M&C could only book in the profits in entirety in Q4 2013, when the development was completed, based on UK accounting standards. Therefore, the substantive jump in profits as seen in M&C's performance would not be reflected on the CDL Group level.

Profits however, were not realised from Echelon, D'Nest, Jewel @ Buangkok and The Venue Residences and Shoppes as these projects are either in early stages of construction or construction has not commenced yet. No profits were booked from sales of the three fully sold EC projects namely, Blossom Residences, The Rainforest and Lush Acres due to prevailing accounting treatment for ECs.

The Singapore office market registered moderate improvement. URA data showed that prices of office space rose 5.2% in 2013, compared with the 1.4% increase in 2012. Overall rentals of office space increased by 1.3% in 2013, compared with the 1.3% decline in 2012.

The rental index for office space in Central Area increased by 1.8%, while the rental index for Fringe Area increased by 0.6%. According to a property consultant, the leasing activity in the Central Business District (CBD) increased in 2013 on the back of relocation activities by corporates for office space upgrades and expansion.

In Q4 2013, the Group's office portfolio continued to enjoy healthy occupancy of about 96.5%, compared with the national average of 90.1% year-on-year.

The construction of the superstructure for South Beach Tower – the office component of the South Beach development – is targeted to be completed by Q1 2014. This 34-storey tower encompasses 500,000 sq ft of lettable prime Grade A office space. Currently, more than 50% of the office tower is under negotiations and the first tenant is a renowned foreign bank, which has leased approximately 30,000 sq ft. Leasing interest for its retail component has been healthy with numerous enquiries.

Designed by Philippe Starck, the fitting out of the 654-room luxury concept hotel named as The South Beach has commenced and the opening of the hotel is expected to be in 2015. Recruitment for respective Senior Executives for the Hotel is also in progress. For the residential component, the Group is still monitoring the market and will only launch the exquisite 190-unit South Beach Residences at the appropriate timing.

Overseas Platforms

In addition to the Group's global hospitality portfolio through M&C, it has also made further progress on its overseas growth engines to drive its diversification efforts.

CDL China Limited, a wholly-owned subsidiary of the Group, continues to push forward on its three projects and 2014 marks a critical milestone. Eling Residences, the luxury development located at the peak of Eling Hill in Yuzhong District, Chongqing, will be completing its earthworks in February 2014, with construction having already commenced in January 2014.

Huang Huayuan, a mixed-use project in the same district in Chongqing, completed concept design at the end of 2013 and the team is currently working on the schematic design. Excavation and retaining wall works commenced in February 2014 and construction is expected to begin in the second half of 2014.

CHAIRMAN'S STATEMENT

Suzhou Hong Leong City Center (HLCC), CDL China's sizable mixed-use development next to Jinji Lake in Suzhou Industrial Park District, continues to show good progress. In order to reach the pre-sales stage at a faster pace, the project's construction schedule has been split into two phases, consisting of one block of residential apartments and one block of SOHO units in Phase 1, with the second residential tower and the commercial components (office, retail mall and hotel) to follow in Phase 2. Construction for Phase 1 started in January 2014 while piling works for Phase 2 is scheduled to begin in May 2014.

If market conditions are favourable, both Eling Residences and Suzhou HLCC will officially commence sales in September/October this year, typically the strongest sales period in China. Due to the deep excavation required and the lofty height of its three buildings, Huang Huayuan will start selling in 2015.

In London, the Group continues to analyse off-market property development and investment propositions across all sectors. Notwithstanding a challenging acquisition environment, a number of well-located buildings and sites in Central London are in the process of being bought off-market, at prices which represent good value despite some commentators' views that London may be developing a bubble. There is a focus on strategic opportunities in the Greater London area where demand from local and overseas buyers is proven and the sustainable growth in the market will remain positive in the medium to long-term. In line with this strategy, the Group has exchanged contracts to acquire a prime investment/development opportunity in Croydon, close to the newly proposed mega £1 billion shopping centre.

Plans to redevelop 28 Pavilion Road in Knightsbridge into a contemporary residential development continue to advance and discussions with the local planning authority and consultations with local residents have been well received. The site is located in close proximity to Harrods. A full detailed planning application is expected to be submitted in June 2014, ahead of schedule.

Hotel

M&C, in which the Group has a 59% interest, posted record revenue of £1.04 billion for FY 2013 (FY 2012: £768.3 million) and achieved a 69.3% increase in net profit after tax and non-controlling interests of £228.5 million (FY 2012: £135.0 million). For Q4 2013, its revenue was £471.3 million (Q4 2012: £203.2 million) and registered a 226.8% increase in net profit after tax and non-controlling interests of £150.0 million in Q4 2013 (Q4 2012: £45.9 million). Basic earnings per share for FY 2013 increased by 67.9% to 70.5p (FY 2012: 42.0p).

M&C's robust performance was mainly boosted by recognition of profits arising from the 147 apartments sold in The Glyndebourne development, which was completed in Q4 2013, following the issuance of its Temporary Occupation Permit (TOP). The level of profit reflects the successful timing of the 150-unit condominium project and the low historical book value of the land. It demonstrates the strength of M&C's business model as an owner and operator of hotels, with gains generated through timely and opportunistic asset management, in addition to income from hospitality services.

Although M&C's Global RevPAR increased by 3.4% during the year to £69.58 (FY 2012: £67.32), its hotel revenue fell by 1.5% to £738.0 million (FY 2012: £749.4 million) due to the impact of rooms temporarily lost to refurbishment as well as a reduction in hotel non-room revenue.

Positive RevPAR performance in London, New Zealand, New York and Regional US outweighed the fall in RevPAR in Singapore, Rest of Asia and UK regional hotels.

As the asset management programme continues, M&C's management anticipates that this effect will reverse. For example almost 14,000 room nights re-entered the system in 2013, with significantly higher room rates, following the refurbishment of ONE UN New York.

M&C's financial position remained strong throughout the year, placing it in a good position for growth through acquisition. With the recovering global economy, hotel capital values have increased, although at a faster rate than hotel earnings. With the current low interest rate environment, many investors expect hotel earnings to improve. In 2013, M&C completed and embarked on some key asset and land acquisitions.

In April 2013, M&C completed its purchase of a 1,563.7 sq m land parcel adjacent to the Millennium Seoul Hilton for £17.2 million. Architectural detailing is underway for a business lifestyle hotel and serviced apartment complex which will be complementary to the Millennium Seoul Hilton.

In December 2013, M&C announced the proposed acquisition of a hotel located within the Chelsea Harbour district in London for £65.0 million, subject to standard purchase price adjustments. M&C believes that this property is the city's first and only all-suite hotel. It currently offers 154 suites and four penthouses, and is situated in a prestigious riverside area that will be undergoing further transformation in the near future. The property will fit efficiently into M&C's existing portfolio of London properties with minimum impact on central management costs. Completion is expected in Q1 2014.

In February 2014, M&C also announced that it has entered into two conditional purchase and sale agreements. The first is to acquire the 480 room 4-star Novotel New York Times Square for US$273.6 million (£167.0 million) subject to standard purchase price adjustments. Completion is expected in Q2 2014. The second, just announced by M&C on 24 February 2014, is to acquire a hotel in Rome, Italy – the 5-star Boscolo Palace Roma for €65.5 million, subject to standard purchase price adjustments. Situated on Via Veneto, one of the city's most attractive streets, the hotel offers 87 luxury guest rooms and suites, and is well located to serve the needs of visitors to Vatican City. Rome is one of the most popular tourist destinations in the world. This acquisition adds an important new destination to M&C's European portfolio. M&C has been seeking to establish a presence in Rome for many years, and this acquisition continues its strategy of selective growth through careful investment in gateway cities. The property was recently refurbished and does not require material capital investment or significant management infrastructure. Its location together with the quality of the product and its high service levels will enhance the Millennium brand experience and reputation.

Other strategic asset purchases include the acquisition of the 35-villa Jumeirah Dhevanafushi by CDL Hospitality Trusts (CDLHT), M&C's hospitality real estate investment trust associate, in December 2013. This asset is CDLHT's second luxury resort hotel in the Maldives.

In 2013, M&C continued to make headway in its development plans. The construction of M&C's Tokyo hotel, in the heart of Ginza district is progressing well and is scheduled to complete at the end of 2014. With the positive impact of Abenomics, coupled with Tokyo's successful bid to host the Olympic Games in 2020 and the possibility of a proposed casino resort in the capital city, the Japanese hotel business is beginning to rebound strongly. Hotel capital values are increasing. The purchase timing and completion of M&C's hotel is ideal, as M&C will stand to benefit from these developments.

In January 2014, M&C closed its Millennium Hotel St Louis hotel, as refurbishment of the property was unlikely to offer attractive returns in the foreseeable future. M&C is considering a full range of options for the freehold property, which occupies a 17,033 sq m site in the city. In addition, M&C closed two hotels in New Zealand in 2013.

In the current hotel trading environment, M&C considers it vital to invest in its asset portfolio in order to enhance trading performance, especially in its main gateway city properties. Results from hotels where significant renovations have been completed have generated higher room rates and RevPAR compared to their pre-renovation performance. Since its asset enhancement programme commenced in 2011 with capital expenditure of £240.0 million, a total of £87.8 million had been invested by 31 December 2013, mainly on the refurbishment of several key hotels including the west tower of ONE UN New York, Millennium Seoul Hilton, Millennium Hotel Minneapolis and Grand Hyatt Taipei.

Refurbishment of the Grand Hyatt Taipei's west wing was completed and re-opened in Q3 2013. Work is currently underway on renovation of the east wing. The hotel is scheduled to re-open fully in Q3 2014.

In the US, refurbishment of the Millennium Hotel Minneapolis completed in Q2 2013, and the hotel fully re-opened in May 2013, and has since received a much improved rating from guests. In 2H 2013, RevPAR for the hotel was £52.89 compared to £44.19 in the same period of 2012, representing an increase of 19.7%.

M&C's associate, First Sponsor Capital Limited (FSCL), continued to make good progress with development in Chengdu, China. M&C's investment in FSCL is a key part of its China strategy, building its brand proposition in this key market, enabling it to participate in hotel ownership through mixed-use property development in a capital efficient manner.

For FY 2013, M&C has recognised £7.4 million as its share of FSCL's net profit after tax (FY 2012: £9.3 million). Profits arose mainly due to FSCL's disposal of the land in Humen and profits on the sale of the remaining Chengdu Cityspring residential units, the bulk of which were sold in 2012. The 196-room M Hotel Chengdu, part of the Chengdu Cityspring project, soft opened in September 2013 and is being managed by M&C.

Progress on the Wenjiang development land site in Chengdu, purchased in November 2011 and branded as Millennium Waterfront, is on track. The land is designated for residential, commercial and hotel development. The total residential component comprises 50 apartment blocks with 7,110 units. The sale of 10 blocks with 1,618 residential units had been launched as at 31 December 2013. At that date 1,490 out of the 1,618 residential units launched had been sold either under option agreements or sale and purchase agreements. FSCL has also commenced the sales of some auxiliary retail commercial units and sales have been encouraging. Development of the project will be phased according to demand. In the meanwhile, the construction of a Millennium branded hotel with convention facilities commenced in Q2 2013 and is scheduled to open in 2017.

FSCL is considering an initial public offering and listing on the Singapore Stock Exchange of its principal operating subsidiary, First Sponsor Group Limited, later in 2014.

M&C recognised profit of £9.1 million from land sales in New Zealand during the year (FY 2012: £6.3 million). It also announced in Q4 2013 that it had signed a Collective Sale Agreement (CSA) with other selling unit-holders in Tanglin Shopping Centre, a shopping-cum-office complex situated within the Orchard Road shopping belt, in which M&C holds approximately a 34% interest. This process will be directed by an independent sales committee, representing all selling unit-holders.

During 2013, the Copthorne Hotel Birmingham became the subject of a compulsory purchase order as part of the redevelopment of Birmingham city centre. As a result of this, M&C entered into an agreement with the developer of the scheme that grants it with a number of options including the construction of a new hotel and/or the sale of the existing site, the timings of which are currently unknown. M&C is also in discussions with the appropriate authorities in Scotland regarding the impact of the redevelopment of the local area on the Millennium Hotel Glasgow.

CURRENT YEAR PROSPECTS

Property

The global economy is showing some signs of recovery. The troubled Eurozone has technically emerged from recession, unemployment in US has moderated and Japan is seeing an economic revival. Growth in the developed economies is expected to pick up as the drag from fiscal consolidation and policy uncertainty eases. The recovery is expected to improve exports from developing economies. However, risks to a long-awaited global economic recovery remain as the speed of the Quantitative Easing (QE) tapering in US could place pressures on financial markets and dampen business sentiments in the short-term. Additionally, China's outlook remains uncertain as the economy continues to undergo restructuring. In light of the unpredictable macroeconomic environment and the tightness in the domestic labour conditions, MTI has maintained Singapore's growth forecast for 2014 at a modest 2.0% to 4.0%.

Following several rounds of property cooling measures and the implementation of the TDSR, residential property transactions and prices have begun to decline. The TDSR framework was introduced in June 2013 by the Monetary Authority of Singapore (MAS) to encourage prudent borrowings by households and to strengthen credit underwriting standards of Financial Institutions. In addition, rules applicable to the Loan-to-Value (LTV) limits for housing loans were further refined to address any circumvention.

New measures targeting the EC market were also introduced in December 2013 to refine the EC housing scheme and align it closer to other public housing schemes. A resale levy has been imposed on second-timer applicants buying EC units directly from developers for EC land sales launched on or after 9 December 2013. In addition, the MAS has moved to cap the Mortgage Service Ratio (MSR) for EC loan granted at 30% of a borrower's gross monthly income. These measures could impact EC affordability, and consequently, pricing and sales volumes of EC units.

Taking advantage of the moderating effect on EC land tender bids, in January 2014, the Group won a 99-year EC housing site located at Canberra Drive, within Sembawang New Town, for $226.0 million. This joint venture bid topped the tightly contested tenders by a mere 4.4% margin. Located in an established residential area and surrounded by greenery, the 307,447 sq ft site is easily accessible by major expressways and is strategically located near Sembawang MRT station and bus interchange. It offers easy access to a host of amenities, such as Sembawang Shopping Centre, Sun Plaza and Northpoint Shopping Centre. In addition, the site could be near a future MRT station located between Yishun and Sembawang MRT stations that is being considered as part of Land Transport Authority's (LTA) rail transit masterplan. The Group plans to develop a mid-rise EC project of between 10 and 11 storeys with approximately 660 units. Given the popularity of ECs in Singapore and the site's convenient access to Sembawang MRT station and amenities, it expects this development to be well-received. Recent EC projects in the vicinity have enjoyed healthy uptake and there is limited supply of unsold EC units in Sembawang area. This will be the Group's 7th EC project, after The Florida, Nuovo, The Esparis, Blossom Residences, The Rainforest and Lush Acres.

With the market stabilising, the Government has moved to slow down the supply of residential land under the Government Land Sales (GLS) Programme. For 1H 2014, the Government is making available 21 sites yielding about 11,600 units compared with 25 sites released in 2H 2013. This move should help reduce the risk of an oversupply of private residential units down the road.

The 2013 Draft Master Plan, which makes provisions to house a growing population with diverse needs, has identified districts such as Holland Village, Kampung Bugis and Marina South, which will provide 14,500 new homes over the medium term. The Woodlands Regional Centre is ear-marked to be a key commercial cluster in the north. A new shopping and entertainment belt is expected to be developed at Marina Bay. With the relocation of the Paya Lebar Airbase, the site will undergo major redevelopment for the eastern part of Singapore. These plans, amongst several others, present good long-term growth opportunities for the industry.

Singapore's economic outlook in 2014 remains positive despite ongoing efforts to restructure its economy to raise the nation's productivity for quality growth and better prospects for the future. The Group is confident that Singapore will evolve to be a leader with forward thinking strategies that have made the city a choice place to work, live, play and invest in. With a healthy economy, strong fundamentals, an efficient and responsible Government, and a low interest rate environment, Singapore remains an attractive hub for investors to anchor their business.

The Group is planning to launch two new joint venture residential developments in the next few months, subject to market conditions.

The first project is sited at Pasir Ris Grove. It is the final parcel in an exclusive residential enclave comprising four of the Group's earlier successful developments – Livia, NV Residences, The Palette and D'Nest. It offers 944 apartments and 6 retail units within 12 blocks of 12 to 16-storey towers. Units range from one to five-bedroom apartments, three to four-bedroom dual-key suites and penthouses. Designed with a large lagoon pool surrounding the blocks, most of the units will enjoy a pool-view. This project is also within several minutes' walk to the Pasir Ris MRT station and White Sands shopping centre. It is also strategically located several minutes' drive to mega stores like Ikea, Courts Megastore and Giant Hypermart, as well as Downtown East and Pasir Ris Park.

The second project is located at Commonwealth Avenue, next to the Queenstown MRT station. This upcoming residential development houses 845 units in two 43-storey towers, offering one to four- bedroom unit types. It features four sky terraces with a myriad of facilities, specifically designed to maximise the views of both the city and the surrounding verdant greenery. This city-fringe development is also close to several entertainment, recreation and F&B hotspots such as Holland Village, Dempsey Hill, VivoCity and Sentosa Island. The consortium had won this site by tender in February last year. This project is expected to be well received in view of its enviable location and amenities.

Based on anecdotal evidence by property consultants, demand for office space in the Central Business District (CBD) has firmed up, resulting in a tighter leasing environment with improved rental expectation. The average monthly gross rents across Premium and Grade A offices buildings in the CBD increased by 2.2% quarter-on-quarter in Q4 2013 as compared with the 1.2% increase in Q3 2013. On a year-on-year basis, the average monthly gross rents increased by 2.9% for 2013, a contrast from the 6.9% drop in 2012. Analysts expect bargaining power to remain with the landlords in the near-term, given the limited new supply in the CBD.

Singapore is poised to benefit from the strength of Asia's economic growth. With its business-friendly legal, tax and regulatory environments, coupled with excellent infrastructure and strong connectivity with the global economy, Singapore remains the premium choice destination for the Asian regional headquarters of multi-nationals. In addition, Singapore will continue to grow and develop as a financial and wealth management hub, a top destination for legal services and dispute resolutions, and as a sustainable energy hub. The combination of these elements should ensure that Singapore remains a top business centre which will support the demand for office space.

Management Appointments

With effect from 17 February 2014, Mr Kwek Leng Joo assumed the role of Deputy Chairman of the Company, relinquishing his post as Managing Director. In addition, Mr Grant L. Kelley was appointed as the Group's Chief Executive Officer (CEO).

Mr Kelley has more than 20 years of global experience in corporate strategy, private equity and real estate investment in Australia, Hong Kong, Japan, Singapore, South Korea, UK and US. Having been a management consultant for 11 years with Booz Allen & Hamilton (now known as Booz & Company), advising major listed companies, Mr Kelley will help enhance the Group's management structures and systems to strengthen its capabilities and drive greater productivity, which is in line with the Government's emphasis. Mr Kelley also has significant investment management experience, having led the Asian real estate investment practices for both Colony Capital and, subsequently, Apollo Global Management, for a combined eight years. At Colony Capital, he acquired and managed a wide portfolio of hotel assets, including Raffles Holdings' global portfolio in 2005.

These senior management appointments are in line with the Group's strategy to bring fresh perspectives to address a rapidly changing and competitive business landscape. The Group needs to be less Singapore-centric as the local property sector is expected to face continued headwinds. Leveraging on Mr Kelley's real estate and hotel expertise, looking overseas and setting up synergistic platforms to capitalise on growth markets and for risk diversification is the right step forward.

Hotel

The global economy has not yet been fully restored to complete health, with pockets of uncertainty continuing to affect some travel destinations. However, M&C expect its properties in the main gateway cities to see improvements in 2014.

In the first six weeks of 2014, Global RevPAR was up 5.3% on a reported currency basis, compared to the same period last year.

In 2014, M&C will continue to pursue its core strategic objective of improving returns on shareholders' capital while growing the business. In line with this strategy, it will continue to enhance its properties, with a number of refurbishment projects ready to commence in 2014, subject to relevant consents.

M&C will soon be fully re-opening all of the guest rooms at its largest hotel in Asia, the Grand Hyatt Taipei, before completing refurbishment of the public areas and restaurants and creating an outstanding five-star deluxe property. Elsewhere, it will continue to maximise the value of its real estate portfolio. In addition, it will continue to be alert to acquisition and disposal opportunities.

Overall, M&C remains cautiously optimistic about its performance for 2014 despite uncertainty affecting some regions, and poor weather conditions in US and UK in Q1 2014. It anticipates performance to be further impacted by its ongoing refurbishment programme and the resulting temporary removal of rooms from inventory.

Group Prospects

In the near-term, the Group, like all property developers, will have to grapple with the uncertain global economic outlook, challenges on the domestic landscape, with several headwinds looming. However, with over 50 years of experience, the Group has a proven track record of resilience and emerging stronger from these periodic turbulent periods.

In view that the Government has very recently announced, in its Singapore Budget 2014, that it will not be relaxing the property cooling measures soon and will further tighten foreign labour in the construction sector, macro headwinds are expected to continue to weigh on the domestic property market. The Group notes that the Government is not engineering a hard landing for the property sector and will continue to monitor and adjust the measures when necessary. The Group is hopeful that some of the cooling measures could be tweaked in due course, particularly in the area of foreign investment, to mitigate any prolonged down cycles, taking into account time lags in implementation and unforeseen risks. This will help the nation maintain its competitiveness as a global city. Notwithstanding this, while the medium to long-term prospects in Singapore continue to remain strong, the Group will focus on accelerating its diversification efforts overseas.

In the year ahead, the Group will look at various ways to derive greater value from its global hospitality arm – M&C – as hotel operations is a significant contributor to its performance. The Group is poised to reap the benefits from its establishment of China and London platforms and will continue to pursue opportunities in these markets. It will also actively seek opportunities in mature markets such as the US, Japan and Australia. These economies are just recovering and their capital markets have the sophistication, transparency and corporate governance protocols that are akin to Singapore's. This will enable the Group to move swiftly with greater confidence to secure projects.

The Group has taken deliberate efforts over the years to further strengthen its financial position and is well poised to leverage on a down cycle of the property market. With its solid foundation, the Group has its eyes set on growth. It will utilise both intuition and institutional knowledge to seize opportunities, evolving with fresh innovative initiatives and platforms that will deliver greater value for its shareholders.

APPRECIATION

On behalf of the Board of Directors, I would like to express our heartfelt appreciation to our stakeholders, including our shareholders, customers and business associates, for their continued support of the Group. I also take this opportunity to welcome Mr Grant L. Kelley, our CEO, who joined the Group on 17 February 2014. Mr Chee Keng Soon, our Lead Independent Director and chairman of our Audit & Risk, Nominating and Remuneration Committees, will be retiring from the Board at the forthcoming Annual General Meeting. On behalf of the Board and the Management, I wish to express our sincere appreciation for his invaluable contributions since he joined the Board in 1995. I would also like to thank my Deputy Chairman and fellow Directors for their invaluable advice and guidance, and the Management and staff for their unwavering dedication and commitment in the past year.

KWEK LENG BENG
Executive Chairman

27 February 2014

董事主席报告

我谨代表董事部同仁欣然呈报城市发展集团，即使在面对更有挑战性的新加坡地产市场情况下，截至2013年12月31日的全年取得6亿8300万元的强劲盈利。展望未来，秉承雄厚资产负债表，集团将注重于建立企业协同平台，集资于海外成长市场的新领域与产品，以加速集团的多元化发展，为股东带来更高的投资价值。

集团表现

尽管面对部分政府连续几轮的降温措施致使新加坡房地产市场面对挑战，截至2013年12月31日(2013年)，集团取得可赞偿的业务表现税后归股东净利达至6亿8300万元，与2012年的6亿7830万元持平。

截至2013年12月31日的第四季度(2013年第四季度)，本集团取得可归属于股东净利达至2亿2100万元(2012年第四季度为2亿4930万元)。

集团2013年第四季度的每股基本盈利为23.6分(2012年第四季度为26.7分)，而2013全年的每股基本盈利为73.7分(2012年为73.2分)。

在税前盈利方面，集团的营业额主要贡献来自房地产发展业务方面。在2013年和2013年第四季度，来自房地产发展的盈利分别占集团税前盈利的百分之46.3和百分之66.8，尽管盈利水平稍低。盈利下跌主要乃因百树园(Hundred Trees)和翠林屋(Tree House)两个楼盘在2013年竣工了，而缺少了因2012年第四季度脱售位于Jalan Lam Huat的工业地段的相应盈利的纳入而得益。此外，由于有些私宅楼盘虽已发售还待动工或虽已动土却建筑工程仍未达到可入账的阶段。同时，本集团也不能为其全面售罄的三项执行共管公寓(ECs)入账,因为根据2011年法定实施的会计标准INT FRS 115，有关收益只能在项目全面竣工后方能纳入。

在租赁业务方面的表现虽然屈居第二位，对2013年的盈利贡献却攀升百分之68.1，主因乃2013年第二季度出售了100G Pasir Panjang，此仓库并非核心投资房产。

另一方面，集团子公司千禧国敦酒店集团(M&C)对集团营业利润的贡献有所下滑。主要乃由于新加坡与英国不同的会计处理对2013年第四季度竣工的格林豪廷公寓(The Glyndebourne，原国敦胡姬酒店旧址)楼盘的收益入账差别所使然。而与2012年相比，其酒店营业额也少了百分之1.5，此乃因为M&C正在进行资产管理方案，这一年中共有290,000夜的客房量暂时未能投入营运。而这一年来，集团更加强提高租用率，而非调高房价来增加租房收入。此盈利情况也反映了在某些更激烈竞争的地区一特别是在新加坡一其他如缺少了2012年奥运会在伦敦举行以及主要因为日本旅客则因政治紧张，到访首尔的人数减少。

截至2013年12月31日，不计公允价值变动而列入盈余的投资产业，集团的净负债与资产比率为百分之20.0(2012年为百分之25.0)。本财政年，集团的利息偿付比率为15.2倍(2012年为17.4倍)。

董事部建议派发普通股息每股8分。加上2013年9月5日曾派发的特别年中股息每股8分，2013全年普通股东的股息共为每股16分。

房地产业

2013年第四季度新加坡的经济年比增长为百分之5.5(2013年第三季度为百分之5.8)，按季节变化调整后的季度环比增长折合年率计算，第四季度的经济其实增长了百分之6.1，比上一季度还要高出百分之0.3。整体上，全年经济增长了百分之4.1，超越2012年的百分之1.9，稍微超过贸工部(MTI)所预测的百分之3.5到百分之4.0。当大部分业界都取得增长，建筑业的步伐却由于公共和私有建筑活动的减少而有所放缓，增长幅度只有百分之5.9(2012年为百分之8.6)。

根据市区重建局(URA)的数据显示，发展商在2013年第四季度共有2,568个私宅单位(不含执行共管公寓)成交，季度增幅为百分之5.7(2013年第三季度有2,430个单位成交)。整体上，2013年全年，发展商总共只售出14,948个单位(不含执行共管公寓)，年比跌幅达百分之32.7(2012年共售出22,197个单位)。若把执行共管公寓计算在内，发展商共售出18,536个新单位，跌幅则为百分之30.6(2012年共售出26,696个单位)。

2013年的私宅价格上升了百分之1.1(2012年为百分之2.8)。2013年第四季度，市区重建局私宅产业价格指数(PPI)跌至214.3点(2013年第三季度为216.3点)。非有地私宅的整体价格季度同比降了百分之0.9，相比上一个季度则微升百分之0.4。

尽管面对众多的房地产降温措施实施的挑战性局面，本集团于2013年正式推出的楼盘继续取得理想的销售成绩。

位于亚历山大景的联营发展项目盛峰(Echelon)，其508个单位几乎售罄，仅余三个顶层单位等候交易。而另一个联营楼盘Bartley Ridge，位于巴特礼路/翡珑山路，共有868个单位，销售成绩强劲，成交率约有九成。至于在巴西立林拥有912个单位的鸣翠苑(D'Nest)，距离巴西立地铁站只有一箭

之遥，已经售出百分之93。而与万国地铁站毗邻的万国阁(Jewel @Buangkok)共有616个单位，有450个单位已经正式推出，其中百分之86找到买家。集团在盛港芬维尔弄发展的执行共管公寓Lush Acres，380个单位百分百售罄。

2013年第四季度，集团在十月份预售两个楼盘。首先是星苑居(The Venue Residences)和星苑坊(The Venue Shoppes)，一项综合发展项目，拥有266个单位公寓和28个零售单位，位于实龙岗路上段与麦波申路交界处的大通弯，离波东巴西地铁站只有几分钟行程。其中百分之50的零售单位已经售出，而所推出的70个住宅单位，认购率达百分之66。

此项位于市区外围的楼盘，购买欲颇受最新一轮的降温措施影响，特别是总偿债率(TDSR)所设下的限制，影响了潜在买主的房贷额，导致许多买主抱持观望态度。不过，楼盘所在位置目前正在迅速转型发展，环境十分优越，再加上此为一项综合发展项目，相信中长期内，星苑居和星苑坊会继续受到投资者和自置房屋者的青睐。

另一个预售项目就是在樟宜/巴西立一带，弗洛拉通道的联营私宅项目The Inflora。本楼盘共有396个单位，由于其地价成本偏低，价格具有竞争力，在数周内售罄。

在受检讨的本财政年，本集团及其联营伙伴总共售出3,210个单位，执行共管公寓包括在内。交易总额为33亿2000万元，成为新加坡销售业绩最佳的私人发展商(2012年共卖出2,395个单位，总值27亿8000万元)。

2013年第四季度，有几个预售楼盘的收益已经入账，这包括汤申368(368 Thomson)，百丽经典(Buckley Classique)，云水苑(H_2O Residences)及UP@Robertson Quay。联营发展的楼盘收益也相继入账，这包括豪舍(HAUS@SERANGOON GARDEN)，梦彩苑(The Palette)，Bartley Residences，Hedges Park，The Inflora 及Bartley Ridge。

由千禧国敦酒店集团(M&C)发展的格林豪廷公寓也已经上报利润。虽然M&C 于2013年第四季度的业绩表现很大程度上受益于此项目的利润入账，值得知悉的是，城市发展集团一直逐步地按工程建筑阶段把相关出售单位的收益循序渐进的入账，而根据英国会计标准，M&C则只能在2013年第四季度，在项目完全竣工后，才能将所有相关收益一次性入账。因此，M&C业绩的大幅度上涨不会反映在城市发展集团的账目中。

但是，盛峰、鸣翠苑、万国阁及星苑居、星苑坊等项目，由于建筑工程仍在初期，或者还未启动，相关收益未能入账。另外三个完全售罄的执行共管公寓，即花盛园(Blossom Residences) 、雨林阁(The Rainforest)及Lush Acres，其收益则因为现行有关执行共管公寓的会计政策而暂未入账。

新加坡的办公楼产业市场稍有起色。市区重建局的数据显示，2013年的办公楼产业价格上升了百分之5.2相较于2012年为百分之1.4的增长。2013年办公楼产业总租金收入微扬百分之1.3，相比2012年则下降百分之1.3。

市中心办公楼的租金指数涨了百分之1.8，而市区边缘地段的办公楼租金指数则微升百分之0.6。根据一家产业咨询顾问，中央商业区的租赁活动在2013年因为办公机构的搬迁涉及办公规模的更新和扩展而有所增加。

在2013年第四季度，集团的办公产业继续保持健全的出租率高达百分之96.5，高于全国百分之90.1的平均值。

本集团的联营发展项目South Beach进度理想，预计2014年第一季度可以建成办公大楼South Beach Tower的上层结构。此座34层高的大楼拥有500,000平方英尺的A级显要办公单位。至今，超过百分之50的办公单位正在洽商租赁阶段，而其第一个租户将会是一家著名的外资银行，租赁面积约为30,000平方英尺。至于零售单位的租赁兴趣也是健全地接到无数的探询。

由Philippe Starck负责设计的名为The South Beach豪华概念酒店所拥有的654间客房的内部装饰工程已经在进行中，而预期于2015年开张营业。招聘有关酒店高级行政人员亦在进行中。至于公寓方面，集团正在密切注意市场动向，而将于适当的时候才发售190个精品公寓单位的South Beach Residences。

海外发展机遇

本集团除了通过M&C发展全球酒店业务以外，本身也致力于开拓海外增长机制以推动多元化发展的努力。

集团独资子公司城市发展中国有限公司继续把旗下三个发展项目向前推进，而2014年将是关键的里程碑。重庆鹅岭山顶豪华住宅项目预定于2014年2月完成土石方工程，而建筑工程已在2014年1月展开。

在重庆同一区的黄花园综合发展项目，在2013年年底完成概念设计，设计团队目前正在制定方案设计。按照计划，2014年2月将开始开挖和档土墙工程，而建筑工程预期可于2014年的下半年展开。

城市发展中国有限公司的另一项大规模综合性发展项目一邻近苏州工业园区内金鸡湖的苏州丰隆城市中心(HLCC)继续进展顺利。为了加快步伐以达到提早预售的目的，有关项目的建筑时间表分作两个阶段。首阶段计划完成一栋公寓和一栋居家办公大楼(SOHO)，次阶段再完成另一栋公寓和其它商用场地(办公楼、零售商场和酒店)。首阶段的建筑工程已于2014年1月启动，而次阶段的打桩工程计划于2014年5月展开。

若市场形势有利，集团计划于今年9月或10月间正式发售鹅岭的住宅项目以及苏州丰隆城市中心的项目。一般上这两个月份是中国最强盛的时段。至于黄花园，由于需要深层开挖，以及三栋大厦的崇高高度，有关预售将于2015年才展开。

在伦敦，集团继续分析场外物业发展以及横跨各业界的投资机遇。虽面对有挑战性的收购局面，目前伦敦市中心却有好些地理位置优越的大厦和地段正在进行场外转手交易，价格也可谓物有所值。尽管有些评论者认为伦敦房地产泡沫可能正在形成，目前大家的注意力都聚焦于极富战略意义的大伦敦区的房地产，事实上这些房地产确实很吸引当地和海外买家，市场也有足够的中长期增长潜能。按此策略，集团已交换合约收购Croydon区一项显要投资/发展机会，有关地点就在拟议中将斥资十亿英镑兴建的霸级购物中心的近邻。

集团计划把Knightsbridge商业圈内的28号Pavilion Road 发展为现代化私宅继续有进展而与当地策划当局以及当地居民的协商得到良好反应。有关地段十分邻近哈罗德百货。相关完整的方案和申请书将于2014年6月超越进程表提前交于当局。

酒店

本集团拥有百分之59权益的M&C于2013年创下10亿4000万英镑的收益(2012年为7亿6830万英镑)，税后归股东净利高达2亿2850万英镑(2012年为1亿3500万英镑)，升幅为百分之69.3。2013年第四季度，M&C的收益为4亿7130万英镑(2012年第四季度为2亿320万英镑)，税后归股东净利飙升百分之226.8达1亿5000万英镑(2012年第四季度为4590万英镑)。2013年每股基本盈利增长百分之67.9而达致70.5便士(2012年为42便士)。

M&C的强劲业绩主要是来自出售格林豪廷147个单位所得的收益入账结果。有关项目于2013年第四季度竣工并取得临时入伙准证(TOP)。其盈利反映了此150个单位的公寓项目乃因成功看准时机以及其低土地账面价值而使然。这说明M&C的商业模式有其优势，作为业主兼酒店营运者，其收入不只是来自酒店服务，也来自及时把握资产管理的时机。

虽然本财政年M&C的全球客房平均收入提高了百分之3.4，达至69.58英镑(2012年为67.32英镑)。由于装修的缘故，影响部分客房暂时不能运营，加上非客房收入也下跌，所以酒店营业额滑落百分之1.5，至7亿3800万英镑(2012年为7亿4940万英镑)。

正面的伦敦、新西兰、纽约和美国区域的客房平均收入的上升趋势，抵消了新加坡、亚洲其它地区以及英国区域酒店客房平均收入的滑落。

随着资产管理计划继续向前推进，M&C管理层预计客房平均收入将回稳。以纽约ONE UN为例，装修完成后，在2013年已经有14,000夜的客房量重新投入系统的运作，房租率值也提高了。

M&C全年财务状况保持稳健，为它提供有利的形势通过收购行动来增长。随着全球经济的复苏，酒店资本价值经已增长，其上升速度竟然比酒店营运更快的速度在进行。目前的低利率环境也令许多投资者预期酒店收入能够回升。在2013年，M&C完成并进行了一些核心物业和地段的收购。

在2013年4月，M&C以1720万英镑成功完成收购首尔希尔顿千禧酒店(Millennium Seoul Hilton)毗邻一幅1563.7平方米的地皮。有关地段将建筑成一个商务时尚酒店兼服务式公寓，以辅助首尔希尔顿千禧酒店的业务，建筑细节正在进行中。

在2013年12月，M&C宣布在标准买价调整条款下，以6500万英镑收购伦敦Chelsea Harbour一家酒店。M&C相信此项产业是伦敦第一家也是唯一一家全套房的酒店，它现在共提供154间套房和4间顶层单位。酒店坐落于在不久后进一步转型的高尚河畔区。收购此项产业，将能以最低的中央管理成本有效地纳入M&C的伦敦资产组合效益。预期于2014年第一季度完成收购。

在2014年2月，M&C也宣布达成两项有条件性销售合约。首先是以可按标准买价调整的条款下以2亿7360万美元(1亿6700万英镑)收购位于纽约时报广场，拥有480间客房的4星级的诺富特(Novotel)酒店，预计于2014年第二季度完成收购。其次是M&C刚于2014年2月24日宣布的意大利罗马酒店收购方案。M&C准备在可按标准买价调整条款下以6550万欧元买下5星级的Boscolo Palace Roma。该酒店拥有87间豪华客房和套房，位于罗马最富有魅力的其中一条街道Via Veneto，它是处于可为前往梵蒂冈市的旅客提供服务的适中地点。罗马是全世界其中一个最受欢迎的旅游点，M&C一直寻找涉足于罗马的机会。这项收购不仅符合M&C通过在主要城市投资的增长策略，也巩固了M&C的欧洲资产组合。由于有关酒店近期刚完成装修，所以不需要投入大量的资本或业务管理基础设施。该酒店地理位置优越，服务水平高，是高素质资产，将加强千禧酒店的品牌和声誉。

其它策略性资产收购交易包括由M&C旗下酒店产业投资信托联号，城市发展酒店服务信托(CDLHT)于2013年12月收购的马尔代夫一家拥有35间别墅的高级度假村卓美亚Dhevanafushi (Jumeirah Dhevanafushi)。此乃城市发展酒店服务信托在马尔代夫拥有的第二家豪华度假村。

在2013年，M&C继续开展多项发展计划。M&C在日本东京银座区中心的东京酒店建筑工程进展顺利而预计于2014年年底竣工。由于日相安倍经济政策起积极作用加上东京成功取得2020年奥运主办权，以及可能设立的拟议中的东京赌场度假村，日本的酒店业开始强劲地回弹，酒店资本价值正在上扬。M&C东京酒店的购买时机以及竣工日期都很理想，M&C必能从中得益。

2014年1月，由于即使进行翻新工程也不可能预见可观的回报，M&C旗下的美国Millennium Hotel St Louis结业。该产业属于永久地契，位于市中心，并且占地17,033平方米，M&C正仔细在做全方位的考虑。以此同时，M&C也于2013年关闭了在新西兰的两间酒店。

就目前的酒店经营环境看，M&C认为应极其重要地投资于其资产组合才能提高营运业绩表现，特别是在热门旅游城市的产业上。业绩来自旗下经过翻新的酒店都因房价以及客房平均收入与其未翻新前相比带来较高的房价。M&C于2011年决定斥资2亿4000万英镑进行资产提升计划，截至2013年12月31日，已经投入了8780万英镑，主要的作为翻新数家重要酒店，包括纽约ONE UN西翼，首尔希尔顿千禧酒店，Millennium Minneapolis以及台北君悦大饭店(Grand Hyatt Taipei)。

台北君悦大饭店西翼已经翻新完毕，并于2013年第三季度营业。东翼的翻新工程正在展开，预定在2014年第三季度以全新的姿态全面恢复营业。

在美国，Millennium Minneapolis的翻新工程于2013年第二季度完工，酒店已全盘于2013年5月重新营业，客户的评估也大幅度的提高。在2013年下半年，客房平均收入值为52.89英镑，同比2012年为44.19英镑，升幅为百分之19.7。

M&C联营企业First Sponsor资本有限公司(FSCL)在中国成都的业务继续取得良好的进展。M&C投资于FSCL乃是进军中国的核心策略，以期在此重要市场建立起品牌，通过善用资本投资于综合房产，进而参与酒店拥有权。

在2013年，M&C从FSCL的税后净利所获取的实际权益为740万英镑(2012年为930万英镑)。此盈利主要来自FSCL出售虎门地皮所得以及成都城市春天(Chengdu Cityspring)剩余住宅单位脱售所得，其中大部分已经在2012年售出。拥有196个单位的成都M酒店(M Hotel Chengdu)，属于成都城市春天项目的一部分，于2013年9月软开张，并由M&C负责经营。

2011年11月在成都温江买下的发展地段，如期进展并冠名为千禧河畔，将建造住宅、商业中心和酒店。住宅方面共包含拥有7,110个住房单位的50栋公寓楼。其中拥有共1618个住房单位的10栋楼已经于2013年12月31日开盘，当中1490个住房单位在买卖销售合约或选择权协议中已售出。FSCL也已经开始推出一些附属零售店铺，反应令人鼓舞。有关项目的发展将按需求分阶段进行。计划中的一座千禧品牌酒店与会议设施的建筑工程已经于2013年第二季度展开而预订于2017年开幕。

FSCL正在考虑于2014年后将为其主要的营运公司First Sponsor Group Limited进行首次公开售股并在新加坡证券交易所上市。

M&C在今年期间售卖的新西兰地皮，得利910万英镑(2012年为630万英镑)。此外，2013年第四季度，M&C也宣布与东陵购物中心(Tanglin Shopping Centre)的其他放盘单位业主达成集体出售合约(CSA)。东陵购物中心为一座处于乌节路购物地带的购物和办公综合大楼，M&C拥有购物中心分层地契百分之34股份。有关出售合约将由代表所有出售单位的独立销售委员会主导。

在2013年，由于伯明翰市中心重新规划发展，当局向Copthorne Hotel Birmingham发出强制购买令(土地征用)。因此，M&C与该规划发展商达成协议，由有关发展商给予M&C多项选择，包括兴建新酒店及/或出售现有地皮，至于时间表则还未有详情。此外M&C亦正与苏格兰的有关当局商讨有关Millennium Hotel Glasgow所在地区，重新发展规划所受的影响。

今年展望

房地产

全球经济正显示些许复苏迹象。陷入困境的欧元区出现技术性的复苏迹象。在美国，失业情况已经缓和，而日本则看到经济复苏迹象。在发达经济体的增长有望于整顿财政和缓解不确定政策的拖累后上升。此复苏预期可为发展中经济体增加出口。

然而，由于美国的量化宽松政策的速度未变，在短期内可能加重金融市场的压力和打压商业发展兴趣，期待已久的全球经济复苏的风险依旧不变。加上中国因国内经济结构还在重组中，其经济展望依然不明朗。在此不可预测的宏观经济情况以及国内劳工市场的紧缩条件下，贸工部对新加坡2014年的增长预测维持在介于百分之2.0到百分之4.0之间。

董事主席报告

由于受到好几轮降温措施尤其总偿债率(TDSR)政策的施行冲击，本地房地产业私宅的交易和价格都下降了。总偿债率方案是新加坡金融管理局于2013年6月推出的政策，目的是要鼓励审慎的房产借贷，并加强金融机构对信贷的审核标准。此外，当局也进一步修订了有关限制房贷的贷款与价值比率(LTV)条文以填补了法律漏洞。

在2013年12月，政府也针对执行共管公寓市场实施了新的措施，微调执行共管公寓计划条例，使之更接近政府组屋计划条例。在新条例下，在2013年12月9日当天或之后，直接向执行共管公寓土地发展商购买执行共管公寓的第二次买家必须缴付一笔转售抽润。此外，金融管理局也开始限制执行共管公寓的房贷偿债比率(MSR)，贷款额将限制在每月收入的百分之30。这些措施将冲击执行共管公寓的购买能力，进而影响价格和有关公寓的销售量。

2014年1月，由于当局的调节作用，执行共管公寓的土地竞投有所缓和，集团乘机以联营方式入场以2亿2600万元投得三巴旺新镇坎贝拉通道一块地契为99年的执行共管公寓用地。竞投过程甚为激烈，这个联营标价只比竞争者的标价高出百分之4.4。这片307,447平方英尺大的土地位于已发展住宅区内，四周林木葱郁，可轻易通往各大主要快速公路，位置优越，靠近三巴旺地铁站和巴士转换站。其他设施也近在咫尺，如三巴旺购物中心，太阳广场(Sun Plaza)和北角购物中心(Northpoint Shopping Centre)。而且根据陆路交通管理局的地铁总蓝图，未来这附近还可能增添一个地铁站，位于义顺和三巴旺地铁站之间。集团计划在此发展约660个单位，每栋楼高10-11层。执行共管公寓在新加坡市场十分受欢迎，加上地段优越，毗邻有地铁站和其他设施，集团看好这个楼盘。这个区的执行共管公寓楼盘销售业绩都相当理想，区内待放盘的执行共管公寓单位供应量少之又少。这将是本集团第七个执行共管公寓楼盘，前六个为福乐园(The Florida)，绿雅园(Nuovo)，怡景园(The Esparis)，花盛园(Blossom Residences)，雨林阁(The Rainforest)及Lush Acres。

有鉴于市场渐趋稳定，政府亦通过政府售地计划(GLS)放缓住宅土地供应步伐。2014年上半年，政府只供应21块可建造约11,600个单位的地段，相比2013年下半年的25个地段。此举能避免未来出现私宅供应过剩的风险。

市区重建局2013年发展总蓝图草案提出方案以应付人口的增加以及各种不同的需求。它已圈出好几个地点，如荷兰村、甘榜武吉士和滨海南等，要在中期地段开辟14,500个新住宅单位以应付人口的增加和各种不同的需求。计划下，兀兰区域中心将定位为北部的商业圈，滨海湾一带则会规划出新的购物与娱乐走廊。而随着巴耶礼巴空军基地的迁移，有关地段将作为新加坡东部主要的重新发展区，为业界提供长期发展的机会。

新加坡2014年的经济展望仍然是积极的，虽然政府仍努力重组经济来提高国家的生产力以臻高质量的增长和更美好的远景。集团相信新加坡的前瞻策略有助于我国保持领导地位，把新加坡塑造成人们工作、生活、休闲和投资的首选地。新加坡有稳健的经济、扎实的基础、效率高和负责任的政府以及低利率环境，依然是很有魅力的商业中心，能吸引投资者前来建立基地。

集团正计划根据市场情况，在未来的数月里，推介两项新的联营住宅楼盘。

首先是位于巴西立林(Pasir Ris Grove)的楼盘。这将是集团在巴西立这个独特的住宅园区内推出的最后的一个楼盘。集团之前在园区成功推出的4个楼盘有丽雅苑(Livia)，心怡苑(NV Residences)，梦彩苑(The Palette)和鸣翠苑(D'Nest)。此项目共有12栋楼，每栋楼高12-16层，供应944个住宅单位和6个零售单位。房型分为1-5房式公寓，3-4房式双钥匙单位以及顶层单位。楼盘设计以游泳池为中心，几乎所有单位都能看到泳池。从此楼盘步行到巴西立地铁站和白沙购物中心(White Sands Shopping Centre)只需几分钟。而开车到霸级市场如宜家、阁室(Courts)和巨人超市(Giant)，以及去职总度假村(Downtown East)和巴西立公园也只需几分钟。

第二个楼盘位于联邦大道，女皇镇地铁站旁。这个即将发展的住宅项目将有845个单位融入两栋高43层的大厦，房型分为1-4房式。楼盘卖点为四个空中花园以及无数的设施，特别为了能让住户饱览城市风貌与四周的一片翠绿而打造。楼盘地处市区边缘，邻近有好些娱乐、消闲和饮食热点，如荷兰村、登布西山(Dempsey Hill)、怡丰城(VivoCity)和圣淘沙岛。联营集团于去年二月投得此地皮，由于楼盘地点优越，令人羡慕的多元设施，相信反应必定热烈。

根据房产顾问机构的非正式数据，中央商业区的办公楼需求已经稳固，导至租赁市场紧缩而租金则有上升的趋势。中央商业区顶级与A级办公室的平均总月租金率，与2013年第四季度相比，升了百分之2.2，而与2013年第三季度相比，则微升百分之1.2。按年度同比，2013年的平均总月租提高了百分之2.9，与2012年下跌百分之6.9有天渊之别。分析师认为近期内，荐于中央商业区内的新供应有限，业主将拥有议价优势。

新加坡有望从亚洲经济增长中得益。凭藉其亲商环境，良好的法律、税务以及管制体制，加上优良的基础设施以及世界衔接无间的经济，这种种因素令许多跨国集团都选择以新加坡作为他们在亚洲的区域据点。此外，新加坡会继续朝着发展成为一个金融与财富管理中心，提供法律服务，排解纠纷的首选之地，也努力成为有持续发展能力的能源枢纽。上述各因素的组合巩固了新加坡继续保持一级营商中心的地位，有利于维持办公室的租赁需求。

管理高层任命

从2014年2月17日开始，郭令裕先生将担任集团副主席，并卸下董事经理一职。与此同时，集团正式委任Grant L. Kelley先生出任集团总裁(CEO)。

Grant L. Kelley先生有超过20年的丰富经验，在世界各地如澳洲、香港、日本、新加坡、韩国、英国与美国参与企业战略、私幕股权以及房地产投资业务。其中11年担任Booz Allen & Hamilton 咨询公司(今为Booz & Company)的管理顾问，为各大上市公司提供咨询服务。他将能加强本集团的管理结构以及管理体制，巩固集团的优势并响应政府的号召，提高生产力。他在投资管理方面也有丰富的经验，先后连续八年领导Colony Capital及Apollo Global Management的亚洲房地产投资部。在Colony Capital任职期间，他收购和管理了各种类型的酒店产业，包括于2005年管理莱佛士控股(Raffles Holdings)的全球投资组合。

集团相信必须不断引进新思维才能应付快速变迁的局面，竞争激烈的商业环境，而上述管理高层的任命符合这个策略。有鉴于本地房地产市场将继续面对逆风，集团必须调整以新加坡为中心的方针。因此集团有必要借鉴Grant L. Kelley先生在房地产和酒店业务的专长，向海外发展，建立互惠互利的平台，掌握有增长潜能的市场，分散投资风险。

酒店

全球经济还没完全复苏，而各地区存在的不稳定因素也影响了一些旅游地点。尽管如此，M&C相信旗下在各主要热门旅游城市的物业在2014年会继续增长。

在2014年首六周，按汇报货币计，全球客房平均收入与去年同期相比，上扬百分之5.3。

M&C准备在2014年继续按核心策略目标前进，即在发展业务的同时，也为股东资本争取更高的回报。按此策略，M&C将继续为旗下物业增值，一旦争取到相关批复，2014年将展开好几项翻新工程。

M&C在亚洲规模最大的酒店--台北君悦大饭店即将在公众区域和餐馆装修仍在进行中，全面重开所有客房，以便为客户打造出色的五星级豪华物业。M&C也将致力于提高其他地区的房产物业的价值，同时继续留意收购和脱售机会。

整体上，尽管部分区域仍有阴霾，而英美两国2014年第一季的天气也不理想，M&C对2014年的业绩展望审慎乐观，同时也做好准备，接受因装修工程而暂时未能出租客房所带来的冲击。

集团展望

与所有房地产发展商一样，集团在近期必须与变幻莫测的全球经济、本地业界持续的逆风气候抗争。毕竟，本集团已经屹立50年，经得住考验，历经不时的风浪与动荡时期而越稳固发展。

政府新近发表2014年财政预算时，表明不会在近期内放宽房地产降温措施，同时会继续收紧建筑业界的外劳人数。宏观不利因素预计将继续打击本地房地产市场。集团明白政府并非要房地产业界硬着陆，而会继续监控局势，并在必要时调整政策。集团期待当局会微调部分降温措施，特别是针对外来投资方面，这将有助于延缓业界的下滑周期，并考虑到政策实施需要时间，同时也会有难以预见的风险。这将有助于巩固我国作为具有竞争力的全球化城市。即便业界逆风而行，新加坡中长期的展望还是良好的，集团将专注于加快海外发展步伐，以分散风险。

在未来一年，有鉴于酒店业务是盈利的一大来源，集团将着眼于不同的渠道从M&C的全球酒店业务中获取更高的收益。集团也已准备就绪，全面把握其建立在中国和伦敦的平台的好处，并会继续寻求机会。同时也积极地把触角伸向成熟的市场如美国、日本和澳洲，寻求发展机会。这些国家的经济是刚在复苏中，资本市场十分发达，透明度高，企业管理准则与新加坡相类似。这将促使集团在洽商项目时，以更大的信心讯速采取行动，以确保获得项目。

多年来，本集团不断努力经营来巩固其财务，同时准备利用房地产业低潮时期伺机而动。立足于坚固牢靠的基础，集团把眼光投向增长，凭借敏锐的触觉和专业知识，把握机会，随创新的主意和联络网而演进，让股东的投资更有价值。

鸣谢

我谨代表董事部同仁，衷心感谢与集团利益相关的各方，包括股东、客户和商业伙伴对本集团继续不断的支持。本人亦藉此机会欢迎于2014年2月17日开始履新的新总裁Grant L. Kelley先生。我们的首席独立董事兼审计与风险委员会及提名与薪酬委员会主席Chee Keng Soon先生将于来届的常年大会中卸任。Chee Keng Soon先生于1995年加入本集团董事部。我谨代表董事部同仁由衷地感谢Chee Keng Soon先生多年来的珍贵贡献。本人也要感谢副主席及董事部其他各成员这一年来给予宝贵意见和指导以及管理层和众员工于过去一年来坚定不移的奉献与承诺。

郭令明
执行主席

2014年2月27日

BOARD OF DIRECTORS

KWEK LENG BENG | KWEK LENG JOO | CHEE KENG SOON | FOO SEE JUAN | KWEK LENG PECK

KWEK LENG BENG, 73

Appointed as Director and Executive Chairman of City Developments Limited (CDL) on 1 October 1969 and 1 January 1995 respectively, Mr Kwek was last re-appointed on 24 April 2013 pursuant to Section 153(6) of the Companies Act, Chapter 50 (Section 153(6)), he also sits on the Nominating Committee (NC).

Mr Kwek is the non-executive Chairman of Hong Leong Asia Ltd. (HLA) and Millennium & Copthorne Hotels plc (M&C). He is also the Chairman and Managing Director of Hong Leong Finance Limited (HLF) and City e-Solutions Limited (CES) and also the Executive Chairman of Hong Leong Investment Holdings Pte. Ltd., the immediate and ultimate holding company 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 and a board member of Singapore Hotel Association. He was also conferred Honorary Doctorate of Business Administration in Hospitality from Johnson & Wales University (Rhode Island, US) and Honorary Doctorate from Oxford Brookes University (UK).

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

In February 2014, Mr Kwek was also presented the inaugural Real Estate Developers' Association of Singapore (REDAS) Lifetime Achievement Award which was introduced to honour a pioneering group of real estate industry leaders in Singapore.

KWEK LENG JOO, 60

Appointed a Director of CDL on 8 February 1980, Mr Kwek assumed the position of Deputy Managing Director in 1987 and held the role of CDL's Managing Director from January 1995 until his appointment as Deputy Chairman of CDL on 17 February 2014. Mr Kwek is also the chairman of the Corporate Social Responsibility & Corporate Governance (CSR & CG) Committee of CDL. He is an Executive Director of CES and a non-executive Director of HLF. In the preceding 3-year period, he was a non-executive Director of M&C until May 2011.

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

Mr Kwek contributes actively to the business and civic communities through many public appointments. He served as the President of the Singapore Chinese Chamber of Commerce and Industry (SCCCI) from 1993-1997 and 2001-2005 and is currently the Honorary President of SCCCI. He is the Chairman of the Board of Trustees of National Youth Achievement Award Council, Trustee of The Duke of Edinburgh's International Award Foundation, member of the Board of Trustees of Nanyang Technological University and Singapore Management University's Master of Tri-sector Collaboration Advisory Group. He is also a member of the Climate Change Network and Marina Bay Public Art Advisory Panel, as well as an Honorary Fellow of the Society of Project Managers.

Mr Kwek has been a dedicated advocate of CSR for close to two decades, and his vision has established CDL's reputation as a leading green building champion and a forerunner in CSR, raising the bar for Singapore's real estate industry and driving change for the building sector. To raise the importance of CSR in the business community in Singapore, Mr Kwek was elected the President of Singapore Compact for CSR, which is the national CSR society and country focal point for the United Nations (UN) Global Compact in Singapore. Mr Kwek was also appointed as Justice of the Peace by the Prime Minister's Office in May 2013.

Mr Kwek emerged joint winners together with Mr Kwek Leng Beng, as "Partners in the Office of the CEO" in the Brendan Wood International – SIAS TopGun CEO Designation Award given out at the SIAS Investors' Choice Awards in October 2012.

CHEE KENG SOON, 81

Appointed a Director of CDL on 29 March 1995, Mr Chee was last re-appointed on 24 April 2013 pursuant to Section 153(6). He is also the chairman of the Audit & Risk Committee (ARC), NC and Remuneration Committee (RC) and the Lead Independent Director of CDL. Mr Chee, who will be retiring at the forthcoming Annual General Meeting of CDL pursuant to Section 153(6), will not be seeking re-appointment as a Director.

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

TANG SEE CHIM | YEO LIAT KOK PHILIP | TAN POAY SENG | ERIC CHAN SOON HEE

FOO SEE JUAN, 73

Appointed a Director of CDL on 2 June 1986, Mr Foo was last re-appointed on 24 April 2013 pursuant to Section 153(6). He also sits on the ARC and NC.

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

KWEK LENG PECK, 57

Appointed a Director of CDL on 1 August 1987, Mr Kwek was last re-elected on 20 April 2011. He is an Executive Director of HLA. Mr Kwek is also the non-executive Chairman of Tasek Corporation Berhad and a non-executive Director of HLF, M&C and China Yuchai International Limited.

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

TANG SEE CHIM, 81

Appointed a Director of CDL on 28 August 1995, Mr Tang was last re-appointed a Director on 24 April 2013 pursuant to Section 153(6). He also sits on the ARC and RC.

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

Mr Tang also sits on the board of Dutech Holdings Limited. In the preceding 3-year period, he was an independent Director of G.K. Goh Holdings Limited and New Toyo International Holdings Ltd until his retirement in April 2013. 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.

YEO LIAT KOK PHILIP, 67

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

Mr Yeo is Chairman of SPRING Singapore, a government development agency. He is the Chairman of Economic Development Innovations Singapore Pte Ltd (EDIS) which is focused on developing and managing integrated cities and providing industrial development advice to overseas governments.

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

Mr Yeo holds a Bachelor of Applied Science (Industrial Engineering), 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, 47

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

Mr Tan is the Managing Director of Magni-Tech Industries Berhad since 2000. He is also the Managing Director of Coronation Springs Sdn. Bhd. which is involved in niche property development.

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.

ERIC CHAN SOON HEE, 60

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

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

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

SENIOR MANAGEMENT

GRANT L. KELLEY CHIA NGIANG HONG GOH ANN NEE TAN SENG CHEE

GRANT L. KELLEY

Chief Executive Officer

Mr Grant L. Kelley was appointed CDL's Chief Executive Officer (CEO) in February 2014. He has 25 years of global experience in corporate strategy, private equity and real estate investment in Australia, Hong Kong, Japan, Singapore, South Korea, the United Kingdom and the United States.

He started out in 1989 at Booz Allen & Hamilton (now known as Booz & Co), advising CEOs of major listed companies in the financial services, resources and healthcare industries. Before his CDL appointment, Mr Kelley served as Head of Real Estate, Asia Pacific at Apollo Global Management, overseeing all property investments on behalf of Apollo's real estate funds throughout the Asia Pacific region.

Prior to joining Apollo in 2010, Mr Kelley founded Holdfast Capital Limited, an Asian-based real estate investment firm. 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 investment opportunities.

He 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.

CHIA NGIANG HONG

Group General Manager

Mr Chia Ngiang Hong joined CDL in 1981 and has over 30 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 First Vice President of Real Estate Developers' Association of Singapore (REDAS).

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

GOH ANN NEE

Chief Financial Officer

Ms Goh Ann Nee was appointed as CDL's Chief Financial Officer in 2005. Prior to that, she was Vice President (Finance) at Millennium & Copthorne International Limited. A Chartered Accountant, Ms Goh graduated from the University of Glasgow and started her career with Coopers & Lybrand (now known as Pricewaterhouse Coopers) based in London.

She has worked in several multinational companies over the course of an illustrious career in international financial management. Ms Goh is a member of the Institute of Chartered Accountants in England and Wales and the Institute of Singapore Chartered Accountants. She has also been appointed as a Council member of the Accounting Standards Council and as Chairman of the Audit Committee and Board Member of the Singapore National Library Board.

TAN SENG CHEE CITPM (Senior)

Chief Information Officer

Mr Tan Seng Chee was appointed as CDL's Chief Information Officer in 2000. Trained as an engineer, he has more than 30 years of experience in the IT industry, working with many diverse applications and systems in both in-house IT departments and IT vendor environment. He graduated from the University of Singapore with a Bachelor of Engineering (Mechanical) and a Master of Science (Industrial Engineering), and has a post graduate diploma in Computer Science from the British Computer Society. He has also served on the editorial advisory board of the MIS Asia magazine and the Raffles Institution IT advisory committee.

ANTHONY CHIA

Director (Projects)

Mr Anthony Chia has been instrumental in key projects such as South Beach, W Singapore – Sentosa Cove, Cube 8, One Shenton and other key residential and commercial projects. Graduating from Harvard, he has extensive experience in planning, architecture and construction, in both the public and private sectors, having headed departments in the Urban Redevelopment Authority (URA) and the Housing and Development Board (HDB). He is active in various URA and BCA panels and is a former member of the Board of Architects Singapore. He was awarded the Ministry of National Development (MND) Medallion in 2012 and 2013 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.

ANTHONY CHIA ESTHER AN DANIEL T'NG ANANDA ARAWWAWELA

ESTHER AN
General Manager, Corporate Affairs Head, Corporate Social Responsibility (CSR)

Ms Esther An joined CDL in 1995 to establish the Company's Corporate Communications department and subsequently CDL's CSR portfolio. She has been instrumental in building up CDL's leadership in sustainability. A forerunner in CSR and a member of the management committee of Singapore Compact for CSR since 2005, Ms An was listed as one of the Global Sustain Ability 100 leaders since 2011, an international listing of noteworthy achievers who are making an impact in sustainability on behalf of their organisations. She holds a Bachelor of Arts (Honours) degree from the University of Hong Kong and has over 20 years of experience in corporate and community communications, advertising as well as media and investor relations, in both the public and private sectors.

DANIEL T'NG
General Manager, Property & Facilities Management (PFM)

Mr Daniel T'ng joined CDL in 2012 to head the Property and Facilities Management Division. He holds a 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 the other in Project Management from the National University of Singapore. He has about 30 years of experience in the property and facilities management industry in Singapore and the region. He also has extensive experience in managing strata-titled developments, lease management, project consultancy and general management as well as business development.

ANANDA ARAWWAWELA
General Manager, Hotel Assets Management

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

HEADS OF DEPARTMENT

Administration
Cindy Tan

Branding & Strategic Marketing
Mark Fong

Business Development & Asset Management
Sim Boon Hwee

Corporate Communications
Belinda Lee

Corporate Development
Kwek Eik Sheng

Corporate Secretarial Services
Catherine Loh

Customer Service
Foo Chui Mui

Group Accounts (Group Reporting & Consolidation)
Ong Siew Toh

Group Accounts (Subsidiaries & Joint Ventures)
Yiong Yim Ming

Human Resource
Tan Ying

Internal Audit
Jennifer Vayding

Leasing
Corinne Yap

Legal
Sharifah Shakila Shah

Marketing
Lee Mei Ling

PFM (Development Property)
Tay Cheow Chuan

PFM (Investment Property)
Anthony Goh

Projects (Operations)
Kelly Tan

Projects & Head, Green Building
Allen Ang

Treasury
Lim Whee Kong

FORGING STRONGER PARTNERSHIPS

Artist's Impression of
South Beach

COOPERATIVE

As an organisation, we strive to nurture a positive environment that brings out the best in all our talents, inspiring them to work and excel as a team. We aim to be the partner of choice, focusing on collaborations that enable us to develop and maximise our capabilities while forging mutually beneficial experiences. In all that we do, we work with trust and integrity to build synergistic partnerships that will deliver greater value to our employees, customers, business associates, investors and community at large.

CORPORATE NETWORK

(88 locations in 25 countries) as at 27 February 2014

Since its inception in 1963, City Developments Limited (CDL) has been Singapore's property pioneer. The legacy of CDL's past five decades has been one of sustained growth and accomplishment. Today, CDL is a Singapore-listed international property and hospitality conglomerate with businesses in real estate development and investment, hotel ownership and management, facilities management and the provision of hospitality solutions. It is one of Singapore's largest companies by market capitalisation.

With an extensive network of more than 400 subsidiaries and associated companies under its wings, the Group has five companies listed on notable stock exchanges in New Zealand, Hong Kong, London and Philippines. The Group currently owns and manages a solid portfolio of residential and investment properties, in addition to hotels, across Asia, Europe, the Middle East, North America and New Zealand/Australia.

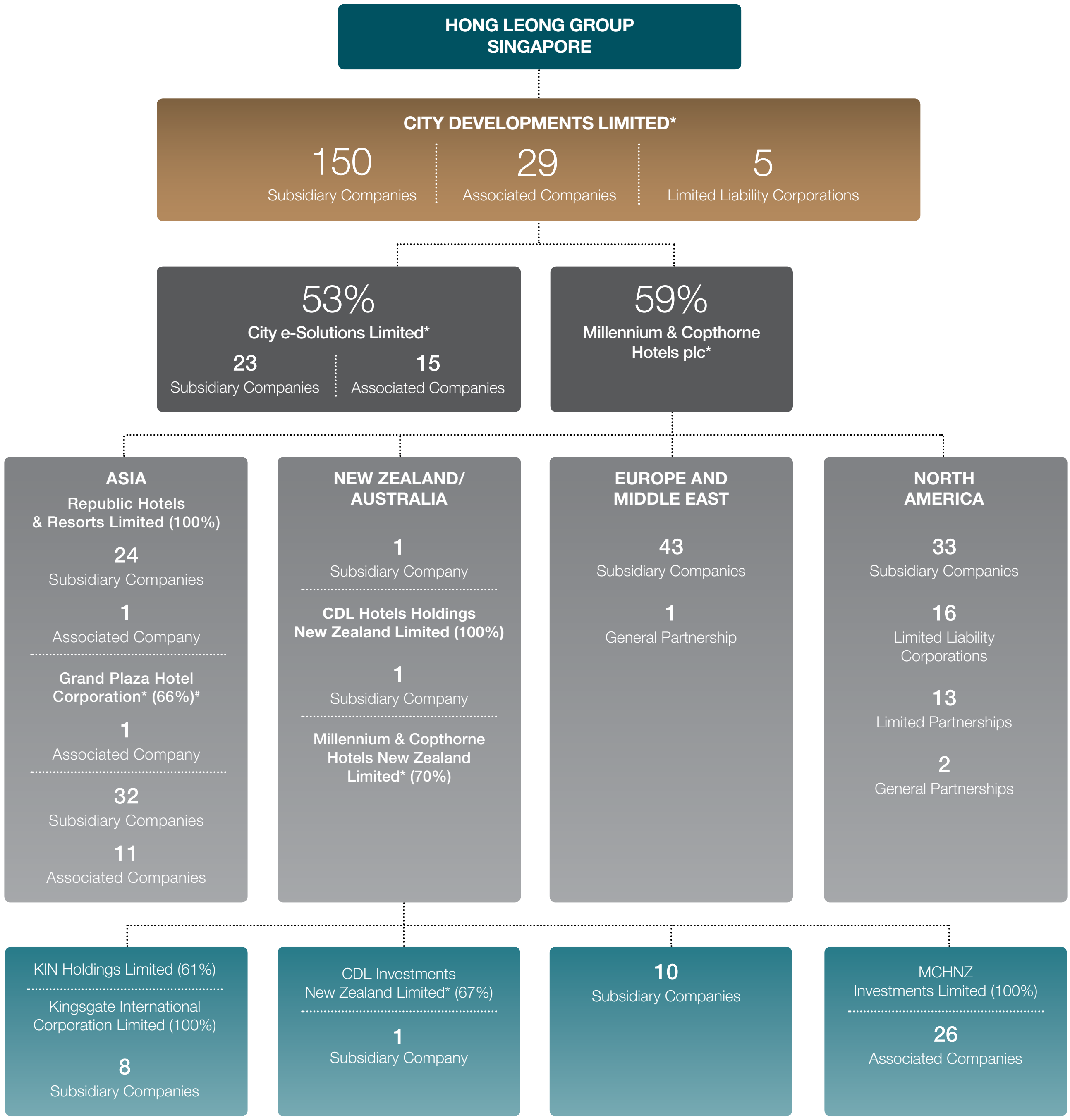
CDL holds an impressive track record of having developed over 34,000 luxurious and quality homes across diverse market segments. As one of Singapore's biggest landlords, it owns close to 7.2 million square feet of floor/lettable area of office, industrial, retail, residential and hotel space locally and globally. Amongst private developers in Singapore, the Group possesses one of the largest land banks, with close to 2.4 million square feet, which can be potentially developed into over 7.9 million square feet of gross floor area.

The Group's global presence is led by its diversification into hospitality management and the acquisition of hotel assets through CDL's London-listed subsidiary, Millennium & Copthorne Hotels plc (M&C). As one of the world's largest global hospitality management and real estate group, M&C owns, asset manages and/or operates more than 110 hotels globally. The Group was also the first to establish a hospitality trust in 2006. CDL Hospitality Trusts currently owns hotels in Singapore, Australia, New Zealand and the Maldives.

CDL's China division and wholly-owned subsidiary, CDL China Limited, has been strategically making inroads in China's key cities. CDL has also established a real estate platform in the United Kingdom which focuses on acquisitions of real estate in Greater and Central London for development and investment.

CORPORATE STRUCTURE

as at 27 February 2014



Notes:

\# Held through a 60% subsidiary company of Millennium & Copthorne Hotels plc and a wholly-owned subsidiary company of Republic Hotels & Resorts Limited.

* Listed Companies.

CALENDAR OF FINANCIAL EVENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2013

Date	Event
	Announcement of Results:
13 May 2013	Announcement of First Quarter Results
6 August 2013	Announcement of Second Quarter and Half Year Results
12 November 2013	Announcement of Third Quarter and Nine-Month Results
27 February 2014	Announcement of Fourth Quarter and Full Year Results
	Books Closure and Dividend Payment Dates:
13 June 2013	Books closure date for Preference Dividend^
1 July 2013	Payment of Preference Dividend^
16 August 2013	Books closure date for Special Interim Ordinary Dividend
5 September 2013	Payment of Special Interim Ordinary Dividend
12 December 2013	Books closure date for Preference Dividend^
31 December 2013	Payment of Preference Dividend^
6 May 2014	Books closure date for proposed 2013 Final Dividend*
20 May 2014	Proposed payment of 2013 Final Dividend*
	Shareholders' Meeting:
23 April 2014	51st Annual General Meeting

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

* The declaration and payment of the 2013 Final Dividend is subject to approval of shareholders at the 51st Annual General Meeting.

FINANCIAL YEAR ENDING 31 DECEMBER 2014

Date	Event
	Announcement of Results:
May 2014	Proposed Announcement of First Quarter Results
August 2014	Proposed Announcement of Second Quarter and Half Year Results
November 2014	Proposed Announcement of Third Quarter and Nine-Month Results
February 2015	Proposed Announcement of Fourth Quarter and Full Year Results
	Shareholders' Meeting:
April 2015	52nd Annual General Meeting

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Executive Directors
Kwek Leng Beng, Executive Chairman
Kwek Leng Joo, Deputy Chairman

Lead Independent Director
Chee Keng Soon

Non-Executive Directors
Foo See Juan, Independent
Kwek Leng Peck
Tang See Chim, Independent
Yeo Liat Kok Philip, Independent
Tan Poay Seng, Independent
Chan Soon Hee Eric, Independent

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

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

NOMINATING COMMITTEE
Chee Keng Soon, Chairman
Kwek Leng Beng
Foo See Juan

REMUNERATION COMMITTEE
Chee Keng Soon, Chairman
Tang See Chim
Yeo Liat Kok Philip

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

SECRETARIES
Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong

REGISTRARS AND TRANSFER OFFICE
M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902
Tel: +65 6227 6660
Fax: +65 6225 1452

REGISTERED OFFICE
36 Robinson Road
#04-01 City House
Singapore 068877
Tel: +65 6877 8228
Fax: +65 6225 4959
Email: enquiries@cdl.com.sg

INVESTOR RELATIONS
Primary IR Contact
Belinda Lee, Assistant General Manager
Head, Corporate Communications
Email: belindalee@cdl.com.sg

AUDITORS
KPMG LLP
Public Accountants and
Chartered Accountants, Singapore
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
(Partner-in-charge:
Peter Chay, appointment commenced from the
audit of the financial statements for the year ended
31 December 2010)

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

CORPORATE GOVERNANCE

City Developments Limited ("CDL" or the "Company") is committed to maintaining good corporate governance and business integrity in all its business activities.

To demonstrate its commitment to uphold the highest standards of corporate governance, CDL had joined the Securities Investors Association Singapore ("SIAS") and its partners since 2010 in making the following public Statement of Support, which was reiterated at the 4th Singapore Corporate Governance Week 2013 (organised by the SIAS) in November 2013:

"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."

This report sets out 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 recommendations 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

Primary Functions of the Board

The Board oversees the Company's business and its performance. Its primary functions are to provide leadership, set broad policies, provide guidance on and approve strategic objectives, ensure that necessary financial and human resources are in place for the Company to meet its objectives, review the Company's performance, satisfy itself as to the adequacy and effectiveness of the framework and processes for internal controls (including financial, operational, compliance and information technology ("IT") controls) and risk management for the safeguarding of shareholders' interests and the Company's assets and assume responsibility for good corporate governance.

Independent Judgement

All Directors are required to objectively discharge their duties and responsibilities in the interests of the Company. Directors who are in any way, directly or indirectly, interested in a transaction or proposed transaction will declare the nature of their interests in accordance with the provisions of the Companies Act, Chapter 50, and also voluntarily abstain from deliberation on the same. The Board has established the Nominating Committee ("NC") which recommends to the Board, the appointments/re-appointments to the Board and Board Committees and independence of Directors. When assessing the independence of Directors, the NC takes into account the individual Director's objectivity, independent thinking and judgement.

Delegation by the Board

The primary functions of the Board are either carried out directly by the Board or through committees established by the Board, namely, the Board Committee ("BC"), the Audit & Risk Committee ("ARC"), the NC, the Remuneration Committee ("RC") and the Corporate Social Responsibility & Corporate Governance Committee ("CSR & CGC"), all collectively referred to hereafter as the "Committees". Clear written terms of reference for the Committees set out the authority and duties of the Committees. All terms of reference for the Committees are approved by the Board and reviewed periodically to ensure their continued relevance. The composition of each Committee can be found under the 'Corporate Directory' section in this Annual Report 2013 ("AR").

The delegation of authority by the Board to the Committees enables the Board to achieve operational efficiency by empowering these Committees to decide on matters within their respective written terms of reference and/or limits of delegated authority, and yet without abdicating its responsibility. Please refer to the sections on Principles 4, 5, 7 and 12 in this report for further information on the activities of the NC, RC and ARC. Information on the activities of the CSR & CGC can be found under the 'Corporate Social Responsibility' section in this report.

Board Processes

Board and Committee meetings are held regularly, with the Board meeting no less than four times a year. A meeting of the non-executive Directors ("NEDs"), chaired by the Lead Independent Director ("Lead ID") is also held at least once a year and as often as may be warranted by circumstances. The proposed meetings for the Board, all Committees and the NEDs for each new calendar year are set out in a schedule of meetings and notified to all Board members before the start of the calendar year with a view to facilitate attendance by Board members. Additional meetings are convened as and when circumstances warrant. Records of all such meetings including discussions on key deliberations and decisions taken are maintained by the Company Secretary. The Company's Articles of Association allow for the meetings of its Board and the Committees to be held via teleconferencing. The Board and the Committees may also make decisions by way of circulating resolutions.

The attendance of the Directors at meetings of the Board and the Committees, as well as the frequency of such meetings during 2013, is disclosed on page 29 of this AR. Notwithstanding such disclosure, the Board is of the view that the contribution of each Director should not be focused only on his attendance at meetings of the Board and/or the Committees. A Director's contribution also extends beyond the confines of the formal environment of such meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company.

Directors' Attendance at Board and Committee Meetings in 2013

	Board	ARC	NC	RC	CSR-CGC
Number of meetings held in 2013	**4**	**7**	**2**	**3**	**1**
Name of Directors	**Number of meetings attended in 2013**				
Kwek Leng Beng	4	N.A.	2	N.A.	N.A.
Kwek Leng Joo	3	N.A.	N.A.	N.A.	1
Chee Keng Soon	4	7	2	3	N.A.
Foo See Juan	4	7	2	N.A.	N.A.
Kwek Leng Peck	4	N.A.	N.A.	N.A.	N.A.
Tang See Chim	4	7	N.A.	3	N.A.
Yeo Liat Kok Philip	4	N.A.	N.A.	2	1
Tan Poay Seng	4	N.A.	N.A.	N.A.	1
Chan Soon Hee Eric	4	7	N.A.	N.A.	N.A.

Board Approval

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

The BC comprises five Directors with the majority of its members being non-executive. The BC's principal responsibility as set out in its written terms of reference, approved by the Board, is to assist the Board in the discharge of its duties by deliberating on matters requiring Board review that may arise between Board meetings. Its duties include, in particular, assisting the Board in approving banking-related matters such as the opening, closing and maintenance of banking accounts of the Company and the acceptance up to certain limits of banking facilities extended to the Company, operational matters relating to property development activities and other matters determined by the Board from time to time.

Board Orientation and Training

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

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

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 and the 2012 Code. The Company Secretary will co-ordinate with such Director to endeavour to complete the LCD Programme within one year from his or her date of appointment subject to SID's training schedule and the Director's availability.

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 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. Three in-house seminars were conducted by invited speakers in 2013, on topics relating to highlights of the Singapore 2013 Budget, the obligations under the Personal Data Protection Act 2012 and changes to financial reporting standards and the tax landscape. 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.

Principle 2: Board Composition and Guidance

Board Independence

The Board currently comprises nine members. All members of the Board, except for the Chairman and the Deputy 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, 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. For purposes of determination of independence, the NEDs who are not related to the substantial shareholders of the Company also provided declarations regarding their independences ("6 NEDs").

When reviewing the independence of the 6 NEDs, the NC has considered 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 NEDs are Messrs Chee Keng Soon, Foo See Juan, Tang See Chim, Yeo Liat Kok Philip, Tan Poay Seng and Chan Soon Hee Eric.

Mr Foo See Juan is a partner of a legal firm which is on the panel of the Company's lawyers and renders professional legal services to the Group from time to time. Nevertheless, the NC and the Board (excluding Mr Foo in respect of the deliberation of his own independence) have considered Mr Foo to be independent as he is capable of maintaining his objectivity and independence at all times in the carrying out of his duties and responsibilities as an independent Director.

In addition, in determining the independence of Mr Chee Keng Soon, Mr Foo See Juan and Mr Tang See Chim, who have served on the Board for more than nine years, the NC and the Board have given due consideration to the recommendation under Guideline 2.4 of the 2012 Code that the independence of any director who has served on the Board beyond nine years be subject to particularly rigorous review. Having reviewed the NC's recommendation, the Board has determined that these Directors are independent notwithstanding they have served on the Board beyond nine years as they have continued to demonstrate strong independence in character and judgement in the discharge of their responsibilities as a Director of the Company. They 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 Board or on the Committees. The Company has also benefited from their years of experience in their respective fields of expertise.

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 and business management backgrounds. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction. 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 effective decision making at the Board and Board Committees respectively.

The NC has noted the results of a study done on the percentage of female representation on SGX-listed boards and female representation in boardrooms globally. Although generally supportive of gender diversity on the board, the NC would require more time to consider the same including possible recommendations and guidelines that may be issued by the authorities on the subject.

NEDs' Participation

NEDs are encouraged to participate actively at Board meetings in the development of the Company's strategic plans and direction, and in the review and monitoring of Management's performance against targets. To facilitate this, they are kept informed of the Company's businesses and performance through monthly and quarterly reports from the Management, and have unrestricted access to the Management. They also sit on various Committees established by the Board to provide constructive input and the necessary review and monitoring of performance of the Company and Management. A meeting of the Independent Directors chaired by the Lead ID was held in 2013 without the presence of Management.

Principle 3: Chairman and Chief Executive Officer

Role of Chairman and the Chief Executive Officer

The Chairman of the Board, Mr Kwek Leng Beng, is also the Executive Chairman. Mr Kwek Leng Beng plays an instrumental role in providing the Company with strong leadership and vision, assisting the Board to develop policies and strategies, and ensuring that these are implemented effectively. As Chairman of the Board, he bears primary responsibility for the workings of the Board, by ensuring effectiveness on all aspects of its role including setting agenda for Board meetings with input from Management, ensuring that sufficient time is allocated for thorough discussion of each agenda item at Board meetings, promoting an open environment within the Board room 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 annual general meetings and other shareholders' meetings, he plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management. As Executive Chairman, he is the most senior executive in the Company and bears executive responsibility for the Group's business.

Mr Kwek Leng Beng is assisted by his brother, Mr Kwek Leng Joo, the Deputy Chairman of the Company, who will also undertake any other roles assigned by the Board while focusing on product innovation, and continuing to provide leadership on corporate social responsibility and sustainability initiatives as well as corporate governance matters.

Assisting the Executive Chairman and the Deputy Chairman is the Chief Executive Officer, Mr Grant L. Kelley, who was appointed with effect from 17 February 2014. 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 Chairman or the Deputy Chairman.

Lead Independent Director

Taking cognizance that the Board Chairman is an Executive Director and thus not independent, the Board has appointed Mr Chee Keng Soon 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. Under the chairmanship of the Lead ID, a meeting of the independent NEDs was convened in February 2014 without the presence of Management or the Board Chairman.

The Board considered Mr Kwek Leng Beng's role as the Executive Board Chairman, 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 beyond the authority of, or without the undue influence from, the Chairman or the Deputy Chairman, and the putting in place of internal controls to allow effective oversight by the Board of the Company's business, the Board is of the view that these enable the Board to exercise objective decision making in the interests of the Company. The Board is of the view that Mr Kwek Leng Beng's role as Executive Board Chairman would continue to facilitate the Group's decision making and implementation process.

Principle 4: Board Membership

NC Composition and Role

Two out of the three members of the NC, including the NC chairman, are independent. The NC chairman is also the Lead ID. Please refer to the 'Corporate Directory' section of this AR for the composition of the NC.

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

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

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

Re-nomination of Directors

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

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

Excluding the Directors above 70 years of age who are subject to annual re-nomination, namely Mr Kwek Leng Beng, Mr Chee Keng Soon, Mr Foo See Juan and Mr Tang See Chim, the remaining Directors of the Company will retire about once in every two to three years. In accordance with the Articles of Association of the Company, Mr Kwek Leng Joo and Mr Kwek Leng Peck are due to retire by rotation at the forthcoming AGM ("2014 AGM") and have offered themselves for re-election at the 2014 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.

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

Directors' Time Commitments

When considering the nomination of Directors for appointment or re-election/re-appointment, the NC also takes into account the competing time commitments faced by Directors with multiple board representations 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. 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.

Key Information on Directors

Please refer to the 'Board of Directors' section in the AR for key information on the Directors, and the Notice of AGM for Directors proposed for re-election and re-appointment at the 2014 AGM. Currently, no alternate Directors have been appointed in respect of any of the Directors.

Succession Planning for the Board and Executive Chairman

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

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 2013 are set out in the paragraph above under the subject heading "Board Orientation and Training".

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

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's assessment of the performance of the Committees is assisted by the reports provided by the chairmen of the 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 Chairman of the Board (who is also a member of the NC), to review, where appropriate, the composition of the Board and Committees, and to support its proposals, if any, for appointment of new members and its recommendations for the re-appointment and re-election of retiring Directors. Comments from the Directors, if any, concerning the Board as a whole and the general performance of the Directors, are also presented to the Board.

Board Evaluation Criteria

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

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

Individual Director Evaluation Criteria

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

Principle 6: Access to Information

Complete, Adequate and Timely Information and Access to Management

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

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

Company Secretary

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

On an on-going basis, the Directors have separate and independent access to the Company Secretaries, whose duties and responsibilities are clearly defined.

Independent Professional Advice

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

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

RC Composition and Role

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

The Company has in place a remuneration framework for the Directors and the KMP. The Company currently identified the executive Directors and the Chief Executive Officer and the Group General Manager who are the most senior members of the Management team outside the Board as its KMPs. On an annual basis, the RC reviews the annual increments, year-end and variable bonuses to be granted to the KMPs. 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 2013. For the financial year under review, the RC conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities, which was facilitated through the use of a self-assessment checklist ("RC Self-Assessment Checklist").

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

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

Principle 8: Level and Mix of Remuneration

Remuneration of Directors and KMP

In reviewing the remuneration packages of the KMP, the RC, with the assistance of the human resource advisers or consultants within 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;
- to reward employees for achieving corporate and individual performance targets in a fair and equitable way; and
- to ensure that the remuneration reflects the employees' duties and responsibilities.

Based on the Remuneration Framework, the remuneration packages for KMP comprise a fixed component (in the form of a base salary, a 13th month Annual Wage Supplement and, where applicable, fixed allowances together with other benefits-in-kind determined by the Company's Human Resource policies) and variable components (which includes variable, year-end annual and special bonuses) which is determined by the individual's performance, the Company's overall performance and industry practices, in each specific year.

When reviewing the structure and level of Directors' fees, the RC takes into consideration the Directors' respective roles and responsibilities on the Board and Committees 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 and changes.

No Director is involved in deciding his own remuneration.

The RC is currently in the midst of reviewing the use of a claw-back mechanism in the variable components of the remuneration of the Executive Directors and KMP for exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss or other losses to the Company.

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

The structure of the fees paid or payable to Directors of the Company for FY 2013 is as follows:

Appointment	Per annum
Board of Directors	
- Base fee	$35,000
Audit & Risk Committee	
- ARC Chairman's fee	$70,000
- ARC Member's fee	$55,000
Nominating Committee	
- NC Chairman's fee	$6,000
- NC Member's fee	$4,000
Remuneration Committee	
- RC Chairman's fee	$6,000
- RC Member's fee	$4,000
Corporate Social Responsibility & Corporate Governance Committee	
- CSR & CGC Chairman's fee	$6,000
- CSR & CGC Member's fee	$4,000
Lead Independent Director's fee	$10,000

Principle 9: Disclosure of Remuneration

Disclosure of Remuneration

The compensation packages for employees including the Executive Chairman, the Deputy Chairman, Chief Executive Officer and the Group General Manager comprise a fixed component (in the form of a base salary and fixed allowances) and a variable component (which includes year-end and variable bonuses, and benefits-in-kind, where applicable), taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices. Each of the Directors receives a base Director's fee. 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 breakdown (in percentage terms) of the Directors' remuneration for FY 2013 is set out below.

Directors' Remuneration for FY 2013

	Base Salary* %	Variable Bonuses/ Allowances* %	Board/ Committee Fees** %	Other Benefits %	Total %
Executive Directors					
Above $9,000,000 and up to $9,250,000					
Kwek Leng Beng^	13.16	77.83	8.21	0.80	100.00
Above $7,500,000 and up to $7,750,000					
Kwek Leng Joo^	15.17	83.17	1.18	0.48	100.00
Non-executive Directors					
$250,000 and below					
Chee Keng Soon	–	–	100.00	–	100.00
Foo See Juan^	–	–	100.00	–	100.00
Kwek Leng Peck^	–	–	100.00	–	100.00
Tang See Chim	–	–	100.00	–	100.00
Yeo Liat Kok Philip	–	–	100.00	–	100.00
Tan Poay Seng	–	–	100.00	–	100.00
Chan Soon Hee Eric	–	–	100.00	–	100.00

* The salary and variable bonuses/allowances are inclusive of employer's central provident fund contributions.
** These fees comprise Board and Committee fees for FY 2013, which are subject to approval by shareholders as a lump sum at the 2014 AGM as well as ARC fees for FY 2013 that have already been approved by shareholders at the 2013 AGM.
^ Remuneration of these Directors includes remuneration paid or payable by subsidiaries of the Company.

Having considered recommendations in the 2012 Code on disclosure of Directors' remuneration, the Company does not think it is in the interest of the Company to disclose the Directors' remuneration to the nearest thousand dollars, and that the current disclosure on a named basis and in bands of $250,000 including the provision of a breakdown in percentage terms is sufficient.

The Company also does not believe it to be in its interest to disclose the identity and remuneration of its top 5 KMP (who are not Directors), having regard to the highly competitive human resource environment and so as not to hamper the Company's efforts to retain and nurture its talent pool.

Remuneration of Directors' Immediate Family Members for FY 2013

The annual remuneration of Mr Sherman Kwek Eik Tse, son of the Executive Chairman, and Mr Kwek Eik Sheng, son of the Deputy Chairman, are set out as follows:

	Base Salary* %	Variable Bonuses/ Allowances* %	Board/ Committee Fees %	Other Benefits %	Total %
Above $500,000 and up to $550,000					
Sherman Kwek Eik Tse^	42.00	58.00	–	–	100.00
Above $450,000 and up to $500,000					
Kwek Eik Sheng^	42.00	58.00	–	–	100.00

* The salary and variable bonuses/allowances are inclusive of employer's central provident fund contributions.
^ These comprise remuneration paid or payable by the Company and its subsidiaries but exclude remuneration and Board fees paid or payable by the listed subsidiaries of the Company as these are disclosed in the respective annual reports of the listed subsidiaries.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

Accountability of the Board and Management

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

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

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

Principle 11: 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 46 to 48 of the AR. As part of the internal and external audit program, 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 of the Group's internal controls that address the Group's financial, operational, compliance and IT risks, with the assistance of the internal and external auditors and the Management.

Based on the work performed by 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 as at 31 December 2013.

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 one other member of the ARC possess the relevant audit, accounting or related financial management expertise and experience, whilst the remaining members of the ARC have legal backgrounds.

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

Powers and Duties of the ARC

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

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

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

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

For the financial year under review, the ARC conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities. The assessment was facilitated through the use of a self-assessment checklist ("ARC Self-Assessment Checklist") based on the guidance from the Guidebook for Audit Committees in Singapore issued in October 2008 ("ACGC Guidebook").

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

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

External Auditors

Taking cognizance that the external auditors should be free from any business or other relationships with the Group that could materially interfere with their ability to act with integrity and objectivity, the ARC undertook a review of the independence of KPMG LLP ("KPMG") and gave careful consideration to the Group's relationships with them during 2013. In determining the independence of KPMG, the ARC reviewed all aspects of their relationships with them including the processes, policies and safeguards adopted by the Group and KPMG relating to audit independence. The ARC also considered the nature of the provision of the non-audit services in 2013 and the corresponding fees and is of the opinion that such non-audit fees did not impair or threaten the audit independence. Based on the review, the ARC is of the opinion that KPMG is, and is perceived to be, independent for the purpose of the Group's statutory financial audit.

For details of the fees paid and/or payable by the Group in respect of audit and non-audit services for FY 2013, please refer to note 29 of the Notes to the Financial Statements.

In reviewing the nomination of KPMG for re-appointment for the financial year ending 31 December 2014, the ARC had considered the adequacy of the resources, experience and competence of KPMG. Consideration was also given to the experience of the engagement partner and key team members in handling the audit of multi-listed entities under different jurisdictions and in the real estate and hospitality segments. The size and complexity of the audit of the Group, and the number and experience of the supervisory and professional staff assigned were taken into account. The ARC had also considered the audit team's ability to work in a co-operative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed time-lines.

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

On the basis of the above, the ARC has recommended to the Board the nomination of KPMG for re-appointment as external auditors at the 2014 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 24 April 2013 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 2014 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 2013 (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 2013 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than $100,000)	$'000
Hong Leong Investment Holdings Pte. Ltd. group of companies	206,285*	Property-related (a) provision to/by interested persons of (i) project management services; (ii) marketing services; (iii) property management and maintenance services; (iv) cleaning services; (v) security services; and (vi) managing agent services (b) lease of premises to interested persons	24,056
		Management and Support Services (a) provision to/by interested persons of (i) accounting and administrative services; (ii) financial services; and (iii) legal services	1,506
		Total	25,562
Directors and their immediate family members	Nil		Nil

* The figure comprises:
(i) the aggregate value of shareholders' loans extended to joint venture companies involving interested persons, and where applicable, interest accrued on shareholders' loans, in FY 2013, which were announced on 14 February 2014 pursuant to Rule 916(3). The shareholders' loans referred herein have been extended by all the joint venture parties or shareholders in proportion to their respective equity interest in the joint venture and on the same terms and conditions, including the interest rate, if any, accrued or to be accrued on the shareholders' loans; and
(ii) the aggregate value of joint ventures between the Company or its wholly-owned subsidiaries with interested persons for the joint acquisition of land parcels. These transactions were announced pursuant to Rule 916(2).

The 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 policy was revised during the year to expand the communication channels to include the Board Chairman and the Managing Director, in addition to the ARC Chairman, for submission of reports involving any Director or Senior Management and the Head of IA respectively. Details on the dedicated channels of communication have also been made available on the Company's website in 2013.

The whistle-blowing policy, which is reviewed by the ARC from time to time to ensure that it remains current, is available on the Company's website and intranet and is easily accessible by all employees and other persons.

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 Chief Executive Officer (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.

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

Role and Activities of IA

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

The ARC approved the annual IA plan in February 2013 and received regular reports during 2013 on the progress of the audit work under the IA plan. All IA reports are given to the ARC, the Chairman of the Board, the Deputy Chairman, Chief Executive Officer, Group General Manager, Chief Financial Officer, Company Secretary and the heads of the relevant departments. IA observations on control, operational and human lapses and recommendations to address them were also reviewed and discussed at ARC meetings. The ARC was satisfied that recommendations made were dealt with by the Management in a timely manner, with outstanding exceptions or recommendations being closely monitored and reported back to the ARC.

The ARC reviewed the effectiveness and adequacy of the IA function through a review of the IA activities on a quarterly basis as well as its annual assessment of the IA function. The assessment was facilitated through the use of an evaluation framework modeled on the framework recommended in the ACGC Guidebook. The evaluation framework is comprehensive and covers IA organisation, resources and continuing training, audit plans work scope, quality of reports and recommendations, IA Charter and IA internal control assessment. Based on the assessment, the ARC is satisfied with the quality and effectiveness of the IA function and that the IA function is currently adequately resourced and has appropriate 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, including the voting procedures, are set out in the notice of general meetings. In accordance with the Articles of Association of the Company, shareholders may appoint one or two proxies to attend and vote at general meetings in their absence. The proxy forms must be deposited with the Company not less than forty-eight (48) hours before the time set for the general meetings. As it is logistically challenging to allow corporations providing nominee or custodial services to appoint more than 2 proxies, the Company has decided not to implement the same for the time being. CPF investors of the Company's securities may nevertheless attend shareholders' meetings as observers provided they have submitted their requests to do so through their agent banks within a specified timeframe.

Principle 15: Communication with Shareholders

The Company ensures that shareholders are notified of all material information in an accurate and timely manner. The Company notified 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 provides, *inter alia*, corporate announcements, press releases and the latest financial results as released by the Company on SGXNET.

From time to time, the Company's Senior Management holds briefings with analysts and the media to coincide with the release of the Group's half-year and full-year results. Media presentation slides are also released on SGXNET and available on the Company's website. In addition, the Management takes an active role in investor relations, meeting local and foreign fund managers regularly as well as participating in roadshows and conferences both locally and overseas.

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

Principle 16: Greater Shareholder Participation

At general meetings of the Company, shareholders are given the opportunity to communicate their views and encouraged to ask the Directors and the Management questions regarding matters affecting the Company. The chairmen of the ARC, NC, RC and CSR & CGC and the external auditors were present at the last AGM, and will endeavour to be present at the 2014 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 re-election or re-appointment of each Director as a separate subject matter. Detailed information on each item in the AGM agenda is provided in the explanatory notes to the notice of AGM in the AR. The Company also maintains minutes of the AGM, which includes the key comments and queries raised by shareholders and the responses from the Board, Management and/or the external auditors.

The Chairman of the Meeting will be exercising his rights under Article 56 of the Company's Articles of Association for all resolutions proposed at the 2014 AGM and at any adjournment thereof to be put to the vote by way of poll. Accordingly, each resolution at the 2014 AGM will be voted on by way of a poll.

In support of greater transparency and to allow for a more efficient voting system, the Company had introduced electronic poll voting instead of voting by show of hands at the 2012 AGM and would continue to do so in respect of all resolutions proposed at the 2014 AGM. With electronic poll voting, shareholders present in person or represented by proxy at the meeting will be entitled to vote on a 'one-share, one-vote' basis. The voting results of all votes cast in respect of each resolution will also be instantaneously displayed at the meeting and announced via SGXNET after the 2014 AGM. The rules including voting procedures that govern general meetings of shareholders are attached with the notice of the 2014 AGM.

Corporate Values and Conduct of Business

The Board and Senior Management are committed to conducting business with integrity and consistent with high standards of business ethics, and in compliance with all applicable laws and regulatory requirements. The Company has 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 intranet and have also been disseminated to officers and employees of the Group's key subsidiaries.

Internal Code on Dealings in Securities

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

Corporate Social Responsibility

The Company is committed to maintaining and achieving high standards of corporate governance ("CG") and continuing to build on its industry leadership on corporate social responsibility ("CSR").

The CSR & CGC of the Company comprises three Directors, with a majority being independent Directors. Please refer to the 'Corporate Directory' section of this AR for the composition of the CSR & CGC. The CSR & CGC's responsibilities, as set out in its written terms of reference approved by the Board, is to have oversight of the Company's attention to CSR and CG issues, including the Company's policies on various aspects of CSR and CG which are significant and contribute to the Company's performance, business activities, and/or reputation as a global corporate citizen.

CREATIVE

DEVELOPING INNOVATIVE INITIATIVES

As a champion of environmental sustainability, CDL's success is founded on innovative foresight, fuelled by a vision to conserve as we construct, from as early as two decades ago. In commemoration of CDL's 50th anniversary, we created and donated two first-of-its kind public green building projects as our gifts to the nation. One of them was the CDL Green Gallery – Singapore's First Zero Energy Green Gallery. Officially opened in November 2013, it was conceptualised as an extension of the Singapore Botanic Gardens' (SBG) Heritage Museum on Holttum Lawn. It boasts two innovative sustainable features that have been used for the first time in Singapore – a biomaterial known as Hempcrete, which is thermal-efficient as well as pest- and mould-resistant, and a unitised prefabricated modular system that reduces on-site construction time and impact on the natural surroundings. The Gallery has been accorded the Building and Construction Authority's Green Mark Platinum status – the highest rating for green buildings in Singapore – and is poised to set new benchmarks in environmentally-friendly building solutions.

RISK MANAGEMENT

Risk management continues to play an important part in the Company's business activities and is an essential component of its planning process. The Board has overall responsibility to ensure that the Company has the capability and necessary framework to manage risks in new and existing businesses and that business plans and strategies accord with the risks appetite that the Company undertakes to achieve its corporate objectives. To assist the Board in its risk management oversight, the Audit & Risk Committee (ARC) has been authorised by the Board to provide oversight and review on matters relating to the risk management policies and systems of the Company.

The 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 Company, the objective of which is to provide an enterprise-wide view of the risks involved in property investment, development and management activities and a systematic risk assessment methodology for the identification, assessment, management and reporting of such risks on a consistent and reliable basis. The RMC is mandated to focus on key strategic risks whilst also ensuring that the business units are responsible for the day-to-day tracking, monitoring and control of risks within their operations.

Since April 2013, a Senior Manager, Enterprise Risk Management has been appointed to provide the RMC with the quarterly status of the key strategic risk exposures and the Senior Management with a timely assessment of key risk exposures and any new emerging risks that may require assessment. The RMC reports 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.

The RMC had, since 2002, established a formal risk management framework. Within this framework, strategic business risks are identified, assessed, evaluated, monitored, managed, and reported on a regular basis. The risk governance structure of the Company is regularly reviewed against international standards and best practices in risk management. The Company recognises that the risk management process is an on-going process and aims under its risk governance structure to continue to look for ways to improve in the following areas:

- increase monitoring and control capabilities in its review of significant strategic business risks;
- review the effectiveness of the systems of internal controls to limit, mitigate, manage and monitor identified risks;
- ensure that the operating systems deliver adequate and timely information required for effective risk management;
- build on and integrate into its existing governance and management systems the appropriate tools for effective management of strategic business risks which are reflective of changes in markets, products and emerging best practices, and
- embed risk management process into our culture and all our business operations

The Company's risk management framework has categorised its risks into the following main risk types:

OPERATIONAL RISKS

The risk management framework is integrated into the management processes at operational levels, with the respective management at divisional and departmental levels being responsible for identifying, assessing, mitigating and managing the operational risks within each of their functional areas. The implementation and use of a system of internal controls, and operating, reporting and monitoring processes and procedures (including processes involving due diligence and collation of market intelligence and feedback), supported by information technology systems and constant development of human resource skills through recruitment and training, are important elements of the risk management framework, to mitigate risks relating to product and service quality assurance management, costs control management, design and product innovation, market intelligence, marketing/sales and leasing management, financial control management and regulatory compliances in the Company's operations. In 2013, the Company had also been progressively implementing a Control Self-Assessment (CSA) programme to infuse a greater sense of ownership and accountability in managing risks in the operating divisions. This programme will augment independent audits by the Internal Audit team and will add assurance to our Senior Management and the Board that operational risks are being effectively and adequately managed and controlled.

The maintenance of adequate insurance coverage for the Company's assets, and the protection of and continued investment in the security and integrity of its information technology systems and database which are highly integrated with its business processes, are also part of the Company's control processes for the protection of its assets. The Company also maintains close working relationship with its business partners and relevant authorities to keep abreast of political developments and changes in the regulatory framework and business environment.

INVESTMENT AND PORTFOLIO RISKS

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

TREASURY AND FINANCIAL RISKS

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

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the

Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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

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

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

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

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

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

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

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

HUMAN RESOURCE RISKS

The Company recognises human resource as an important contributing factor towards the stable growth of the Company, and accordingly efforts are taken to enhance the processes for recruitment, compensation, training and development of employees. Identification of core competencies is critical in the employee selection and development processes, and the implementation of performance assessment and management programmes, coupled with career development and training programmes, are part of the Company's human resource strategy to improve work performance, maximise competencies, increase staff commitment and retention, and develop further an effective succession planning programme within the organisation.

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 and at the same time create a quality workplace.

CRISIS RISKS

Operating in an environment with potential threats of terrorism, epidemic outbreaks and information systems failure, the management has put in place a company-wide Business Continuity Plan (BCP) to mitigate the risks of interruption and catastrophic loss to its operations and information database arising from such potential threats.

The RMC is responsible for overseeing the maintenance of the BCP. Procedures and processes of the BCP include identification of alternate recovery centres, operational procedures to enable communication, continuity of critical business functions and recovery of database in the event of a crisis incident. Periodic incident management drills are conducted to familiarise employees with the emergency response and crisis management plans of the Company. The plans to carry out periodic tests on BCP, results of the tests, as well as recommendations and corrective actions are reviewed by the RMC annually and reported to the ARC. Further enhancement during the year included the alignment of corporate BCP to various operating departments' environmental emergency procedures. Action plans have been put in place to ensure newly established business units are equipped with the respective BCPs to meet their needs.

INFORMATION TECHNOLOGY (IT) RISKS

The Company has maintained an uncompromising stand on information availability, control and governance, as well as data security. Over the years, we have adopted a multi-pronged approach to effectively manage our information risks. Up-to-date information security policies are implemented and enforced company-wide. High availability and resilience are built into all critical information systems. Our enterprise IT systems and infrastructures are constantly monitored to proactively identify and mitigate risks. IT disaster recovery exercises are carried out regularly to ensure uptime business recovery objectives are met. Since 2013, an IT Risk Framework has also been established to formalise risk governance, approach and assessment of IT related risks and will be implemented progressively across the Company. At the staff level, information security materials are put in place to educate employees of the prevailing risks when handling corporate data. Finally, to ensure effective IT risk management, external security consultants are engaged annually to review and enhance our IT risk posture.

ENVIRONMENTAL, HEALTH AND SAFETY (EHS) RISKS

As a developer with extensive operations, strategic and concerted efforts have been put in to mitigate the impact of our operations on the environment and to reduce the workplace safety and health risks. The Company's EHS Policy (established in 2003) sets the strategic direction for all departments, employees and stakeholders to take practical effort to ensure effective EHS management in its operations.

To manage its EHS risks, the Company has since 2003 integrated an EHS Management System within its operations, certified to the ISO 14001 Environmental Management System and OHSAS 18001 Occupational Health and Safety Management System, and audited on an annual basis.

Through this system, the Company identifies its key EHS hazards, determining the risk level based on a quantitative risk assessment technique consisting of the likelihood of the occurrence and severity of the impact. Control measures are promptly applied to mitigate all significant EHS risks. This involves setting objectives and targets, establishing programmes and/or putting in place work procedures and work instructions.

The guiding principle in EHS risk management is to follow the hierarchy of control, starting with elimination, and then moving to substitution, isolation, use of engineering control, use of administrative control and last of all, use of personal protective equipment.

The Company's EHS targets and performance are measured and monitored by the Management Representatives and audited annually by internal and external auditors. Irregularities and possible deviations are identified for prompt rectification and continual improvement.

MILLENNIUM & COPTHORNE HOTELS PLC (M&C)

The risk management activity of M&C, the Group's hotel arm, is directed by its Executive Management Committee, led by its Chief Executive Officer, and is facilitated by the Head of Risk and Internal Audit. The Chief Executive Officer and members of the Executive Management Committee undertake regular reviews of (i) the risk registers, compiled and updated to map the nature of the risks relative to their likelihood of occurrence and severity and associated trends, and (ii) the progress of the risk treatment plans devised to eliminate, minimise or transfer risks. The board of M&C has overall responsibility for the risk management process of the M&C group and for ensuring that its risks are managed appropriately and, either directly or through the audit committee of M&C reviews the effectiveness of the M&C group's risk management processes and other internal controls. Information on M&C's principal risks can be found in its annual report for FY 2013.

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

Whilst M&C continually assesses its environment impact and actively seeks ways to reduce it through improvements in its hotels' operating infrastructure and by modifying work practices, the hotel management also works with its suppliers to minimise the environment impact of their activities. Environmental performance is also being integrated into the operational objectives of the hotel staff. The M&C group monitors the carbon footprint for all of its owned and managed properties, and the board of M&C has set a target for the group's energy consumption.

OPERATIONS REVIEW

The year under review continued to present a challenging environment both locally and globally, albeit with some signs of moderate improvement. While economic indicators improved for regions such as Europe and the US, problems such as weak employment rates persisted. For the whole of 2013, the Singapore economy grew by 4.1%, up from the 1.9% growth registered in 2012. Despite this, the cumulative impact of the Singapore Government's incremental property cooling measures over the year continued to take effect, with demand, especially for high-end developments, remaining subdued.

STRONG SHOWING FOR PROPERTY DEVELOPMENT SEGMENT

Despite uncertainties in the economic climate, CDL continued to achieve a strong performance in the property development segment in 2013. Along with its joint venture associates, the Group saw seven successful launches and sold 3,210 units, including Executive Condominiums (EC), amounting to a total sales value of about $3.32 billion. The strong sales affirm CDL's successful strategy of building up a well-diversified residential portfolio that allows it to launch projects that cater to the demand from different market segments, in response to market conditions.

The 508-unit joint venture residences, Echelon, located near Redhill MRT station was officially launched in January. Positioned at the edge of the sought-after Tanglin residential enclave, this premium luxury project is almost sold out, with only three penthouse units left.

In March, another two joint venture developments were launched: D'Nest, a 912-unit condominium at Pasir Ris Grove, and Bartley Ridge, an 868-unit condominium along Bartley Road/Mount Vernon. Both projects are strategically located within walking distance of Pasir Ris and Bartley MRT stations respectively. D'Nest and Bartley Ridge are now 93% and 90% sold respectively.

D'Nest is a 912-unit condominium located at Pasir Ris Grove.

The 616-unit Jewel @ Buangkok condominium, launched in June 2013, is located beside Buangkok MRT station.

Jewel @ Buangkok, a 616-unit condominium located beside Buangkok MRT station, followed in June. Over 86% of the 450 units released have been sold.

The nature-inspired 380-unit Lush Acres EC in Sengkang, near Layar LRT station, met with enthusiastic response during its launch in August and is now sold out.

In October, The Venue Residences and Shoppes, a joint venture mixed development was launched. Conveniently located near Potong Pasir MRT station at the junction of Upper Serangoon and MacPherson Roads, The Venue offers a unique seamless living, shopping and dining experience through its 266 apartments and 28 retail and dining units. To date, 66% of its 70 residential units released for sale and 50% of its retail and dining units have been taken up.

Rounding off the year was the launch of The Inflora, a 396-unit joint venture condominium at Flora Drive located in the Changi/Pasir Ris locale in October. It is located a short drive from the Singapore EXPO and Tampines Central, and will be within walking distance of the upcoming Tampines East MRT station. The competitively-priced joint venture project is fully sold.

STRATEGIC ACQUISITIONS AND INVESTMENTS

A key focus of the Group's growth strategy is to sharpen core businesses with eyes set on building new opportunities and platforms overseas. In line with this, several strategic acquisitions were made in the year under review.

CDL announced in September that its indirect wholly-owned subsidiary Beaumont Properties Limited would acquire a freehold property located in close proximity to Harrods at Pavilion Road in Knightsbridge London in the UK, for £80.0 million. This was the first acquisition for the CDL Group's real estate platform in the UK.

In April, Millennium & Copthorne Hotels plc (M&C), the Group's London-listed subsidiary, completed the acquisition of a plot of land in Seoul, Korea, with a total area of 1,563.7 square metres, for £17.2 million. The site is adjacent to the Millennium Seoul Hilton Hotel. M&C plans to develop hospitality facilities on the site that will be complementary to the Millennium Seoul Hilton Hotel.

OPERATIONS REVIEW

In December, M&C announced the proposed acquisition of a leasehold interest in a luxury, all-suite hotel located in the upscale Chelsea Harbour district of London, offering 154 suites and four penthouses. The acquisition is priced at £65.0 million, subject to standard purchase price adjustments.

CDL Hospitality Trusts (CDLHT), an associate of M&C, also made two key acquisitions in the Maldives during the year. In January, it acquired the Angsana Velavaru, with 79 beach villas and 34 exclusive water villas. Its second property, the luxurious Jumeirah Dhevanafushi with 19 beachfront villas and 16 over-water villas, with two additional beachfront villas expected to be completed in 2014, was acquired in December.

The luxurious Jumeirah Dhevanafushi was acquired in December 2013.

HALLMARKS OF HOSPITALITY EXCELLENCE

2013 was another eventful year for M&C.

It inaugurated the M Hotel Chengdu in July, the second M Hotel in the world and M&C's 12th property in the Greater China region. The 196-room hotel is just a 5-minute stroll from the high-end housing and retail enclave of Xin Nan Tian Di.

In addition to launches and several new hotel acquisitions, M&C continued with its ongoing £240.0 million refurbishment programme of its properties, in order to strengthen its service and product proposition. In May, the Millennium Minneapolis in the US reopened after the successful completion of its £15.0 million refurbishment. Refurbishment of the west wing of the Grand Hyatt Taipei was completed in the third quarter of 2013, with work currently underway on renovation of the east wing which was closed when the west wing re-opened. The hotel is scheduled to reopen fully in Q3 2014.

In May, CDLHT announced asset enhancement plans for Orchard Hotel Shopping Arcade, with the aim of overhauling the property's facade and existing amenities and re-positioning it as a family-centric mall with enhanced retail offerings. The project is estimated to cost $25.0 million and a soft opening of the refurbished mall is expected by end 2014.

RAISING THE BAR IN BUSINESS EXCELLENCE

As a forerunner in Corporate Social Responsibility (CSR) in Singapore, CDL takes a triple bottom line approach when measuring business excellence, where environmental and social achievements go hand in hand with financial performance. CDL continued to set new benchmarks in business excellence both locally and globally.

In 2013, CDL was honoured as the first developer to receive two distinguished accolades from the Building and Construction Authority (BCA): Quality Excellence Award – Quality Champion (Platinum) and Construction Productivity Award – Advocates (Platinum). It also received the International Dilmun Environmental Award from the UK-based safety charity, Royal Society for the Prevention of Accidents (RoSPA) – the first company outside of Europe to win this accolade – in addition to the RoSPA Gold Medal Award for Occupational Health and Safety.

Other key honours include the BCI Asia Top 10 Developers Award for the third consecutive year, Best Developer (Singapore) at the South East Asia Property Awards 2013, as well as the Internal Audit Excellence Merit Award and Most Transparent Company Award – Runner-Up (Real Estate Category) at the Securities Investors' Association (Singapore) Investors' Choice Awards 2013. CDL also retained its title of the Best Residential Developer and Best Leisure/Hotel Developer (Singapore) in the Euromoney Real Estate Survey 2013.

In recognition of CDL's efforts towards sustainability, CDL was awarded the inaugural Eco-Green Outstanding Leadership Award at the Asia Responsible Corporate Awards 2013 and was named the company with the Best Sustainability Practice at the IR Magazine Awards – South East Asia 2013.

Globally, CDL continued to remain listed on the FTSE4Good Index Series (since 2002) and the Dow Jones Sustainability Indices (since 2011). The first Singapore corporation to be listed on the Global 100 Most Sustainable Corporations in the World ranking in 2010, CDL emerged as the top ranked corporation in Asia (excluding Japan) in the 2013 edition. It was also named a Regional Sector Leader for Asia in the Global Real Estate Sustainability Benchmark (GRESB) Report 2013, ranked 22nd out of 543 participating organisations globally. Together, these independent global ratings demonstrate CDL's long-standing commitment towards responsible corporate citizenry, by upholding good corporate governance as well as high environmental and social performance standards.

FORGING NEW PLATFORMS FOR GROWTH

As global and domestic economic headwinds persist, the Group will continue to leverage its core competencies and focus on accelerating its diversification efforts overseas. It will pursue opportunities through its established platforms in London and China, and actively seek opportunities in mature markets such as the US, Japan and Australia. With its solid foundation, strong balance sheet and track record of resilience, the Group has its eyes set on growth and will continue to deliver greater value for shareholders through innovative initiatives and synergistic business platforms.

CDL celebrated its haul of 23 accolades – the most number of awards received by a private developer at BCA Awards 2013.

HIGHLIGHTS OF THE YEAR

JANUARY

- CDL and joint venture partners Hong Leong Holdings Limited and Hong Realty (Private) Limited officially launched Echelon, a 508-unit condominium at Alexandra View.
- CDL Hospitality Trusts (CDLHT), an associate of Millennium & Copthorne Hotels plc (M&C), acquired the Angsana Velavaru, its first property in the Maldives, for US$71.0 million. The resort features 79 beachfront villas and 34 water villas.
- CDL was listed on Corporate Knights' Global 100 Most Sustainable Corporations in the World, coming in at 52nd place. It was also the top-ranked company from Singapore as well as Asia (excluding Japan).

FEBRUARY

- CDL recorded its highest ever revenue of $3.4 billion and a profit after tax and non-controlling interests of $678.3 million for the full year ended 31 December 2012.

MARCH

- Two residential developments were unveiled – the 912-unit D'Nest in Pasir Ris, a joint venture between CDL, Hong Leong Holdings Limited and Hong Realty (Private) Limited; as well as the 868-unit Bartley Ridge on Mount Vernon Road, a joint venture between CDL, Hong Leong Holdings Limited and TID Pte. Ltd..
- Quayside Isle (QI) – the only lifestyle and dining enclave within the luxury waterfront precinct of Sentosa Cove, was officially launched with a nautical-themed celebration. Together with The Residences at W Singapore – Sentosa Cove and W Singapore – Sentosa Cove hotel, QI completed the marina lifestyle hub that CDL had envisioned for the Cove when it was first awarded this integrated site in 2006.
- NV Residences, a 642-unit development in Pasir Ris Grove, obtained its Temporary Occupation Permit (TOP).

APRIL

- M&C completed the acquisition of a plot of land in South Korea with a total area of 1,563.7 square metres, adjacent to the Millennium Seoul Hilton Hotel, for £17.2 million.
- City Square Mall was accorded the Excellence Award in the Shopping Mall category at the Businesses for Families Council's "We Welcome Families" Awards 2013.
- The second edition of the biennial Building and Construction Authority (BCA)-CDL Green Sparks Competition, which challenged tertiary students to conceptualise a revolutionary green show suite, was held. 23 teams from five tertiary institutions submitted proposals – a 15% increase in participation from its inaugural competition.
- The annual CDL E-Generation Challenge, which aims to foster eco-consciousness amongst youths in an interactive and engaging manner, returned for its fourth run with over 500 youth participants – its largest eco-race to date.

MAY

- CDLHT unveiled plans to overhaul Orchard Hotel Shopping Arcade as a family-centric mall with enhanced retail offerings, including refreshing the property's facade and existing amenities.
- CDL was awarded double honours by UK-based safety organisation Royal Society for the Prevention of Accidents (RoSPA). It was recognised with the RoSPA Gold Medal Award for Occupational Health and Safety and was also the first company outside of Europe to receive the International Dilmun Environmental Award for excellence in environmental, health and safety management.
- CDL received 23 corporate and project awards at the BCA Awards 2013, making it the private developer to receive the most number of awards. CDL was also the first developer to receive the prestigious Quality Excellence Award – Quality Champion (Platinum) and Construction Productivity Award – Advocates (Platinum).
- My Tree House – World's 1st Green Library for Kids, a collaboration with the National Library Board, was officially opened by Dr Yaacob Ibrahim, Minister for Communications and Information at the Central Public Library. This was the first of CDL's two green "gifts" to the nation, in celebration of its 50th anniversary.
- In the US, Millennium Minneapolis reopened after the successful completion of its £15.0 million refurbishment.

JUNE

- The 616-unit Jewel @ Buangkok, located just 3-minutes' walk to Buangkok MRT station, was launched.
- The 396-unit Hundred Trees condominium at West Coast Drive obtained its TOP.
- CDL was accorded Singapore's BCI Asia Top 10 Developers Award for the third consecutive year.
- CDL published its sixth Sustainability Report titled "Changing the Landscape". For the second year running, the Report achieved the Global Reporting Initiative (GRI)-checked Level A+ using the G3.1 guidelines and the Construction and Real Estate Sector Supplement (CRESS).

JULY

- M&C launched M Hotel Chengdu, the second M Hotel in the world and M&C's 12th property in the Greater China region.
- City Serviced Offices, a wholly-owned subsidiary of CDL, celebrated its 10th anniversary. It also opened its second location at 9 Tampines Grande.
- CDL was conferred the Distinguished Patron of the Arts Award by National Arts Council for its sustained efforts in nurturing and cultivating creative talents.
- CDL China, a wholly-owned subsidiary of CDL, held a groundbreaking ceremony for Hong Leong City Center, its sizeable mixed-use development next to Jinji Lake in Suzhou.

AUGUST

- The nature-inspired 380-unit Lush Acres Executive Condominium (EC) located in Sengkang was launched.
- Tree House, a 429-unit eco-inspired condominium located within the Upper Bukit Timah and Chestnut Avenue estate, obtained its TOP.
- The 466-unit Rainforest EC was awarded the National Parks Board's inaugural Landscape Excellence Assessment Framework (LEAF) certification for the project's outstanding greenery.

(From right to left) CDL Executive Chairman Mr Kwek Leng Beng, Deputy Prime Minister Mr Teo Chee Hean, CDL Deputy Chairman Mr Kwek Leng Joo, and CDL Board of Directors cut the specially-commissioned cake to mark CDL's 50th anniversary.

SEPTEMBER

- CDL commemorated its 50th anniversary with a Golden Gala Celebration dinner held at the W Singapore – Sentosa Cove hotel, with over 400 dignitaries in attendance, including Guest-of-Honour Deputy Prime Minister Teo Chee Hean, Coordinating Minister for National Security and Minister for Home Affairs. A commemorative book titled "A Lasting Impression" chronicling CDL's journey over the last 50 years was published.
- CDL announced it had entered into a sales and purchase contract for the acquisition of 28 Pavilion Road in Knightsbridge, a freehold property in Central London, currently used as a multi-storey car park, for £80.0 million.
- The 177-unit Cube 8, located along Thomson Road, obtained its TOP.
- CDL emerged Best Residential Developer and Best Leisure & Hotel Developer in Singapore in Euromoney's Real Estate Survey 2013. It was also named the Regional Sector Leader for Asia in the Global Real Estate Sustainability Benchmark Report 2013 and was ranked 22nd of 543 participating organisations globally.
- The third CDL-Singapore Compact Young Corporate Social Responsibility (CSR) Leaders Award was held, providing youths between 17 and 30 years old the opportunity to develop meaningful CSR proposals for Singapore-based Small and Medium-sized Enterprises from diverse industries.
- W Singapore – Sentosa Cove emerged the winner of the Hotel category at the FIABCI Singapore Property Awards 2013.

OCTOBER

- The fifth edition of the only nation-wide sculpture competition, the biennial CDL Singapore Sculpture Award 2013 drew 305 submissions. 25 of the most creative and award winning artworks were displayed at an exhibition held at The Arts House.
- The Venue Residences and Shoppes, a mixed development by CDL and Hong Leong Holdings Limited offering 266 apartments and 28 retail and dining units was launched. It is situated at Tai Thong Crescent, a mere 3-minutes' walk to Potong Pasir MRT station.
- The Inflora condominium, a 396-unit joint venture by CDL, Hong Leong Holdings Limited and TID Pte. Ltd. at the Changi/Pasir Ris locale, was launched.
- CDL was named Best Developer (Singapore) at the South East Asia Property Awards 2013. The Glyndebourne, developed by M&C, also clinched the Best Residential Interior Design award.

NOVEMBER

- The CDL Green Gallery, Singapore's First Zero Energy Green Gallery, was officially launched by Prime Minister Lee Hsien Loong. It is an extension to the Singapore Botanic Gardens' (SBG) Heritage Museum and boasts a host of innovative eco-features designed for energy self-sufficiency. Developed by CDL, the Gallery is the Company's second green "gift" to the nation in celebration of its 50th anniversary. CDL Deputy Chairman Mr Kwek Leng Joo also held a photographic exhibition showcasing an evocative series of images of the SBG. These initiatives were in support of SBG's nomination bid to become Singapore's first UNESCO World Heritage Site.
- The sculpture "All the Essentially Essential" by local artist Tan Wee Lit – the winning work at the 3rd CDL Singapore Sculpture Award 2007 – was installed at Raffles Place Park, making it CDL's sixth public artwork.
- CDL picked up two honours at the Securities Investors Association Singapore Investors' Choice Awards 2013: Runner-up in the Most Transparent Company Award (Real Estate Category) and Merit in the Internal Audit Excellence Award.
- CDL's office building 11 Tampines Concourse and eco-mall City Square Mall received the Leadership in Energy and Environmental Design (LEED) certification under the Existing Buildings: Operations & Maintenance category – Platinum and Gold respectively.
- At the MIPIM Asia Awards 2013, Tree House received top honours in the Best Innovative Green Building category with a Gold ranking while Cube 8 was accorded a Bronze ranking in the Best Residential Development category.

DECEMBER

- M&C announced the proposed acquisition of a leasehold interest in a luxury, all-suite hotel located in the upscale Chelsea Harbour district of London, offering 154 suites and four penthouses, for £65.0 million subject to standard purchase price adjustments.
- CDLHT acquired its second Maldives luxury resort – Jumeirah Dhevanafushi for US$59.6 million. The property comprises 19 beachfront villas and 16 over-water villas, with two additional beachfront villas slated for completion in 2014.
- CDL was conferred the inaugural Eco-Green Outstanding Leadership Award at the Asia Responsible Corporate Awards 2013, an extension and the highest tier of the Built Environment Industry Asia Awards 2013.
- CDL emerged the inaugural winner in the IR Magazine Awards – South East Asia 2013, Best Sustainability Practice category.
- For the second year, CDL garnered the accolade of Best Sustainability Report from Singapore at the National Center for Sustainability Reporting's ninth Indonesia Sustainability Reporting Awards.

HUMAN RESOURCE REVIEW

DEVELOPING OUR EMPLOYEES

CDL believes in developing our people to be competent and professional. It is our ongoing commitment to develop our people holistically through multiple avenues.

CDL Onboarding Programme

All new CDL employees are required to attend the CDL Onboarding Programme, which aims to induct and ease them into the organisational culture seamlessly. The programme is a good opportunity for new hires from different departments to meet and network with one another as well as with CDL's management team.

Learning and Development

Learning and Development are important aspects of the training roadmap for all CDL employees. To ensure that skill sets and knowledge are enhanced, training needs analysis is conducted annually to determine the types of training interventions necessary to level up staff competencies. In 2013, CDL employees clocked a total of 15,836 training hours – which works out to an average of four training days per employee. CDL also sponsored five employees in 2013 in their pursuit of upgrading their educational qualifications.

Sponsorships Scheme and Internships

CDL works closely with local polytechnics and universities to offer internship placements for their students. In 2013, CDL offered 17 internship opportunities and was deemed as a choice employer for internships through the local institutions. Offering internships is one of the many ways CDL attracts young and promising talents. We provide students with exposure to a professional work environment. This helps CDL gain mind share when these students explore their career choices upon graduation.

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

ENGAGING OUR EMPLOYEES

CDL places high value on our employees' engagement, ensuring that they remain satisfied, committed and motivated. Bi-annual Employee Engagement Surveys are conducted to acquire feedback and insights into employee-related concerns. Heads of Departments play a positive role in engaging their employees and developing concrete post-survey action plans to address existing gaps.

CDL's success in employee engagement is evident from the length of employees' service. About 50% of our employees have been with CDL for more than five years and our Employee Engagement Score is above that of the national average. CDL's management also believes in maintaining regular communication channels with employees. New hires go through a comprehensive orientation programme to learn how various functions contribute to the overall organisational success. The orientation culminates in a meeting with the senior management team where new hires interact with and glean perspectives from the senior leaders of the Company.

A new intranet platform, CDL360, was developed and launched in the year under review to encourage greater sharing of ideas and resources among employees. Internal newsletters and dialogue sessions are also utilised to disseminate information to employees and provide feedback to management. In celebration of the Company's 50th anniversary in 2013, a gala dinner was held for employees at the W Singapore – Sentosa Cove hotel in November, as a gesture of appreciation for their contributions over the years.

CARING FOR OUR 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. Enhanced flexi-working hours arrangements allow employees to manage their family and work commitments more effectively and meaningfully.

Our Workplace Health Programmes include regular exercise programmes, as well as talks and initiatives to cultivate a healthy and lively workplace environment. In addition to complimentary annual health screenings, healthy snacks are also given to employees regularly to encourage them to adopt a balanced diet. CDL also collaborated with the National Arts Council in 2013 to introduce a series of smartphone photography workshops under the Arts@work programmes, to enrich employees' work-lives and nurture their appreciation of the arts.

In 2013, CDL was conferred the Minister's Honour Roll (Star) for the Home Team National Service (NS) Award for Employers. This Award recognises employers of Singapore Police Force and Singapore Civil Defence Force NSmen who have gone the extra mile and shown sustained exemplary support for NS activities.

In line with CDL's commitment to Corporate Social Responsibility, CDL encourages employees to participate in community service programmes through our employee volunteer platform, City Sunshine Club. In 2013, CDL employees clocked 2,664 hours in various community service programmes.

CDL staff volunteers rallied together to raise funds for Assisi Hospice at the Assisi Hospice Charity Fun Day 2013.

CARING

GIVING BACK TO THE COMMUNITY WE SERVE

With each worthy cause and community initiative we undertake, CDL seeks to impact the community and environment in meaningful and sustainable ways. One such initiative was CDL's first gift to the nation, My Tree House – World's 1st Green Library for Kids. Located within the Central Public Library, My Tree House, officially opened in May 2013, is the first library in the world to be steered by green principles in all facets from design, infrastructure and use of sustainable materials, to collection and programming. This public project encourages learning and discovery among children, nurturing them to become environmentally-aware adults and green champions of tomorrow.

CORPORATE SOCIAL RESPONSIBILITY REPORT

On behalf of the Board, I am pleased to present CDL's Corporate Social Responsibility (CSR) Report for 2013.

To commemorate CDL's 50th anniversary, we leveraged on our core expertise as a green developer and presented two "green gifts" to Singapore: My Tree House – World's First Green Library for Kids and CDL Green Gallery @ Singapore Botanic Gardens (SBG) Heritage Museum – Singapore's First Zero Energy Green Gallery.

Conceptualised and built in collaboration with National Library Board, My Tree House is a unique green library located within the Central Public Library in the National Library Building. It is green from its design, construction, infrastructure, maintenance, books collection as well as programming. CDL undertook the overall project management, retrofitting and refurbishment costs related to this library development. Officially opened in May 2013, My Tree House hopes to inspire our children through reading and interactive learning, to be more eco-conscious and become green champions of tomorrow.

In celebration of 50 Years of Greening Singapore as well as CDL's golden anniversary, together with the National Parks Board, our second gift to the nation – the CDL Green Gallery – was unveiled in November 2013. The CDL Green Gallery supports the principles of sustainability and environmental protection. It is Singapore's first purposefully built Zero Energy Green Gallery, making the gallery self-sufficient; and boasts of two eco-innovations introduced in Singapore for the first time – a fully completed prefabricated modular system and a plant-based biomaterial called Hempcrete. It is an extension to the SBG Heritage Museum on Holttum Lawn and currently features interactive exhibits where visitors can learn more about the rich history of the 154-year-old Gardens and Singapore's greening journey over the last five decades. The CDL Green Gallery and the SBG Heritage Museum will help to jointly support SBG's nomination bid in becoming Singapore's first UNESCO World Heritage Site.

Both My Tree House and the CDL Green Gallery were accorded the Building and Construction Authority (BCA) Green Mark Platinum status for their innovative sustainable attributes. These two public projects were created with the support of CDL's like-minded partners who contributed their green expertise. It is through this spirit of collaboration that we achieved our strategic goals of raising CSR awareness and supporting national initiatives in the transformation of these public spaces into sustainable showcases for the community and for Singapore.

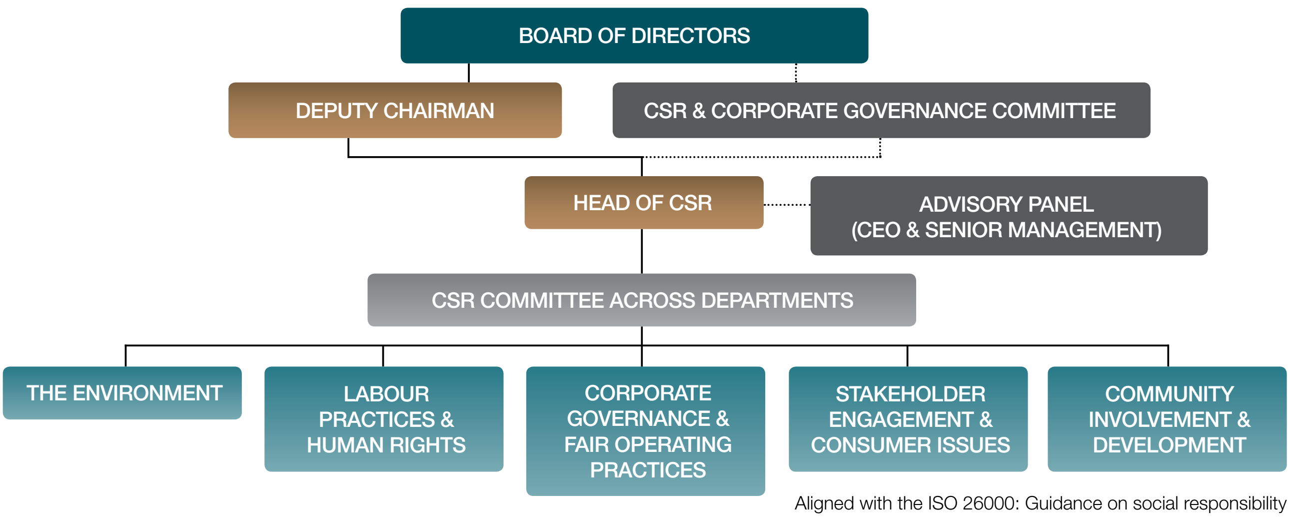
In 2013, we continued to improve on our operations and sustainability performance through a combination of innovation and responsible business practices.

CSR APPROACH

CDL continues to refine our management approach to adapt to the changing business and CSR landscape. The senior management has, within the scope of CDL's corporate operations, determined that the Environment, Employee Relations, Corporate Governance (CG) and Risk Management, Stakeholder Relations and Community constitute key CSR areas material to the business.

The CSR Committee, set up in 2008, continues to be responsible for mapping out CSR strategies and measuring key performance. This Committee initiates, drives and monitors various aspects of the Company's CSR practices to ensure these are integrated into our business operations and complement corporate objectives. Above this committee, at the Board Level, is a CSR & CG Committee that assumes an advisory role for the Company's CSR strategies. The CSR & CG Committee is chaired by the Deputy Chairman with two independent Directors.

CSR COMMITTEE STRUCTURE



Aligned with the ISO 26000: Guidance on social responsibility

CDL'S CSR MILESTONES IN 2013/2014

REGIONAL AND INTERNATIONAL ACHIEVEMENTS

FTSE4Good Index Series (Since 2002)
Amongst an elite group of companies worldwide that meets globally recognised corporate responsibility standards.

Global 100 Most Sustainable Corporations in the World (Since 2010)
2010 (81st), 2011(100th), 2012 (62nd), 2013 (52nd), 2014 (39th)
CDL was once again included in this prestigious global ranking announced annually at the World Economic Forum, Davos. As the only Singapore company to be listed for the fifth consecutive year since 2010, CDL's ranking also improved from 52nd to 39th position.

Dow Jones Sustainability Indices (Since 2011)
CDL was selected as an index component on the Dow Jones Sustainability Indices (DJSI World and DJSI Asia Pacific) in September 2011. DJSI is one of the most creditable reference points in sustainability investing for investors and companies globally. This achievement made CDL the first Singapore developer to be listed on both the DJSI and FTSE4Good Index Series.

Global Real Estate Sustainability Benchmark (GRESB) Report 2013 – Regional Sector Leader for Asia
CDL was named a Regional Sector Leader for Asia in the GRESB Report 2013. It ranked 22nd out of 543 participating organisations across the globe. GRESB is a leading global source of comprehensive portfolio level sustainability data for the real estate industry, covering 46 countries in six continents, representing USD1.6 trillion of gross asset value.

IR Magazine Awards – South East Asia 2013: Best Sustainability Practice
In the IR Magazine Awards – South East Asia 2013, CDL emerged the inaugural winner of the Best Sustainability Practice category.

Asia Responsible Corporate Awards (ARCA) 2013
CDL received ARCA's Eco-Green Outstanding Leadership Award – the highest tier of the Singapore Built Environment Industry (BEI) Asia Awards, affirming its long-standing contribution to the growth and sustainability of the built environment by integrating sustainable and eco-friendly business practices with financial and business strategies.

Indonesia Sustainability Reporting Awards 2013
CDL's Sustainability Report for 2012 won the Best Sustainability Report from Singapore for the second consecutive year at The National Center for Sustainability Reporting's (NCSR) ninth Indonesia Sustainability Reporting Awards. NCSR is a non-profit organisation based in Indonesia which honours organisations that publish and develop Sustainability Reports based on the Global Reporting Initiative (GRI) Framework.

MIPIM Asia Awards 2013
The seventh MIPIM Asia Awards honours outstanding real estate projects in the Asia Pacific region. CDL's residential development Tree House received top honours as a Gold winner for Best Innovative Green Building category.

United States Green Building Council Leadership in Energy and Environmental Design (LEED) Certification
CDL's office building 11 Tampines Concourse and eco-mall City Square Mall received the LEED Platinum and LEED Gold Certifications respectively under the LEED for Existing Buildings: Operations and Maintenance (LEED-EBOM) category. The scheme identifies and rewards best green operational practices such as using less energy, water and natural resources and improving the indoor environment. Both are the first buildings in Singapore to be awarded the LEED-EBOM status since the scheme's inception in 2004.

Royal Society for the Prevention of Accidents (RoSPA) Awards 2013
CDL achieved a double win for its excellence in environmental, health and safety (EHS) management, awarded by the UK-based safety organisation, RoSPA. CDL was presented the International Dilmun Environmental Award – the first company outside of Europe to be accorded this high honour – and the RoSPA Gold Medal Award for Occupational Health and Safety.

The Sustainability Yearbook
CDL was listed in The Sustainability Yearbook 2013, a guide published by RobecoSAM for investors worldwide on which companies are doing the most to address the risks and opportunities of sustainability.

CORPORATE SOCIAL RESPONSIBILITY REPORT

LOCAL ACHIEVEMENTS

BCA Awards 2013

CDL emerged as the most accorded private property developer at the BCA Awards 2013. Apart from being the inaugural winner of the Quality Excellence Award – Quality Champion (Platinum) and Construction Productivity Award – Advocates (Platinum), CDL added another 21 project awards to its honours roll, including five new Green Mark awards, amassing a portfolio of 67 Green Mark awards. This marks CDL as the most illustrious Green Mark-accorded private developer to date, affirming its leadership and outstanding contributions to sustainable developments in Singapore.

2013 Distinguished Patron of the Arts Award

This pinnacle Award was conferred by the National Arts Council in recognition of CDL's continuous and generous contributions to Singapore's vibrant arts and culture scene.

LOO (Let's Observe Ourselves) Award

CDL is the first corporation to receive the LOO Award from the Restroom Association of Singapore, in recognition of the Company's efforts in championing clean toilets at its work sites. This accolade reflects the Company's commitment towards workers' welfare and a cleaner environment, as part of its corporate EHS culture.

People's Association (PA) Community Spirit Awards 2013

CDL was presented the Excellence Award in the PA Community Spirit Awards 2013, under the "Partners of Community Development Council (CDC)" category, in recognition of CDL's outstanding contributions towards the community.

Securities Investors Association (Singapore) Investors' Choice Awards 2013: Internal Audit Excellence Award – Merit and Most Transparent Company Award – Runner Up (Real Estate Category)

First introduced in 2011, the Internal Audit Excellence Award recognises companies that have established an effective Internal Audit Function to enhance corporate governance, risk management and assurance. CDL is the first winner from the real estate sector. Since 2000, in recognition of its corporate transparency based on criteria such as timeliness, substantiality and clarity of news releases, degree of media access, frequency of corporate results, availability of segmental information and communication channels, CDL has received the Most Transparent Company Award. This marked CDL's 13th year receiving this award, testament to its consistency and excellence in corporate governance standards.

'We Welcome Families' Excellence Awards 2013

City Square Mall has once again received the Excellence Award under the Shopping Mall Category in the Businesses for Families Council's (BFC) "We Welcome Families" Awards 2013. It is the first and only mall in Singapore to receive this accolade twice in a row.

AN EMPLOYER OF CHOICE

CDL's corporate philosophy is to care for employees' well-being while providing support and resources for employees to achieve their potential. Through satisfying employee needs for work-life harmony, CDL also benefits through high retention and high staff engagement. This, in turn, drives productivity and creates a more effective workforce. More information on our employee engagement can be obtained in the Human Resource Review on page 53.

ORGANISATIONAL GOVERNANCE AND MANAGING RISK

CDL is committed to maintaining good corporate governance and business integrity in our business activities. We have adopted a set of internal guidelines on corporate governance based on the provisions of the Code of Corporate Governance 2005. In 2012, a review of CDL's Code of Business Conduct and Ethics was conducted and additional guidance on issues such as anti-corruption, fraud and anti-competition was provided. More information on this can be obtained from pages 28 to 43.

Since 2002, CDL has established a formal risk management framework to enable significant business risks to be identified, assessed, monitored, managed and reviewed regularly. More information on the risk management framework can be obtained from pages 46 to 48.

PIONEERING SUSTAINABLE DEVELOPMENTS

CDL adopts a holistic life-cycle strategy, from design, construction, procurement and maintenance to user-engagement. Our three-pronged approach to sustainability is to develop quality and environmentally sustainable properties, manage properties in a cost-efficient and eco-friendly way and influence stakeholders through community outreach initiatives.

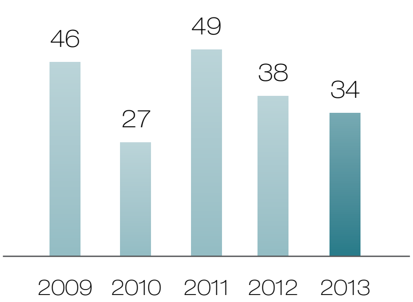
Through our investment in capacity-building initiatives, we aim to enhance the built industry's green expertise and encourage the use of more sustainable technologies. The Company has an established EHS Policy, which reflects our firm commitment towards a "Safe and Green" culture. As an ISO 14001-certified company, we aim to take the lead in promoting innovative, cost-effective EHS technologies in areas such as energy conservation, preservation of natural flora and fauna and efficient use of natural resources. CDL is also committed to promoting safer construction methods in the design management and construction of its buildings.

CDL continually invests between 2% and 5% of the construction cost of a new development on green building design and features, and is committed to achieve a minimum BCA Green Mark Gold^{Plus} rating for all new developments. We remain as the most Green Mark-accorded private developer to date, affirming our green building leadership in Singapore.

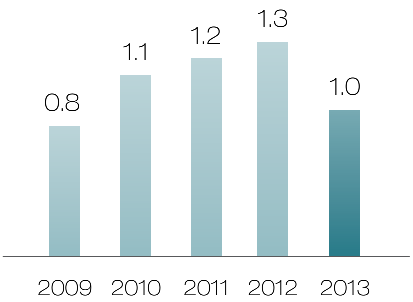
CDL is also committed to improve our environmental performance in support of the Singapore Government's goal to reduce the nation's carbon emissions by 16% below business-as-usual levels by 2020. Against the Company's carbon reduction target of 22% for 2020 from baseline year 2007, and 25% reduction by 2030, we continued to track our performance and in 2013, we have reduced our carbon emissions by 16%, on track to achieve the targets.

CDL continued to work towards improving our environmental targets across worksites, investment buildings and our corporate office.

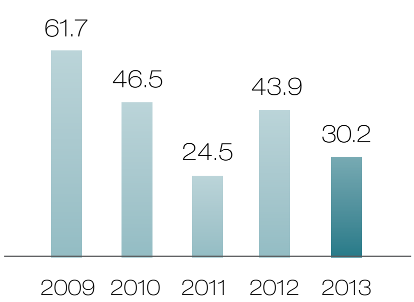
PROJECTS DIVISION



Energy (kWh/m^2)

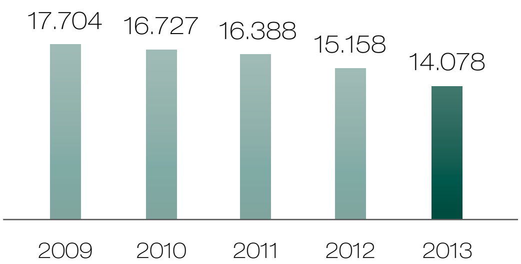


Water Used (m^3/m^2)

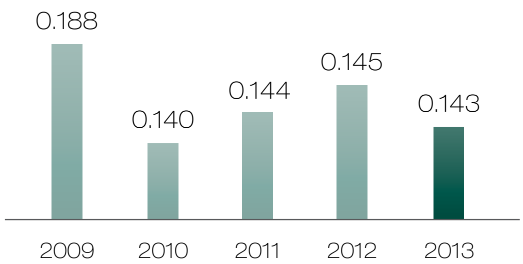


Construction Waste Generated (kg/m^2)

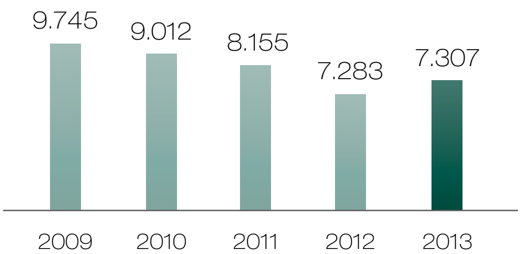
PROPERTY & FACILITIES MANAGEMENT DIVISION



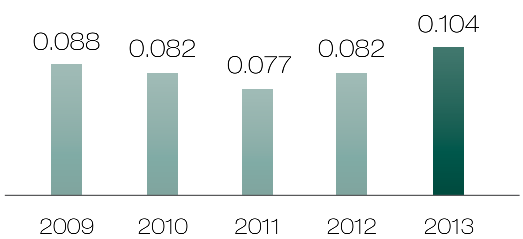
Energy Used at CDL Commercial Buildings
(kWh/month/m^2)



Water Used at CDL Commercial Buildings
(m^3/month/m^2)

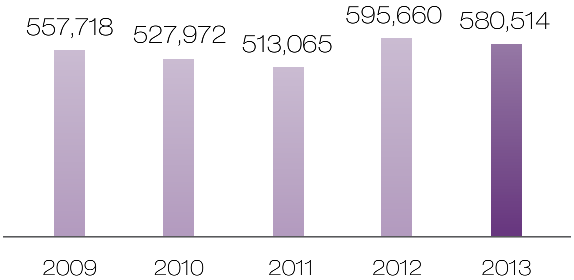


Energy Used at CDL Industrial Buildings
(kWh/month/m^2)

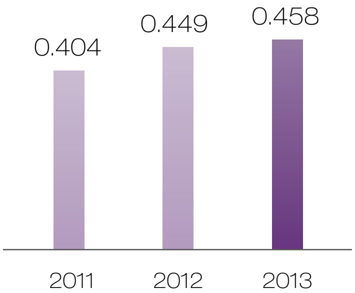


Water Used at CDL Industrial Buildings
(m^3/month/m^2)

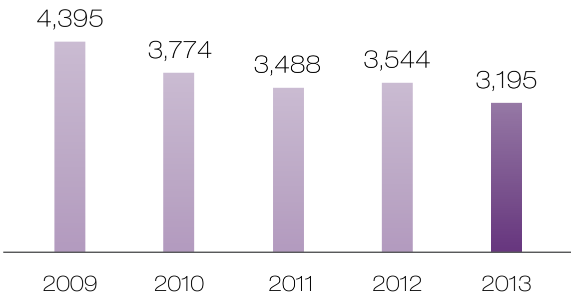
CORPORATE OFFICE



Energy (kWh)



Water Used* (m^3/m^2)



Paper (Number of A4 Reams)

* Data specific to Corporate Office was only tracked from 2011 onwards

ENGAGING STAKEHOLDERS, EMBRACING THE COMMUNITY

Beyond the brick and mortar, we have always subscribed to the view that a successful business does not just create value for its shareholders, it also delivers a lasting and positive impact within the community it operates in.

Over the years, we have not just shaped cityscapes but have also contributed towards community building. We have been a long-standing advocate of the Government's 3P model which encourages synergistic partnerships between the People, Private and Public Sectors, so that collectively, we can create positive impact on the community.

While there are many worthy causes to champion, CDL actively supports and runs sustained programmes and outreach activities that are aligned with the Company's four focus areas – environmental conservation, youth development, promoting the arts and caring for the less fortunate.

Raising Eco-Awareness

As the threat of climate change becomes ever more critical, CDL has stepped up our efforts to galvanise the community to be more eco-conscious. Beyond our business activities, we have continued to invest much resource to raise the level of environmental awareness amongst the business community and the community at large, supporting key programmes organised by the Government and Non-Governmental Organisations (NGOs) as well as through our own CDL-led initiatives.

KEY INITIATIVES	IMPACT
My Tree House	On 31 May 2013, My Tree House – World's 1st Green Library for Kids was officially opened by Dr Yaacob Ibrahim, Minister for Communications and Information. Designed as an enchanting green space, eco-friendly materials such as energy-efficient LED lighting, refurbished bookshelves and carpets with green properties were used. The canopy of the tree house centrepiece was built and installed with over 3,000 recycled plastic bottles collected from the public, schools and visitors to CDL's City Square Mall. Coupled with an eco-centric book collection, as well as interactive green features and programmes, this special green library encourages children to explore, discover and challenge their curiosity in learning about and caring for the environment.

CDL Green Gallery @ SBG Heritage Museum	On 30 November 2013, Prime Minister of Singapore, Mr Lee Hsien Loong, officially opened the SBG Heritage Museum and the CDL Green Gallery – Singapore's First Zero Energy Green Gallery. Both the exhibits in the Museum and the completed Green Gallery were supported by CDL, at a value of over $2 million, in cash and in kind. A key feature of the gallery is the solar photovoltaic (PV) cladded roof panels that harness clean energy required for the gallery's daily operations. The solar panels are expected to generate an annual energy yield of over 31,000 kWh, which is more than the gallery's estimated annual energy consumption of about 30,000 kWh/year. Hempcrete – a biomaterial made largely from the hemp plant – was used for most of the external wall cladding. Used for the first time in Singapore, the material has very good thermal performance, superior acoustic properties and is highly durable. The gallery was also built using a prefabricated modular system. It is a unitised form of building with steel components prefabricated and assembled in an off-site production facility, then hoisted by a crane into position onsite. Like building blocks, they are pieced together onsite to form the entire structure which took less than 24 hours to install. It is easy-to-build, flexible and has a lower environmental impact. The CDL Green Gallery will feature a series of exhibitions that will change every six to nine months. They would include botanical art, photography and works by local artists. SBG is a candidate of the UNESCO World Heritage Site and the CDL Green Gallery will enable SBG to engage with the community.
CDL E-Generation Challenge 2013	Themed "The Green Future I Want", this annual "Amazing Race"-style rally sought to put the responsibility on youth participants – aged 17 to 25 years old – to envision how their environment and the planet will transform in time, through a series of evocative and immersive tasks. The Challenge aims to foster eco-consciousness amongst the youths. Held for the fourth time, the 2013 eco-rally was the largest to date, with 88 teams, comprising over 500 youth participants.
Let's Live Green!	This eco-home outreach initiative is aimed at encouraging CDL homebuyers to make green lifestyle choices and adopt eco-friendly habits to reduce their carbon footprint. At Welcome Party events, our homebuyers are presented a specially-customised Green Living Kit containing a book with green tips, and a brochure listing all the eco-friendly features in their new home and instructions on how to use them. They also enjoy a host of activities, including talks and exhibitions on environmental conservation. Close to 1,650 "Let's Live Green!" kits were distributed in 2013.
National Environment Agency (NEA) Corporate & School Partnership (CASP)	Since 2005, CDL has adopted six schools and helped them to nurture environmental interest and action through eco-related projects that each school embarks on. The projects are then entered into a nationwide competition which culminates at the annual Clean and Green Singapore Schools' Carnival. 2013 saw both supported teams from Catholic High School performing particularly well. The Primary School won the second prize for their "Operation: Gotcha!" project which aimed to raise dengue awareness, and the Secondary School achieved the Merit prize for a game application created to educate children about environmental conservation. The Carnival drew 6,000 visitors.
Project: Eco-Office	Initiated with the Singapore Environment Council in 2002, this outreach initiative aims to help businesses go green by cultivating eco-friendly habits within the workplace. Companies are encouraged to participate in an online green office audit, and for those that performed well, they can undertake a formal office audit conducted by an independent auditor. Successful companies are then awarded the Eco-Office Label certification. In 2013, a total of 72 offices were certified (37 new and 35 re-certifications). Through the wide distribution of the Eco-Office Kit, a dedicated online platform and numerous awareness campaigns, close to 48,000 office employees were also reached.

CULTIVATING CSR CHAMPIONS OF TOMORROW

Youths are increasingly taking on the role of change makers in society. CDL has supported numerous local and overseas youth-led initiatives. We wish to empower youths to embrace meaningful causes they are passionate about so that they can contribute to community building. CDL has also developed numerous youth-targeted, national-level initiatives to encourage the development of CSR thought leadership.

KEY INITIATIVES	IMPACT
CDL-Singapore Compact Young CSR Leaders Award 2013	Into its third year, the annual Award is a youth case study based competition that aims to foster in our future leaders, greater awareness of incorporating CSR principles as part of a company's strategy and practices, for sustainable business excellence. Twenty-four teams comprising over 100 Singapore students aged 17 to 30, participated. Senior management from 10 Small and Medium Enterprises was also engaged in this effort and the top three winning proposals were shared with close to 470 corporate delegates at the International Singapore Compact CSR Summit.
Partnerships with Education Institutions	Some initiatives that CDL supported in 2013 include: • National University of Singapore (NUS) Geography Challenge 2013: Themed "Made in Singapore: Stitching our Identity", a total of 96 secondary schools participated. • Nanyang Technological University (NTU) Asian Business Case Competition (ABCC) 2013: ABCC @ Nanyang is Singapore's first international undergraduate business case competition focusing on sustainability and business. Participants included undergraduates from nine universities and about 13,000 viewers through social media initiatives.
Community Involvement Programmes – Overseas	CDL supported 19 youth-led overseas projects largely focused on: • Building and refurbishment of education facilities in villages. • Provision and installation of solar bulbs. • Expanding water distribution networks and providing access to clean water. • Education programmes for children and youth in rural areas and provision of related materials. Projects supported were mainly in neighbouring communities such as Cambodia, Indonesia, Laos, Philippines, Thailand and Vietnam. Over 400 youth volunteers directly benefitted from our support.
Community Involvement Programmes – Local	CDL supported five local youth-led projects largely focused on environmental awareness, and serving the underprivileged and marginalised in our community. Some key initiatives include: • NUS Climate Action Day (CAD) 2013: Organised by SAVE (Students Against Violation of the Earth), CAD aimed to effect behavioural change beyond simply awareness. The theme was "Hope for Earth – Every BIG Change starts with ME". • Project iConserve: An exhibition to spread the message on environmental conservation was organised at City Square Mall. Aside from public tours, eco-workshops were also conducted for children. • Singapore Management University (SMU) Challenge 2013: Over $60,000 in cash and in kind was raised in a nine-month university-wide community service effort and 2,500kg of food and necessities were delivered to 170 beneficiary households.

In one of the overseas community involvement programmes that CDL supported, NTU undergraduates helped a village community in Laos to construct a main water storage tank, in June 2013.

NURTURING CREATIVE TALENTS

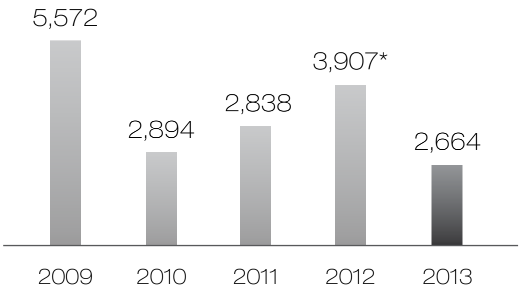
Art is an important form of creative expression and as Singapore strives to transform into a global city for the arts, CDL supports this vision by actively encouraging and promoting the local arts scene.

KEY INITIATIVES	IMPACT
5th CDL Singapore Sculpture Award	This Award is the first and only nation-wide sculpture competition aimed at nurturing local artistic talents and providing an opportunity for their art works to be commissioned. The Award has witnessed tremendous growth since it was first held over a decade ago. In 2013, more than 300 submissions were received. Participants were invited to create works around the theme "Celebrate!" which pays homage to Singapore's reputation as a City in a Garden, marked by decades of planning and cultivation. This year's top prize was awarded to 36-year old architectural designer Kenneth Koh for his submission titled "A Hundred Lines", which will be commissioned for a recreational area at East Coast Park that is being redeveloped. Through this Award, CDL has commissioned and installed six sculptures by local artists in public spaces, including the latest installation of "All the Essentially Essential" by Tan Wee Lit at Raffles Place Park in November 2013.

BEYOND PHILANTHROPY

Aside from CDL's monetary donations, the Company has always believed in engaging our stakeholders with active employee volunteerism being a key driver. To this end, CDL has a dedicated employee volunteer arm, City Sunshine Club (CSC), which was established in 1999, to nurture a spirit of volunteerism among employees and cultivate an engaged workforce.

KEY INITIATIVES	IMPACT
Arc Children's Centre	Arc is a day care facility that provides assistance to children with cancer or other life-threatening illnesses. CDL has been Arc's corporate partner since its inception in August 2011. Our volunteers are actively involved in the children's outings and enrichment programmes.
Assisi Hospice	Assisi Hospice is an outreach service of Mount Alvernia Hospital that provides palliative care to adults with life-limiting illnesses. A long-standing partner of Assisi Hospice since 1999, CDL, together with its subsidiary, CBM Pte Ltd, collaborated to organise the 2013 Charity Fun Day. Over 250 CDL staff volunteers helped out. The event raised over $900,000.
Lions Befrienders & Henderson Senior Citizens' Home	Since 1999, CDL, in partnership with the Lions Befrienders, has been involved in a food distribution and befriending programme for over 40 elderly beneficiaries. Aside from monthly visits, CSC volunteers also organised outings for more than 60 elderly from Henderson Senior Citizens' Home.
North West CDC	In 2013, CDL together with Nanyang Girls' High School launched a year-long adoption of the rental flats of Blocks 3 and 4 Marsiling Road under the North West Care @ Repair Programme. Regular activities were organised for the residents including outings to the Chingay Parade and RWS Sea Aquarium. CSC volunteers also organised celebratory events during the Mid-Autumn Festival and Christmas.
Viriya Community Services, Serangoon Family Service Centre & South East CDC	CDL runs a Character Building Programme, in partnership with South East CDC, for children and youth from the Serangoon Family Service Centre. The programme reaches out to some 20 beneficiaries through on-going sessions and outings. In 2014, CDL will be launching this programme with Viriya Community Services at its new family centre. As a prelude, an overnight camp was organised for all programme participants during the year-end school holidays.



Employee Volunteer Manhours

* The increase in employee volunteer manhours was due to a company-wide community event organised in 2012

ACCOUNTABILITY AND TRANSPARENCY

At CDL, we strive to be a responsible steward in upholding high standards of corporate governance, transparency and disclosure. We first started with a CSR Report incorporated within our Annual Report since 2004. Although not mandatory, since 2008, we expanded our efforts by voluntarily publishing a dedicated annual Sustainability Report.

We hope to provide our investors with a clearer understanding of our CSR conviction, the value we place on our ESG (environmental, social and governance) performance and their impact on our business and the community at large.

For the past decade, we have consistently demonstrated that CSR-related regulations that have been increasingly mandated have had little business impact on our operations as a result of our pioneering efforts and CSR foresight. Today, CSR is no longer a “good to have”, but has become a license to operate. Slowly but surely, we are confident that both investors’ and consumers’ mindsets are changing and they are showing greater appreciation of companies which do good and do well.

In June 2013, we published our sixth Sustainability Report, a Global Reporting Initiative (GRI)-checked Level A+ Sustainability Report using the GRI G3.1 guidelines and the Construction and Real Estate Sector Supplement, in accordance with the AA1000 Assurance Standard (2008). The full report is available online.

LOOKING AHEAD

With the launch of GRI G4 guidelines in 2013, we are in the midst of reviewing them and aligning the framework to our operations, for adoption by 2016.

We remain committed to and focused on sharpening our CSR strategy to create value for shareholders, close in on our gaps and align with international best practices. We aim to perform credibly in our ESG aspects while remaining profitable through business excellence and innovation.

KWEK LENG JOO
Deputy Chairman

SINGAPORE MARKET REVIEW

According to the Ministry of Trade and Industry (MTI), Singapore's economy expanded by 5.5% in Q4 2013 on a year-on-year basis, in comparison with growth of 5.8% in Q3 2013. On a quarter-on-quarter seasonally-adjusted annualised basis, Singapore's economy expanded by 6.1% in Q4 2013, higher than the 0.3% growth in Q3 2013.

For the full year of 2013, the Singapore economy grew by 4.1%, an improvement from the 1.9% expansion in 2012. This exceeded MTI's growth forecast of 3.5% to 4.0% for 2013.

The manufacturing sector expanded by 1.7% year-on-year in 2013, compared with the 0.3% growth in 2012. The construction sector grew by 5.9% in 2013, lower than the 8.6% growth in the previous year. The service sector grew by 5.3% in 2013, compared with the 2.0% growth in 2012.

RESIDENTIAL

Singapore's private residential market continued to moderate in 2013 on the back of property cooling measures, including the implementation of the Total Debt Servicing Ratio (TDSR) framework. According to the Urban Redevelopment Authority (URA), developers sold 18,536 units (including Executive Condominiums (ECs) of new homes in 2013, 30.6% less than the 26,696 units sold in 2012.

The TDSR framework, introduced in June 2013 by the Monetary Authority of Singapore (MAS) to encourage prudent borrowings by households and to strengthen credit underwriting standards of financial institutions, greatly impacted the sales volume of the private residential market. New measures targeting the EC market were also introduced in December 2013 to align the terms of the EC scheme with that of public housing. A resale levy has been imposed on second-time applicants buying EC units directly from developers, for EC land sales launched on or after 9 December 2013. In addition, the MAS also moved to cap the Mortgage Servicing Ratio for EC loans at 30% of a borrower's gross monthly income. These measures would have an impact on EC affordability and, consequently, pricing and sales volume of EC units.

For the whole of 2013, prices of private residential properties increased by 1.1% compared with 2.8% in 2012. URA data indicated that the Residential Property Price Index (PPI) increased from 212.0 points in 2012 to 214.3 points in 2013. Growth for rentals of private residential properties had slowed with an increase of 0.9% in 2013, as compared to a 2.1% increase in 2012.

In 2013, prices of private apartments decreased by 1.9% and 0.1% respectively in the Core Central Region (CCR) and the Rest of Central Region (RCR), while private apartments in the Outside Central Region (OCR) increased by 6.5%. CCR comprises the prime districts 9, 10, 11, Downtown Core and Sentosa Cove, while RCR refers to the area within the Central Region that is outside CCR.

Despite the tough market conditions, CDL had done well for project launches in 2013. Echelon, a 508-unit joint venture development at Alexandra View, is almost sold out with only three penthouses left since its launch in December 2012. Bartley Ridge, an 868-unit joint venture development located at Bartley Road / Mount Vernon Road saw strong take-up with about 90% of the project sold to date. D'Nest, a 912-unit condominium located at Pasir Ris Grove, is now 93% sold. The 616-unit Jewel @ Buangkok, a few minutes' walk from Buangkok MRT station, achieved healthy sales with 86% of the 450 launched units sold. The Venue Residences and Shoppes, a joint venture mixed development at the junction of Upper Serangoon and MacPherson Roads with 266 residential units and 28 commercial units, saw encouraging sales with 50% of commercial units and 66% of 70 residential units released for sale taken up. Lush Acres, a 380-unit EC located at Sengkang, and The Inflora, a 396-unit joint venture condominium at Flora Drive in the Changi/Pasir Ris locale, are now sold out.

The Venue Residences and Shoppes, a joint venture mixed-use development, was launched in October 2013.

In view of the cooling measures, real estate advisory firm CB Richard Ellis (CBRE) expects private home sales volume to moderate to between 10,000 and 12,000 units in 2014.

The economic outlook for Singapore in 2014 remains relatively positive as the major world economies are expected to recover. Even as the residential market saw demand slightly dampened in 2013, with the strong economy, low interest rate environment, as well as Singapore's attractiveness to investors and expatriates, demand for Singapore's residential property market is expected to remain healthy in 2014.

The 2013 Draft Master Plan, which aims to house a bigger population in Singapore, appears to be encouraging for the private residential market. Subject to further review and gazetting, the Plan has identified areas such as Marina South, Kampung Bugis, and Paya Lebar for major redevelopment; all of which present good long-term growth opportunities for the industry.

OFFICE

URA statistics showed that the overall price index for office space increased by 5.2% in 2013, compared to 1.4% in 2012. The price indices for office space in the Central Area and Fringe Area increased by 6.3% and 7.2% respectively. The overall rental index for office space increased by 1.3% in 2013, compared to the 1.3% moderation in 2012. The rental index for office space in Central

Area increased by 1.8% while that for Fringe Area increased by 0.6%. According to CBRE, leasing activity in the Central Business District (CBD) increased in 2013 on the back of relocation activities by corporations for office space upgrades and expansion.

Based on URA's statistics, the island-wide occupancy rate of office space at the end of 2013 moderated slightly to 90.1%, from 90.6% in 2012. Total available office space as at end of 2013 was approximately 80.1 million square feet. About 12.1 million square feet of new office space is expected to be completed between 2014 and 2018. In the short to medium term, CBRE expects available office space in the CBD to tighten due to limited supply before the second half of 2016.

According to Colliers, Singapore is well-positioned to benefit from the strength of Asia's continued economic growth. Singapore, with its business-friendly legal, tax and regulatory environments coupled with excellent infrastructure and strong connectivity with the global economy, remains the premium choice of destination for the headquarters of multi-national companies. In addition, Singapore is poised to continue to grow and develop as a financial and wealth management hub, a top destination for legal services and dispute resolutions, as well as a sustainable energy hub. The combination of these elements should ensure that Singapore remains a top business centre which will support demand for office space.

RETAIL

Supported by a strong economy and tourist arrivals, retail space in Singapore has drawn interest from international brands looking to expand or gain a foothold in the Asian market. Existing retailers in Singapore are also active in seeking expansion.

According to URA statistics, the island-wide occupancy rate of shop space for 2013 grew marginally to 95.5% on a year-on-year basis, a 0.7% increase from 94.8% in 2012. For 2013 as a whole, rentals of shop space decreased by 0.9%, compared with a decrease of 0.3% in 2012. In contrast, prices of shop space increased by 4.3% in 2013, compared with 2.0% in 2012. According to CBRE, the average monthly gross rents for prime retail space in Orchard was about $33.30 per square foot at the end of 2013, an increase of 5.4% from 2012.

Colliers has forecasted stronger retail sales figures in 2014 due to anticipated robust economic growth, the current low unemployment rate which will reasonably boost consumer confidence, and an expected increase in tourists' arrivals. These factors will contribute to increased demand for retail space from international retailers and new retail start-ups alike. However, investors' demand for strata-titled retail space is likely to moderate due to the impact of the TDSR framework on financing capacities.

HOTEL

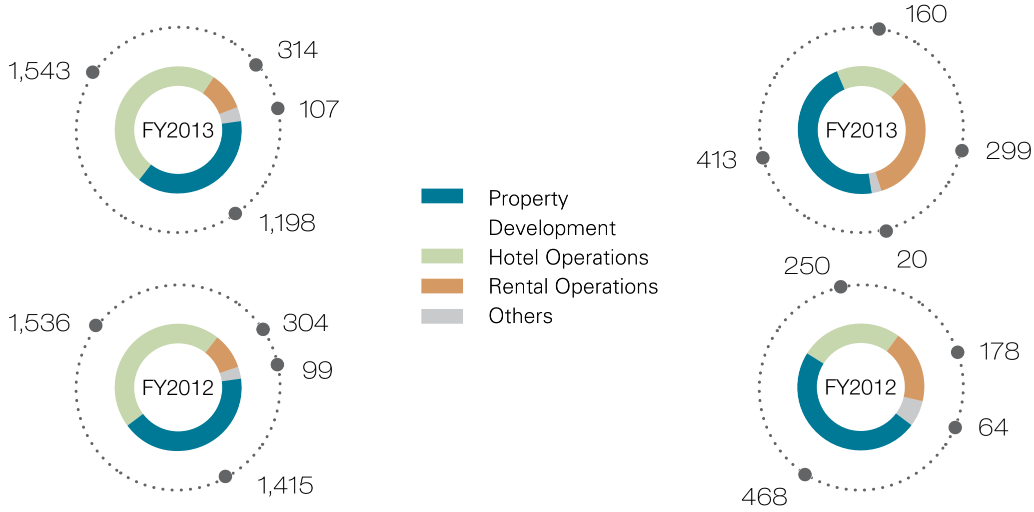
The Singapore tourism industry continued to record strong growth for visitor arrivals in 2013. Singapore Tourism Board (STB) statistics showed that 15.5 million visitors visited Singapore in 2013, an increase of 6.9% year-on-year. Visitor arrivals from Singapore's top five international visitor-generating markets (Indonesia, China, Malaysia, Australia and India) for the first half of 2013 accounted for 56% of total visitor arrivals. In addition, visitorship from China, Taiwan, Hong Kong, Australia and Japan saw strong double-digit growth in the same period.

STB's hotel statistics showed that the overall hotel average room rate in 2013 was about $258.0, a decline of 1.4% compared to 2012. With the exception of the luxury hotel segment which posted an increase of 1.2%, standard average room rates decreased across all the hotel segments in 2013, while overall average occupancy rate remained relatively flat at 86%.

According to CBRE, tourism receipts is expected to rise with an anticipated increase in visitor arrivals, and forecasted to gross between $23.5 billion and $24.5 billion. While Singapore faces increasing competition from regional attractions in Asia and growing labour costs, Singapore's status as a financial and business centre will continue to ensure its attractiveness for both tourists and business travellers.

REVENUE BY ACTIVITY ($ MILLION)

PROFIT BEFORE INCOME TAX BY ACTIVITY ($ MILLION)



PROPERTY DEVELOPMENT

Revenue decreased by $216.7 million to $1,198.1 million (FY 2012: $1,414.8 million) for FY 2013. Pre-tax profits decreased by $55.2 million to $412.9 million (FY 2012: $468.1 million) for FY 2013.

The decrease in revenue for FY 2013 was mainly attributable to the absence of revenue from sale of a warehouse at Tagore Avenue, sold in Q1 2012 and sale of the industrial land parcels situated at Jalan Lam Huat in Q4 2012 as well as lower contribution from Volari, NV Residences, Hundred Trees, Cube 8 and Tree House. This was partially mitigated by sale of strata units in Sunshine Plaza and an industrial site at 100F Pasir Panjang, coupled with increased contributions from Buckley Classique, H_2O Residences and The Glyndebourne* as well as maiden contributions from The Palette, HAUS@SERANGOON GARDEN and UP@Robertson Quay.

The decrease in pre-tax profit was in tandem with the decrease in revenue, partially mitigated by maiden contribution from The Inflora and Bartley Ridge.

HOTEL OPERATIONS

Notwithstanding the challenging conditions in certain Asia markets, particularly Seoul and the temporary closure of hotel rooms during the year due to on-going hotel renovation works, the hotel operations segment managed to achieve steady revenue at $1,543.4 million (FY 2012: $1,535.6 million) for FY 2013. This was mainly due to contribution from W Singapore – Sentosa Cove which commenced operations in October 2012 and gradual re-instatement of refurbished rooms which achieved higher room rates than before.

Though revenue was steady, pre-tax profit for this segment decreased by $90.2 million to $160.1 million (FY 2012: $250.3 million).

The decrease in pre-tax profit for FY 2013 was due to higher operation costs coupled with local factors such as increase in room supply, rising labour costs due to government's guest worker restrictions in Singapore and the geo-political tensions between Japan and South Korea which affected the overall hotel performance. Further, impairment loss was made on a hotel in United States in 2013. There was no impairment on hotels last year. There was also a gain recognised in 2012 on the disposal of Copthorne Hotel Christchurch following an insurance settlement on this hotel, which was affected by the New Zealand 2011 earthquake.

RENTAL PROPERTIES

Revenue for this segment remained relatively steady at $313.7 million (FY 2012: $303.8 million) for FY 2013.

Pre-tax profit increased by $121.4 million to $299.6 million (FY 2012: $178.2 million) for FY 2013 largely due to gains recognised from the sale of an industrial site at 100G Pasir Panjang, more strata units sold in Elite Industrial Building I, as well as profits on disposal of equity interest in a China subsidiary in 2013. This was however, partially offset by the lesser strata units sold in 2013 for GB Building and Citimac Industrial Complex as compared to 2012.

OTHERS

Revenue, comprising mainly income from building maintenance contracts, project management, club operations and dividend income, increased by $7.6 million to $107.0 million (FY 2012: $99.4 million) for FY 2013. The increase was attributable to higher management fee income earned in 2013 as compared to last year.

Pre-tax profit for this segment decreased by $43.7 million to $19.9 million (FY 2012: $63.6 million) for FY 2013 due mainly to lower gains recognised on realisation of investments in a private real estate fund and lower fair value gains recognised on financial assets held for trading in 2013.

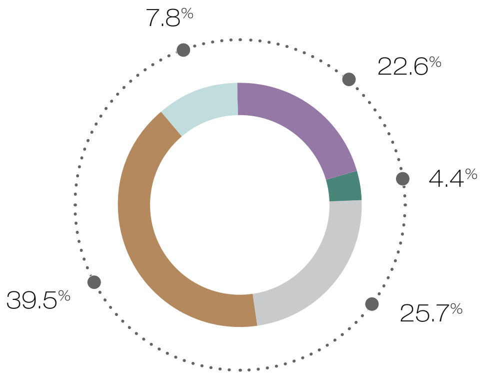
* The Glyndebourne is developed by the Group's 59% owned subsidiary, Millennium & Copthorne Hotels plc (M&C). While M&C's 2013 performance was significantly boosted by profit recognition from this development, it should be noted that the Group has been progressively recognising profit for this project based on stages of construction for the units sold, whereas M&C could only book in the profits in entirety in Q4 2013, when the development was completed, based on UK accounting standards. Therefore, the substantive jump in profits as seen in M&C's performance would not be reflected on the Group level.

PROPERTY PORTFOLIO ANALYSIS

Investment Properties as at 31 December 2013 (CDL's attributable share)

ANALYSIS BY SECTOR

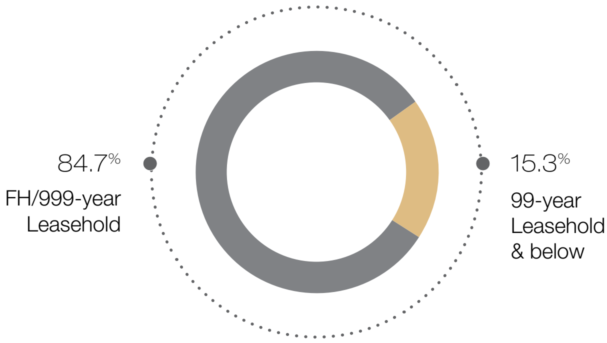
Total lettable: 7.2 million square feet



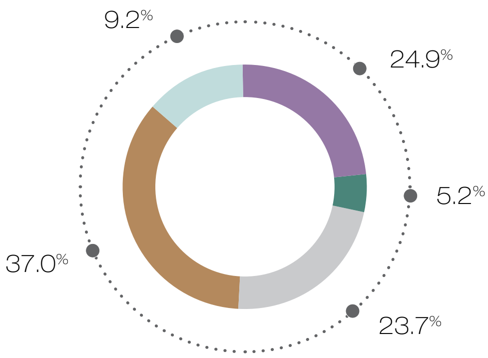
- Office
- Industrial
- Retail
- Residential
- Others

ANALYSIS BY TENURE

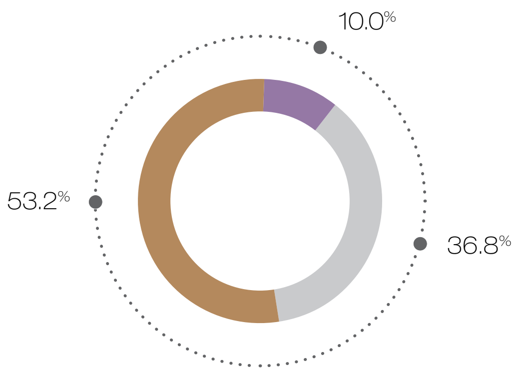
Total lettable: 7.2 million square feet



FH/999-year Leasehold
Breakdown by Sector
Total lettable area: 6.1 million square feet



99-year Leasehold & below
Breakdown by Sector
Total lettable area: 1.1 million square feet

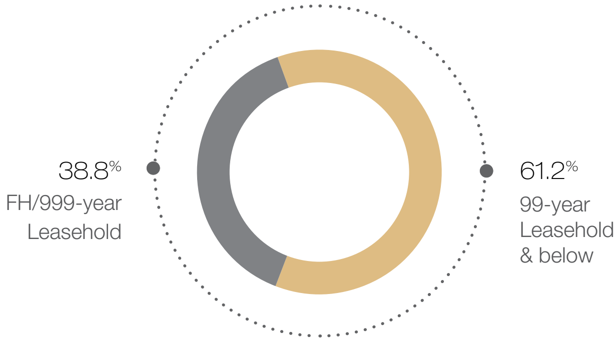


PROPERTY PORTFOLIO ANALYSIS

Land bank as at 31 December 2013 (CDL's attributable share)

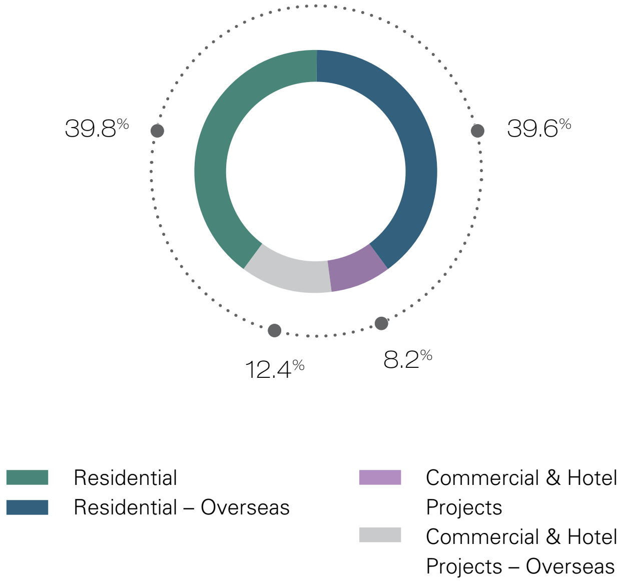
ANALYSIS BY TENURE

Total: 2.4 million square feet



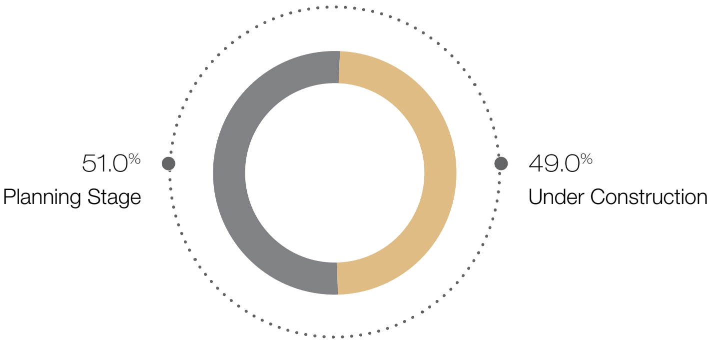
ANALYSIS BY SECTOR

Total: 2.4 million square feet

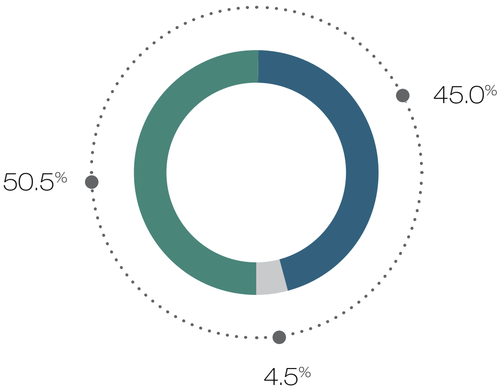


ANALYSIS BY DEVELOPMENT STAGE

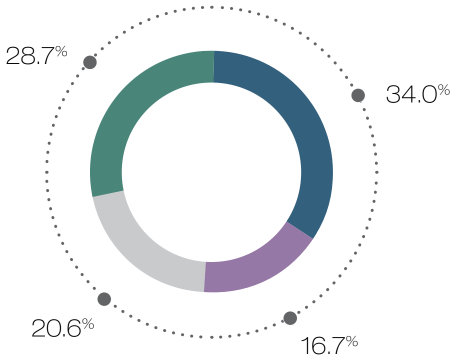
Total: 2.4 million square feet



Planning Stage
Breakdown by Sector
Total: 1.2 million square feet



Under Construction
Breakdown by Sector
Total: 1.2 million square feet



MAJOR PROPERTIES

as at 31 December 2013

COMMERCIAL PROPERTIES	Tenure	Site Area (Sq. Metres)	Approximate Lettable/ Strata/ Gross Floor Area (Sq. Metres)	Effective Group Interest[1] (%)
Republic Plaza, the flagship of CDL, is a 66-storey state-of-the-art intelligent office tower at Raffles Place, in the heart of Singapore's financial district.	999-year lease	6,765	73,153	100
Central Mall comprises a cluster of conservation shophouses at Havelock Road/Magazine Road.	99-year lease wef 15.05.1993	4,806	5,078	100
Central Mall (Office Tower) is a 7-storey office-cum-retail building located at Havelock Road/Magazine Road.	Freehold	2,828	12,149	100
New Tech Park is a high-technology industrial park at Lorong Chuan, off Braddell Road.	999-year lease[2]	39,798	56,040	42.8
City House is a 23-storey office building situated at Robinson Road/Cross Street within the Central Business District.	999-year lease	1,272	14,601	100
City Square Mall is a 11-storey shopping mall located at the junction of Serangoon and Kitchener Roads.	Freehold	14,920	41,808	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	32,916	100
Manulife Centre is an 11-storey commercial building located at 51 Bras Basah Road.	999-year lease	4,972	22,437	100
Palais Renaissance is a 16-storey retail-cum-office complex with 3 basements located at Orchard Road.	Freehold	2,709	10,302	100
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	12,436	100
City Industrial Building is an 11-storey flatted factory building at Tannery Lane.	Freehold	3,150	11,841	100

(1) For strata-titled properties, this % refers to the Group's effective interest in the strata-titled units owned by the Group.
(2) The Group has reversionary interest of the property at the expiry of the 45-year lease sold to third party.

MAJOR PROPERTIES

as at 31 December 2013

COMMERCIAL PROPERTIES	Tenure	Site Area (Sq. Metres)	Approximate Lettable/ Strata/ Gross Floor Area (Sq. Metres)	Effective Group Interest[1] (%)
Tanglin Shopping Centre is a shopping-cum-office complex situated at Tanglin Road, within the Orchard Road tourist district. The Group owns 83 out of 362 strata-titled units and 325 carpark lots.	Freehold	6,365	6,285	59
The Arcade is a 20-storey office-cum-shopping complex situated at Collyer Quay within the Central Business District. The Group owns 19 out of 127 strata-titled units.	999-year lease	2,035	4,411	100
Katong Shopping Centre is a 7-storey shopping-cum-office complex situated along Mountbatten Road. The Group owns 60 out of 425 strata-titled units and 323 carpark lots.	Freehold	8,167	8,243	100
Tagore 23 Warehouse is a 4-storey warehouse located at Tagore Lane.	Freehold	7,418	12,066	100
King's Centre is an 8-storey office-cum-retail waterfront development located at Havelock Road, along the Singapore River.	99-year lease wef 09.02.1984	5,186	8,393	100
7 & 9 Tampines Grande is a pair of 8-storey new generation green office buildings located at Tampines Regional Centre.	99-year lease wef 20.08.2007	8,000	26,687	100
11 Tampines Concourse is a 3-storey office building located at Tampines Ave 5. It is the first CarbonNeutral® development in Singapore and Asia Pacific.	15-year lease wef 18.02.2008	11,521	9,712	100
Quayside Isle is a 2-storey F&B and retail waterfront development located next to W Singapore – Sentosa Cove.	99-year lease	8,332	4,099	100
HOTELS				
Grand Copthorne Waterfront is a 30-storey, 574-room hotel-cum-retail waterfront development, located at Havelock Road/Kim Seng Road, along the Singapore River.	Freehold (Retail) Freehold reversionary interest (Hotel)[2]	10,860	2,916 (Retail) 46,169 (Hotel)	100
The St. Regis Singapore is a 20-storey 299-room luxury hotel that is located at Tanglin Road/Tomlinson Road.	999 years	6,677	30,844	33
W Singapore – Sentosa Cove is a 7-storey 240-room luxury hotel that is located at Ocean Way.	99-year lease	17,016	23,805	100
SERVICED APARTMENTS				
Le Grove is the Group's first serviced apartments project located at Orange Grove Road, off Orchard Road.	Freehold	8,012	8,921	100

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

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

MAJOR PROPERTIES

as at 31 December 2013

OVERSEAS PROPERTIES	Tenure	Site Area (Sq. Metres)	Approximate Lettable/ Strata/ Gross Floor Area (Sq. Metres)	Effective Group Interest (%)
COMMERCIAL PROPERTIES				
Umeda Pacific Building is an 11-storey commercial building located in the prime business district of Osaka, Japan.	Freehold	887	6,396	100
Exchange Tower is a 42-storey retail-cum-office building located in the prime business district at Sukhumvit Road, Bangkok, Thailand.	Freehold	6,464	40,923	39
Jungceylon Shopping Mall and Millennium Resort Patong Phuket is a mixed development comprising a 4-storey retail mall and a 418-room hotel, located in the commercial area of Patong, Phuket Island, Thailand.	Freehold	87,359	63,914 (Retail) 44,741 (Hotel)	49
Mille Malle is a 4-storey retail mall located in the prime residential and commercial district at Sukhumvit Road, Bangkok, Thailand.	Freehold	1,920	2,970	49
The Biltmore Court & Tower is situated at 500/520 South Grand Avenue, Los Angeles, CA 90071, comprising the Court which has 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. 299 carpark spaces are allocated to the two office spaces.	Freehold	4,951	34,249	59
Humen International Cloth Centre is located in Boyong Village, Guangdong Province, China, comprising 145 commercial units and 11 serviced apartments.	Leasehold to year 2063	Not Applicable	3,466	23
Chengdu Cityspring is located in Chengdu Hi-Tech Industrial Development Zone, Sichuan Province, China, comprising M Hotel Chengdu, which is classified as property, plant and equipment; 21,875 sq. metres of commercial space in the same building as M Hotel Chengdu, which is earmarked for potential future expansion of the hotel; and 6,456 sq. metres of commercial and retail spaces for rental, which are accounted for as investment properties.	Leasehold to year 2049	Not Applicable	47,014	23
HOTELS				
Millennium Hilton Bangkok is a 32-storey, 544-room hotel-cum-retail waterfront development located at Charoen Nakorn Road, along the Chao Phraya River in Bangkok, Thailand.	Freehold	10,104	78,345	17
Iris Congress Hotel comprises a 8-storey 211-room hotel and a 9-storey 44-unit apartment building located at Korovinskoe Chausee, Moscow, Russia.	49 years	26,714	27,254	50

MAJOR PROPERTIES FOR DEVELOPMENT AND/OR RESALE

as at 31 December 2013

Description & Location	Site Area (Sq. Metres)	Tenure	Effective Group Interest %
RESIDENTIAL			
Jalan Kolam Ayer, JB, Malaysia	24,739	Freehold	100
Jalan Waspada, JB, Malaysia	6,368	Freehold	100
Pasir Ris Land Parcel 3 + State Land	41,513	99 years	51
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
Land Parcel at Commonwealth Avenue	12,087	99 years	30
Pavilion Road, Knightsbridge London	1,315	Freehold	100
MIXED DEVELOPMENT			
Chongqing Huang Huayuan, Yuzhong District, China	23,512	Residential - 50 years Commercial - 40 years	100
HOTEL			
Land Parcel at Ginza District, Tokyo, Japan	1,040 130	Freehold Leasehold	72

MAJOR PROPERTIES IN THE COURSE OF DEVELOPMENT

as at 31 December 2013

Description	Location	Site Area (Sq. Metres)	Gross Floor Area (Sq. Metres)	Tenure	Effective Group Interest (%)	Approximate Percentage Completion (%)	Expected Completion Date
RESIDENTIAL							
Nouvel 18	Anderson Road	10,414	29,160	Freehold	50	99	2014
368 Thomson	Thomson Road	5,625	15,750	Freehold	100	90	2014
Blossom Residences	Segar Road	20,834	66,263	99 years	100	84	2014
Hedges Park Condominium	Flora Drive	30,679	42,949	99 years	33	56	2014
Eling Residences	Chongqing Eling Hill, Yuzhong District, China	27,197	48,334	50 years	100	20	2014
H_2O Residences	Sengkang West Avenue/Fernvale Link	16,998	56,096	99 years	100	37	2015
The Inflora	Flora Drive	21,700	30,380	99 years	33	10	2015
The Rainforest	Choa Chu Kang Drive	17,590	49,251	99 years	50	36	2015
Gramercy Park	Grange Road	15,718	33,008	Freehold	100	26	2015
Bartley Residences	Lorong How Sun	22,094	68,052	99 years	30	38	2015
HAUS@SERANGOON GARDEN	Serangoon Garden Way	28,402	N.A.	99 years	70	24	2015
The Palette	Pasir Ris Grove	42,857	90,000	99 years	51	36	2016
Echelon	Alexandra View	9,953	48,768	99 years	50	*	2016
Bartley Ridge	Mount Vernon Road	20,811	79,624	99 years	30	10	2016
Lush Acres	Sengkang West Way	14,101	42,302	99 years	100	*	2016
Jewel @ Buangkok	Buangkok Drive/ Sengkang Central	18,341	55,023	99 years	100	*	2016
New Futura	Leonie Hill Road	8,086	23,066	Freehold	100	*	2016
D'Nest	Pasir Ris Grove	41,275	86,678	99 years	51	*	2017
MIXED DEVELOPMENT							
Robertson Quay Mixed Development	Robertson Quay	4,518	12,651	99 years	100	12	2015
South Beach Project	Beach Road	34,959	153,067	99 years	50.1	40	2015
Boulevard Hotel Site	Cuscaden Road/ Orchard Boulevard	12,127	56,050	Freehold	40	*	2016
The Venue Residences and Shoppes	Tai Thong Crescent	8,200	28,702	99 years	60	*	2017
Hong Leong City Center	Suzhou Jinji Lake, SIP District, China	45,455	412,465	Residential - 70 years Commercial - 40 years	70	*	2017

* work less than 10% completed.

MAJOR PROPERTIES

as at 31 December 2013

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	508	42
Grand Millennium Kuala Lumpur 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia	Freehold	7,620	459	59
JW Marriot Hotel Hong Kong Pacific Place, 88 Queensway, Hong Kong	75-year term from 18.04.1985 and may be renewable for a further term of 75 years	10,690	602	15
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	47
Millennium Seoul Hilton 50 Sowol-ro, Jung-gu, Seoul, Korea 100-802	Freehold	18,760	679	59
Copthorne Orchid Hotel Penang Tanjung Bungah, 11200 Penang, Malaysia	Freehold	10,329	307	59
The Heritage Hotel Manila Roxas Boulevard at corner of EDSA Pasay City, Metropolitan Manila, Philippines	Fee Simple	9,888	450	39
Grand Hyatt Taipei Taipei World Trade Centre, Sung Shou Road, Taipei, Taiwan	50-year term extendable for another 30 years wef 07.03.1990	14,317	853	48
Grand Millennium Sukhumvit Bangkok Sukhumvit Soi 21, Asoke Road, Bangkok, Thailand	30-year term from 02.02.2005 with option to renew for a further term of 30 years	5,053	325	29
Hotel Nikko Hong Kong 72 Mody Road. Tsimshatsui East, Kowloon, Hong Kong	75-year term from 28.11.1984 and may be renewable for a further term of 75 years	2,850	463	29

MAJOR PROPERTIES

as at 31 December 2013

HOTELS	Tenure	Approximate Site Area (Sq. Metres)	Number of Rooms	Effective Group Interest (%)
EUROPE				
Copthorne Hotel Aberdeen 122 Huntly Street, Aberdeen AB10 1SU, Scotland	Freehold	1,302	87	49
Copthorne Hotel Birmingham Paradise Circus, Birmingham B3 3HJ, England	Freehold	2,188	211	59
Copthorne Hotel Cardiff-Caerdydd Copthorne Way, Culverhouse Cross, Cardiff CF5 6DH, Wales	Freehold	26,305	135	59
Copthorne Hotel Effingham Gatwick West Park Road, Copthorne, West Sussex RH10 3EU, England	Freehold	161,878	122	59
Copthorne Hotel London Gatwick Copthorne Way, Copthorne, West Sussex RH10 3PG, England	Freehold	404,694	227	59
Copthorne Hotel Hannover Würzburger Strasse 21, 30800 Hannover-Laatzen, Germany	Short Leasehold to year 2014	13,165	222	59
Copthorne Hotel Manchester Clippers Quay, Salford Quays, Manchester M50 3SN, England	Leasehold to year 2135	9,800	166	59
Copthorne Hotel Merry Hill-Dudley The Waterfront, Level Street, Brierley Hill, Dudley, West Midlands DY5 1UR, England	Freehold	13,734	138	59
Copthorne Hotel Newcastle The Close, Quayside, Newcastle upon Tyne NE1 3RT, England	Freehold	9,200	156	57
Copthorne Hotel Plymouth Armada Way, Plymouth PL1 1AR, England	Leasehold to year 2110	1,853	135	59
Copthorne Hotel Slough-Windsor Cippenham Lane, Slough, Berkshire SL1 2YE, England	Freehold	6,880	219	59
Copthorne Tara Hotel London Kensington Scarsdale Place, Kensington, London W8 5SR, England	Freehold	7,535	833	59
Millennium Bailey's Hotel London Kensington 140 Gloucester Road, London SW7 4QH, England	Freehold	1,923	211	59
Millennium Gloucester Hotel & Conference Center London Kensington Harrington Gardens, London SW7 4LH, England	Freehold	6,348	610	59
Millennium Hotel Glasgow George Square, Glasgow G2 1DS, Scotland	Leasehold to year 2109	9,398	116	59

MAJOR PROPERTIES

as at 31 December 2013

HOTELS	Tenure	Approximate Site Area (Sq. Metres)	Number of Rooms	Effective Group Interest (%)
EUROPE (Continued)				
Millennium Hotel London Knightsbridge 17 Sloane Street, Knightsbridge, London SW1X 9NU, England	Leasehold to year 2091	809	222	59
Millennium Hotel London Mayfair Grosvenor Square, Mayfair, London W1K 2HP, England	Leasehold to year 2096	4,260	336	59
Millennium Hotel Paris Opéra 12 Boulevard Haussmann, 75009 Paris, France	Freehold	1,093	163	59
Millennium Hotel Paris Charles de Gaulle Zone Hoteliere, Allée du Verger, 95700 Roissy-en-France, France	Freehold	11,657	239	59
NORTH AMERICA				
Millennium Alaskan Hotel Anchorage 4800 Spenard Road, Anchorage, AK 99517, USA	Freehold	20,639	248	59
Millennium Biltmore Hotel Los Angeles 506 South Grand Avenue, Los Angeles, CA 90071, USA	Freehold	11,331	683	59
Millennium Bostonian Hotel Boston 26 North Street, At Faneuil Hall Marketplace, Boston, MA 02109, USA	Freehold	2,796	201	59
Millennium Harvest House Boulder 1345 28th Street, Boulder, CO 80302, USA	Freehold	64,019	269	59
Millennium Hotel Buffalo 2040 Walden Avenue, Buffalo, NY 14225, USA	Leased to year 2022 (with one 10-year option)	31,726	300	59
Millennium Knickerbocker Hotel Chicago 163 East Walton Place, Chicago, IL 60611, USA	Freehold	2,007	306	59
Millennium Hotel Cincinnati 150 West Fifth Street, Cincinnati, OH 45202, USA	Freehold	6,839	872	59
Millennium Hotel Durham 2800 Campus Walk Avenue, Durham, NC 27705, USA	Freehold	42,814	316	59

MAJOR PROPERTIES

as at 31 December 2013

HOTELS	Tenure	Approximate Site Area (Sq. Metres)	Number of Rooms	Effective Group Interest (%)
NORTH AMERICA (Continued)				
Millennium Hotel Minneapolis 1313 Nicollet Mall, Minneapolis, MN 55403, USA	Leased to year 2030	4,537	321	59
Millennium Maxwell House Nashville 2025 Rosa L. Parks Boulevard, Nashville, TN 37228, USA	Leased to year 2030 (with two 10-year options)	36,421	287	59
Millennium Broadway Hotel New York 145 West 44th Street, New York, NY 10036, USA	Freehold	2,122	750	59
One UN New York 1 UN Plaza, 44th Street at 1st Avenue, New York 10017, USA	East tower freehold/ West tower leased to year 2079	4,554	439	59
Millennium Hotel St. Louis (Closed) 200 South 4th Street, St. Louis, MO 63102-1804, USA	Freehold	17,033	780	59
Millennium Scottsdale Resort and Villas 7401 North Scottsdale Road, Scottsdale, AZ 85208, USA	Leased to year 2033 (with two 10-year options)	32,819	125	59
Millenium Hilton 55 Church Street, New York, NY 10007, USA	Freehold	1,680	569	59
Maingate Lakeside Resort 7769 W Irlo Bronson Memorial Highway, Kissimmee, FL 34747, USA	Freehold	93,796	475	59
Comfort Inn Near Vail Beaver Creek 161 West Beaver Creek Boulevard, Avon, CO 81620, USA	Freehold	11,209	146	59
Eldorado Hotel & Spa 309 West San Francisco Street, Santa Fe, NM 87501, USA	Indirect Interest	7,349	219	12
Pine Lake Trout Club 17021 Chillicothe Road, Chagrin Falls, OH 44023, USA	Freehold	331,121	6	59

MAJOR PROPERTIES

as at 31 December 2013

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	29
Copthorne Hotel Auckland Harbour City 196-200 Quay Street, Auckland, New Zealand	Freehold	2,407	187	42
Copthorne Hotel & Resort Bay of Islands Tau Henare Drive, Paihia, New Zealand	Leasehold to year 2021 (with a 30-year option)	62,834	180	20
Copthorne Hotel & Resort Queenstown Lakefront Corner Adelaide Street & Frankton Road, Queenstown, New Zealand	Freehold	18,709	240	42
Copthorne Hotel Wellington Oriental Bay 100 Oriental Parade, Wellington, New Zealand	Freehold	3,904	118	29
Kingsgate Hotel Dunedin 10 Smith Street, Dunedin, New Zealand	Freehold	2,193	55	29
Kingsgate Hotel Greymouth 32 Mawhera Quay, Greymouth, New Zealand	Freehold/ Perpetual leasehold land	2,807	98	42
Kingsgate Hotel Palmerston North 110 Fitzherbert Avenue, Palmerston North, New Zealand	Freehold	15,514	151	29
Copthorne Hotel Rotorua Fenton Street, Rotorua, New Zealand	Freehold	35,935	136	29
Copthorne Hotel & Apartments Queenstown Lakeview 88 Frankton Road, Queenstown, New Zealand	Freehold	4,713	85	29
Kingsgate Hotel Te Anau 20 Lakefront Drive, Te Anau, New Zealand	Freehold	8,819	94	42
Millennium Hotel Queenstown Corner Frankton Road & Stanley St., Queenstown, New Zealand	Freehold	7,453	220	29
Millennium Hotel Rotorua Corner Eruera & Hinemaru Streets, Rotorua, New Zealand	Freehold/ Perpetual leasehold land	10,109	227	42

MAJOR PROPERTIES

as at 31 December 2013

HOTELS	Tenure	Approximate Site Area (Sq. Metres)	Number of Rooms	Effective Group Interest (%)
OWNED BY CITY E-SOLUTIONS LIMITED				
Crown Plaza Syracuse Hotel 701 East Genesee Street, Syracuse, New York 13210, USA	Fee Simple	4,925.25	279	27
Sheraton Chapel Hill Hotel 1 Europa Drive, Chapel Hill, North Carolina, USA	Fee Simple	20,072.45	168	27
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	21
Grand Copthorne Waterfront Hotel# 392 Havelock Road, Singapore	75-year leasehold interest commencing from 19.07.2006	10,860+	574	21
M Hotel# 81 Anson Road, Singapore	75-year leasehold interest commencing from 19.07.2006	2,134	413	21
Novotel Singapore Clarke Quay 177A River Valley Road, Singapore	97 years and 30 days leasehold interest commencing from 02.04.1980	12,925	403	21
Orchard Hotel# 442 Orchard Road, Singapore	75-year leasehold interest commencing from 19.07.2006	8,588@	656	21
Claymore Link# **(Previously Orchard Hotel Shopping Arcade)** 442 Orchard Road, Singapore	75-year leasehold interest commencing from 19.07.2006	7,022* (nett lettable area)	N.A.	21
Studio M Hotel 3 Nanson Road, Singapore	99-year leasehold interest commencing from 26.02.2007	2,932	360	21
AUSTRALIA				
Novotel Brisbane 200 Creek Street, Brisbane, Queensland	Strata volumetric freehold	6,244	296	21
Mercure & Ibis Brisbane 85-87 North Quay/27-35 Turbot Street, Brisbane, Queensland	Interconnected at ground level, situated on one freehold title	3,847	412	21
Mercure Perth 10 Irwin Street, Perth, Western Australia	Strata freehold	757	239	21
Ibis Perth 334 Murray Street, Perth, Western Australia	Freehold	1,480	192	21

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

@ Including Claymore Link (previously Orchard Hotel Shopping Arcade).

+ Including adjourning Waterfront Plaza.

* Post asset enhancement initiative to be completed end-2014.

HOTELS	Tenure	Approximate Site Area (Sq. Metres)	Number of Rooms	Effective Group Interest (%)
NEW ZEALAND				
Rendezvous Grand Hotel Auckland 71-87 Mayoral Drive, Auckland, New Zealand	Freehold	5,910	452	21
MALDIVES				
Angsana Velavaru Velavaru Island, South Nilandhe Atoll, Republic of Maldives	50-year leasehold interest commencing from 26.08.1997	67,717	113	21
Jumeirah Dhevanafushi Meradhoo Island, Gaafu Alifu Atoll, Republic of Maldives	50-year leasehold interest commencing from 15.06.2006	53,576	35	21

FOCUSING ON THE TRIPLE BOTTOM LINE

FINANCIAL | SOCIAL | ENVIRONMENTAL

COMMITTED

At CDL, we understand the importance of maintaining the ideal balance between profit, people and planet. Our commitment to the triple bottom line is evident across every aspect of our business operations, be it seizing new growth opportunities or developing more green solutions for a sustainable future. In all that we do, we work closely with stakeholders to uphold the highest standards of excellence in financial performance, social engagement and environmental conservation.

The Residences at W Singapore – Sentosa Cove
W Singapore – Sentosa Cove
Quayside Isle

STATUTORY REPORTS AND ACCOUNTS

FINANCIAL CONTENTS

DIRECTORS' REPORT

We are pleased to submit this report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2013.

DIRECTORS

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

Kwek Leng Beng (Executive Chairman)
Kwek Leng Joo (Deputy Chairman)
Chee Keng Soon
Foo See Juan
Kwek Leng Peck
Tang See Chim
Yeo Liat Kok Philip
Tan Poay Seng
Chan Soon Hee Eric

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

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

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

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

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

	Holdings in which the director, his spouse and infant children have a direct interest	
	At beginning of the year	At end of the year
Subsidiaries (cont'd)		
Millennium & Copthorne Hotels New Zealand Limited		
Ordinary Shares		
Kwek Leng Beng	3,000,000	3,000,000
Related Corporations		
Hong Leong Finance Limited		
Ordinary Shares		
Kwek Leng Beng	5,203,567	5,603,567
Kwek Leng Joo	703,610	703,610
Kwek Leng Peck	517,359	517,359
Foo See Juan	30,000	30,000
Options to subscribe for the following number of ordinary shares under the Hong Leong Finance Share Option Scheme 2001		
Kwek Leng Beng	3,576,000	3,336,000
Hong Leong Holdings Limited		
Ordinary Shares		
Kwek Leng Beng	259,000	259,000
Kwek Leng Joo	210,000	210,000
Kwek Leng Peck	381,428	381,428
Hong Leong Asia Ltd.		
Ordinary Shares		
Kwek Leng Beng	660,000	660,000
Kwek Leng Peck	1,680,000	1,680,000
Foo See Juan	40,000	40,000

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

	Holdings in which the director, his spouse and infant children have a direct interest	
	At beginning of the year	At end of the year
Related Corporations (cont'd)		
Hong Leong Asia Ltd. (cont'd)		
Options to subscribe for the following number of ordinary shares under the Hong Leong Asia Share Option Scheme 2000		
Kwek Leng Peck	470,000	470,000
Hong Realty (Private) Limited		
Ordinary Shares		
Kwek Leng Beng	1,110	1,110
Kwek Leng Joo	510	510
Kwek Leng Peck	150	150
Euroform (S) Pte. Limited		
Ordinary Shares		
Kwek Leng Joo	50,000	50,000
Sun Yuan Holdings Pte Ltd		
Ordinary Shares		
Kwek Leng Beng	15,000,000	15,000,000

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

The directors' interests in the Company as disclosed above remained unchanged as at 21 January 2014.

DIRECTORS' INTERESTS IN CONTRACTS

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

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

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

SHARE OPTIONS

By the Company

During the financial year, there were:

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

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

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

By Subsidiaries

Millennium & Copthorne Hotels plc (M&C)

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

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

(ii) Millennium & Copthorne Hotels Sharesave Scheme 2006; and

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

SHARE OPTIONS (CONT'D)

By Subsidiaries (cont'd)

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

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

(a) The Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme (M&C 2003 Scheme) was approved by the shareholders at the Annual General Meeting of M&C held on 21 May 2002. There are 2 parts of the M&C 2003 Scheme, namely the "Approved" part for which approval from the United Kingdom Inland Revenue has been obtained, and the "Unapproved" part which is not designed for the United Kingdom Inland Revenue approval and which is used primarily where employees have more than £30,000 worth of outstanding approved options or are not based in the United Kingdom. Except to the extent required to obtain the United Kingdom Inland Revenue approval, the Approved and Unapproved parts of the M&C 2003 Scheme are in all material aspects identical. The operation of the M&C 2003 Scheme is supervised by M&C's Remuneration Committee comprising Alexander Waugh (Chairman), His Excellency Shaukat Aziz, Nicholas George, Sean Collins and Susan Farr (member with effect 12 December 2013).

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

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

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

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

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

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

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

(d) During the financial year under review, (i) no options were granted to subscribe for ordinary shares of £0.30 each in M&C; and (ii) 46,121 ordinary shares of £0.30 each in M&C were issued following the exercise of the subscription rights set out in the M&C 2003 Scheme.

SHARE OPTIONS (CONT'D)

By Subsidiaries (cont'd)

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

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

As at the end of the financial year, there were 13,891 unissued shares under options pursuant to the M&C 2003 Scheme. Details of the options to subscribe for ordinary shares of £0.30 each in M&C are set out below:

Date granted	Balance at beginning of year	Exercised during the year	Cancelled/ Lapsed/ Forfeited during the year	Balance at end of year	Exercise price per share £	Exercise period
Part I (Approved)						
16.03.2004	10,285	(10,285)	–	–	2.9167	16.03.2007 – 15.03.2014
Part II (Unapproved)						
16.03.2004	9,415	(9,415)	–	–	2.9167	16.03.2007 – 15.03.2014
24.03.2005	40,312	(26,421)	–	13,891	3.9842	24.03.2008 – 23.03.2015
	60,012	(46,121)	–	13,891		

(ii) *Millennium & Copthorne Hotels Sharesave Scheme 2006*

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

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

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

(d) The options may be exercised upon maturity provided that the monies agreed under the savings contract are fully paid and the participant continues to hold office or employment with M&C. The M&C Sharesave Scheme provide that shares in M&C can be purchased at the option price up to the value of the accrued savings and interests in the event of retirement, 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) 69,038 options were granted to subscribe for ordinary shares of £0.30 each in M&C; and (ii) 23,753 ordinary shares of £0.30 each in M&C were issued following the exercise of the subscription rights set out in the M&C Sharesave Scheme.

SHARE OPTIONS (CONT'D)

By Subsidiaries (cont'd)

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

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

As at the end of the financial year, there were 179,855 unissued shares under options pursuant to the M&C Sharesave Scheme. Details of the options to subscribe for ordinary shares of £0.30 each in M&C are set out below:

Date granted	Balance at beginning of year	Granted during the year	Exercised during the year	Cancelled/ Lapsed/ Forfeited during the year	Adjusted during the year	Balance at end of year	Exercise price per share £	Exercise period
26.03.2007	5,540	–	–	(5,540)	–	–	5.2000	01.07.2012 – 31.12.2012
20.03.2008	3,072	–	(3,072)	–	204	204	3.2800	01.07.2013 – 31.12.2013
01.04.2009	6,653	–	(6,653)	–	–	–	1.5400	01.08.2012 – 31.01.2013
01.04.2009	32,312	–	–	–	–	32,312	1.5400	01.08.2014 – 31.01.2015
01.04.2010	16,170	–	(13,310)	(1,540)	–	1,320	3.3000	01.08.2013 – 31.01.2014
01.04.2010	1,978	–	–	–	188	2,166	3.3000	01.08.2015 – 31.01.2016
19.04.2011	23,948	–	(718)	(1,526)	86	21,790	4.1800	01.08.2014 – 31.01.2015
19.04.2011	7,349	–	–	–	–	7,349	4.1800	01.08.2016 – 31.01.2017
19.04.2012	54,424	–	–	(9,087)	–	45,337	3.8800	01.08.2015 – 31.01.2016
19.04.2012	13,681	–	–	(3,865)	–	9,816	3.8800	01.08.2017 – 31.01.2018
19.04.2013	–	62,344	–	(9,477)	–	52,867	4.4800	01.08.2016 – 31.01.2017
19.04.2013	–	6,694	–	–	–	6,694	4.4800	01.08.2018 – 31.01.2019
	165,127	69,038	(23,753)	(31,035)	478	179,855		

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

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

Vesting of Performance Share Awards is subject to the achievement of stretching performance targets. For awards made in 2006 to 2010, earnings per share (EPS) targets were chosen so that participants are incentivised to deliver significant earnings growth.

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

The performance condition applying to Performance Share Awards require M&C's EPS to grow, in real terms, over a period of three consecutive financial years after award. Performance Share Awards will vest on the third anniversary of the award being made, subject to the EPS growth targets being met. TSR targets measure M&C's relative TSR performance over a three-year period against a comparator group comprising companies in the FTSE 250 index participating companies (excluding investment trusts). Awards will not be subject to re-testing.

SHARE OPTIONS (CONT'D)

By Subsidiaries (cont'd)

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

(iii) Millennium & Copthorne Hotels 2006 Long-Term Incentive Plan (cont'd)

During the financial year under review, Performance Share Awards were made over 490,330 ordinary shares of £0.30 each in M&C. Details of the Performance Share Awards are set out below:

Date of award	Balance at beginning of year	Awards made during the year	Awards vested during the year	Awards forfeited during the year	Balance at end of year	Vesting date
16.09.2010	512,765	–	(342,836)	(169,929)	–	16.09.2013
28.11.2011	941,126	–	–	(306,007)	635,119	28.11.2014
16.08.2012	673,455	–	–	(119,912)	553,543	16.08.2015
11.09.2013	–	465,213	–	(1,570)	463,643	11.09.2016
21.11.2013	–	25,117	–	–	25,117	21.11.2016
	2,127,346	490,330	(342,836)	(597,418)	1,677,422	

City e-Solutions Limited (CES)

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

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

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

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

  (iii) the nominal value of a CES share.

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

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

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

AUDIT & RISK COMMITTEE

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

Chee Keng Soon (Chairman)
Foo See Juan
Tang See Chim
Chan Soon Hee Eric

The Audit & Risk Committee met seven times during the financial year ended 31 December 2013 and performed the functions set out in Section 201B(5) of the Companies Act, Chapter 50. In performing its functions, the Audit & Risk Committee reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Group's system of internal controls. The Audit & Risk Committee also reviewed the consolidated financial statements and the financial statements of the Company for the financial year ended 31 December 2013 as well as the auditors' report thereon.

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

Kwek Leng Beng
Executive Chairman

Kwek Leng Joo
Deputy Chairman

14 March 2014

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 97 to 207 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

On behalf of the Board of Directors

Kwek Leng Beng
Executive Chairman

Kwek Leng Joo
Deputy Chairman

14 March 2014

INDEPENDENT AUDITORS' REPORT

Members of the Company
City Developments Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of City Developments Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2013, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 97 to 207.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
14 March 2014

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Non-current assets					
Property, plant and equipment	3	**3,566,425**	3,405,474	**9,795**	9,772
Investment properties	4	**2,785,822**	2,916,193	**511,135**	518,651
Investments in:					
– subsidiaries	5	**–**	–	**2,222,347**	2,223,435
– associates	6	**493,174**	417,855	**–**	–
– jointly-controlled entities	7	**772,266**	806,956	**36,360**	36,360
Lease premium prepayment		**85,559**	82,798	**–**	–
Financial assets	8	**85,116**	102,132	**29,700**	27,687
Other non-current assets	9	**22,314**	79,072	**407,881**	428,227
		7,810,676	7,810,480	**3,217,218**	3,244,132
Current assets					
Lease premium prepayment		**2,646**	2,484	**–**	–
Development properties	10	**4,326,542**	4,310,685	**482,988**	651,687
Consumable stocks		**8,424**	8,838	**1**	32
Financial assets	8	**36,534**	32,585	**–**	–
Assets classified as held for sale	11	**–**	103,698	**–**	–
Trade and other receivables	12	**1,634,576**	1,182,731	**5,457,485**	4,936,376
Cash and cash equivalents	15	**2,871,261**	2,156,827	**1,367,264**	1,040,004
		8,879,983	7,797,848	**7,307,738**	6,628,099
Total assets		**16,690,659**	15,608,328	**10,524,956**	9,872,231
Equity attributable to owners of the Company					
Share capital	16	**1,991,397**	1,991,397	**1,991,397**	1,991,397
Reserves	17	**5,853,983**	5,312,251	**3,447,897**	3,402,160
		7,845,380	7,303,648	**5,439,294**	5,393,557
Non-controlling interests		**1,983,005**	1,953,407	**–**	–
Total equity		**9,828,385**	9,257,055	**5,439,294**	5,393,557
Non-current liabilities					
Interest-bearing borrowings	19	**3,858,275**	3,468,764	**2,592,044**	2,381,248
Employee benefits	23	**37,521**	34,774	**–**	–
Other liabilities	24	**109,717**	145,522	**297,837**	124,254
Provisions	25	**15,977**	15,415	**–**	–
Deferred tax liabilities	26	**328,490**	352,637	**47,412**	45,842
		4,349,980	4,017,112	**2,937,293**	2,551,344
Current liabilities					
Trade and other payables	27	**1,313,057**	1,034,400	**1,530,773**	1,444,302
Interest-bearing borrowings	19	**968,025**	998,164	**601,461**	408,448
Employee benefits	23	**17,903**	16,279	**2,639**	2,477
Provision for taxation		**188,137**	221,360	**13,496**	72,103
Provisions	25	**25,172**	23,816	**–**	–
Liabilities classified as held for sale	11	**–**	40,142	**–**	–
		2,512,294	2,334,161	**2,148,369**	1,927,330
Total liabilities		**6,862,274**	6,351,273	**5,085,662**	4,478,674
Total equity and liabilities		**16,690,659**	15,608,328	**10,524,956**	9,872,231

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

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2013

	Note	Group 2013 $'000	Group 2012 $'000
Revenue	28	**3,162,146**	3,353,727
Cost of sales		**(1,549,643)**	(1,692,654)
Gross profit		**1,612,503**	1,661,073
Other operating income	29	**200,331**	148,658
Administrative expenses		**(529,061)**	(505,856)
Other operating expenses		**(413,887)**	(383,505)
Profit from operating activities		**869,886**	920,370
Finance income		**30,439**	38,590
Finance costs		**(75,718)**	(78,867)
Net finance costs	29	**(45,279)**	(40,277)
Share of after-tax profit of associates		**34,139**	39,934
Share of after-tax profit of jointly-controlled entities		**33,703**	40,212
Profit before income tax		**892,449**	960,239
Income tax expense	30	**(69,313)**	(99,901)
Profit for the year	29	**823,136**	860,338
Profit attributable to owners of the Company:			
– Ordinary shareholders		**670,084**	665,435
– Preference shareholders		**12,904**	12,904
		682,988	678,339
Non-controlling interests		**140,148**	181,999
Profit for the year		**823,136**	860,338
Earnings per share			
– Basic	31	**73.7 cents**	73.2 cents
– Diluted	31	**71.6 cents**	71.1 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	Note	Group 2013 $'000	Group 2012 $'000
Profit for the year		**823,136**	860,338
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Defined benefit plan remeasurements		**(1,862)**	(6,088)
Items that are or may be reclassified subsequently to profit or loss:			
Change in fair value of equity investments available for sale		**727**	3,274
Effective portion of changes in fair value of cash flow hedges		**59**	584
Exchange differences on hedges of net investment in foreign entities		**11,369**	5,897
Exchange differences on monetary items forming part of net investment in foreign entities		**(6,511)**	(19,667)
Exchange differences realised on disposal of subsidiaries		**(1,048)**	–
Exchange differences realised on liquidation of subsidiaries		**–**	7,831
Share of other reserve movements of associates and a jointly-controlled entity		**(53)**	241
Translation differences arising on consolidation of foreign entities		**130,114**	(115,588)
		134,657	(117,428)
Other comprehensive income for the year, net of income tax	30	**132,795**	(123,516)
Total comprehensive income for the year		**955,931**	736,822
Total comprehensive income attributable to:			
Owners of the Company		**749,039**	606,981
Non-controlling interests		**206,892**	129,841
Total comprehensive income for the year		**955,931**	736,822

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	Note	Share capital $'000	Capital reserve $'000	Hedging reserve $'000	Fair value reserve $'000
Group					
At 1 January 2013		1,991,397	149,098	(387)	6,341
Total comprehensive income for the year					
Profit for the year		–	–	–	–
Other comprehensive income					
Change in fair value of equity investments available for sale		–	–	–	727
Defined benefit plan remeasurements		–	–	–	–
Effective portion of changes in fair value of cash flow hedges		–	–	306	–
Exchange differences on hedges of net investment in foreign entities		–	–	–	–
Exchange differences on monetary items forming part of net investment in foreign entities		–	–	–	–
Exchange differences realised on disposal of subsidiaries		–	–	–	–
Share of other reserve movements of associates and a jointly-controlled entity		–	–	–	–
Translation differences arising on consolidation of foreign entities		–	–	–	–
Total other comprehensive income		–	–	306	727
Total comprehensive income for the year		–	–	306	727
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Capital contribution from non-controlling interests		–	–	–	–
Dividends paid to owners of the Company	32	–	–	–	–
Dividends paid to non-controlling interests		–	–	–	–
Share-based payment transactions		–	–	–	–
Total contributions by and distributions to owners		–	–	–	–
Change in ownership interests in subsidiaries					
Acquisition of non-controlling interests without a change in control		–	(5,947)	(8)	–
Total change in ownership interests in subsidiaries		–	(5,947)	(8)	–
Total transactions with owners		–	(5,947)	(8)	–
At 31 December 2013		1,991,397	143,151	(89)	7,068

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

Other reserve $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
(4,354)	10,309	(392,147)	5,543,391	7,303,648	1,953,407	9,257,055
–	–	–	682,988	682,988	140,148	823,136
–	–	–	–	727	–	727
–	–	–	(1,178)	(1,178)	(684)	(1,862)
–	–	(270)	–	36	23	59
–	–	6,707	–	6,707	4,662	11,369
–	–	(3,369)	–	(3,369)	(3,142)	(6,511)
–	–	(1,085)	–	(1,085)	37	(1,048)
(23)	–	–	–	(23)	(30)	(53)
–	–	64,236	–	64,236	65,878	130,114
(23)	–	66,219	(1,178)	66,051	66,744	132,795
(23)	–	66,219	681,810	749,039	206,892	955,931
–	–	–	–	–	7,742	7,742
–	–	–	(203,857)	(203,857)	–	(203,857)
–	–	–	–	–	(46,925)	(46,925)
–	1,166	–	–	1,166	811	1,977
–	1,166	–	(203,857)	(202,691)	(38,372)	(241,063)
(32)	216	(13,392)	14,547	(4,616)	(138,922)	(143,538)
(32)	216	(13,392)	14,547	(4,616)	(138,922)	(143,538)
(32)	1,382	(13,392)	(189,310)	(207,307)	(177,294)	(384,601)
(4,409)	11,691	(339,320)	6,035,891	7,845,380	1,983,005	9,828,385

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	Note	Share capital $'000	Capital reserve $'000	Hedging reserve $'000	Fair value reserve $'000
Group					
At 1 January 2012		1,991,397	148,962	(705)	3,067
Total comprehensive income for the year					
Profit for the year		–	–	–	–
Other comprehensive income					
Change in fair value of equity investments available for sale		–	–	–	3,274
Defined benefit plan remeasurements		–	–	–	–
Effective portion of changes in fair value of cash flow hedges		–	–	318	–
Exchange differences on hedges of net investment in foreign entities		–	–	–	–
Exchange differences on monetary items forming part of net investment in foreign entities		–	–	–	–
Exchange differences realised on liquidation of subsidiaries		–	–	–	–
Share of other reserve movements of associates and a jointly-controlled entity		–	–	–	–
Translation differences arising on consolidation of foreign entities		–	–	–	–
Total other comprehensive income		–	–	318	3,274
Total comprehensive income for the year		–	–	318	3,274
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Capital contribution from non-controlling interests		–	–	–	–
Dividends paid to owners of the Company	32	–	–	–	–
Dividends paid to non-controlling interests		–	–	–	–
Share options exercised		–	–	–	–
Share-based payment transactions		–	–	–	–
Total contributions by and distributions to owners		–	–	–	–
Changes in ownership interests in subsidiaries					
Acquisition of a subsidiary with non-controlling interests	35	–	–	–	–
Acquisition of non-controlling interests without a change in control		–	136	–	–
Total changes in ownership interests in subsidiaries		–	136	–	–
Total transactions with owners		–	136	–	–
At 31 December 2012		1,991,397	149,098	(387)	6,341

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

Other reserve $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
(4,459)	9,470	(320,267)	4,999,340	6,826,805	1,869,199	8,696,004
–	–	–	678,339	678,339	181,999	860,338
–	–	–	–	3,274	–	3,274
–	–	–	(3,175)	(3,175)	(2,913)	(6,088)
–	–	–	–	318	266	584
–	–	3,218	–	3,218	2,679	5,897
–	–	(18,049)	–	(18,049)	(1,618)	(19,667)
–	–	7,831	–	7,831	–	7,831
105	–	–	–	105	136	241
–	–	(64,880)	–	(64,880)	(50,708)	(115,588)
105	–	(71,880)	(3,175)	(71,358)	(52,158)	(123,516)
105	–	(71,880)	675,164	606,981	129,841	736,822
–	–	–	–	–	1,252	1,252
–	–	–	(131,113)	(131,113)	–	(131,113)
–	–	–	–	–	(50,482)	(50,482)
–	(344)	–	–	(344)	344	–
–	1,183	–	–	1,183	984	2,167
–	839	–	(131,113)	(130,274)	(47,902)	(178,176)
–	–	–	–	–	2,534	2,534
–	–	–	–	136	(265)	(129)
–	–	–	–	136	2,269	2,405
–	839	–	(131,113)	(130,138)	(45,633)	(175,771)
(4,354)	10,309	(392,147)	5,543,391	7,303,648	1,953,407	9,257,055

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	Group	
	2013	2012
	$'000	$'000
Cash flows from operating activities		
Profit for the year	**823,136**	860,338
Adjustments for:		
Depreciation and amortisation	**159,347**	148,271
Dividend income	**(6,238)**	(6,485)
Equity settled share-based transactions	**1,644**	4,147
Finance costs	**75,718**	78,867
Finance income	**(30,439)**	(38,590)
Gain on dilution of investment in an associate	**(603)**	(1,241)
Impairment losses on loans to a jointly-controlled entity	**1,091**	2,904
Impairment losses on investment properties and property, plant and equipment	**26,030**	6,009
Income tax expense	**69,313**	99,901
(Gain)/Loss on disposal and liquidation of subsidiaries (net)	**(29,243)**	7,832
Profit on realisation/sale of investments	**(9,005)**	(46,316)
Profit on sale of property, plant and equipment and investment properties	**(151,806)**	(83,995)
Property, plant and equipment and investment properties written off	**434**	190
Share of after-tax profit of associates	**(34,139)**	(39,934)
Share of after-tax profit of jointly-controlled entities	**(33,703)**	(40,212)
Units in an associate received and receivable in lieu of fee income	**(9,925)**	(9,776)
Operating profit before working capital changes	**851,612**	941,910
Changes in working capital:		
Development properties	**19,831**	(756,212)
Consumable stocks and trade and other receivables	**(467,014)**	36,289
Trade and other payables	**269,262**	55,784
Employee benefits	**2,008**	(8,437)
Cash generated from operations	**675,699**	269,334
Income tax paid	**(134,975)**	(204,074)
Net cash from operating activities carried forward	**540,724**	65,260

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	Note	Group 2013 $'000	Group 2012 $'000
Net cash from operating activities brought forward		**540,724**	65,260
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired)	35	**–**	(411,993)
Capital expenditure on investment properties		**(23,647)**	(48,323)
(Increase)/Decrease in investments in an associate		**(57,871)**	5,356
Disposal of and distribution of income from financial assets		**28,080**	97,733
Disposal of subsidiaries (net of cash disposed of)	35	**83,650**	–
Dividends received:			
– an associate		**37,915**	38,908
– financial investments		**6,238**	6,485
– jointly-controlled entities		**81,689**	23,897
Increase in intangible assets		**(290)**	(596)
Increase in investments in jointly-controlled entities		**(9,037)**	(13,370)
Interest received		**18,562**	18,263
Payments for purchase of property, plant and equipment		**(159,247)**	(208,763)
Proceeds from sale of property, plant and equipment and investment properties		**208,056**	139,641
Net cash from/(used in) investing activities		**214,098**	(352,762)
Cash flows from financing activities			
Acquisition of non-controlling interests		**(143,538)**	(129)
Capital contribution from non-controlling interests		**7,742**	1,252
Dividends paid		**(250,782)**	(181,595)
Finance lease payments		**(28)**	(3)
(Repayment of)/Increase in other long-term liabilities		**(557)**	382
Interest paid (including amounts capitalised as property, plant and equipment, investment properties and development properties)		**(92,720)**	(93,967)
Net proceeds from/(repayments of) revolving credit facilities and short-term bank borrowings		**50,999**	(122,310)
Net decrease in amount owing by related parties		**61,797**	54,163
Payment of financing transaction costs		**(4,857)**	(8,544)
Payment on settlement of financial instruments		**(4,132)**	–
Proceeds from bank borrowings		**359,806**	790,826
Proceeds from issuance of bonds and notes		**607,575**	356,243
Repayment of bank borrowings		**(385,702)**	(451,655)
Repayment of bonds and notes		**(455,270)**	(404,000)
Net cash used in financing activities		**(249,667)**	(59,337)
Net increase/(decrease) in cash and cash equivalents		**505,155**	(346,839)
Cash and cash equivalents at beginning of the year		**2,127,160**	2,487,580
Effect of exchange rate changes on balances held in foreign currencies		**17,362**	(13,581)
Cash and cash equivalents at end of the year	15	**2,649,677**	2,127,160

Significant non-cash transactions

(i) Management fee income of $9,925,000 (2012: $9,776,000) is received and receivable by the Group in the form of units in an associate.

(ii) In 2012, dividends amounting to $5,960,000 were paid by a subsidiary to its non-controlling interests in the form of scrip dividends.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 14 March 2014.

1 DOMICILE AND ACTIVITIES

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

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

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

The consolidated financial statements for the year ended 31 December 2013 relate to the Company and its subsidiaries (together referred to as the Group and individually as Group entities) and the Group's interests in associates and jointly-controlled entities.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis except that financial instruments at fair value through profit or loss, 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 FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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 are described in the following note:

Note 2.3	Assessment of ability to control or exert significant influence over partly-owned investments

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

Note 2.19	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
Note 10	Measurement of realisable amounts of development properties
Note 23	Valuation of defined benefit obligations
Note 38	Valuation of financial instruments that are not actively traded

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities except as explained in Note 2.2, which addresses changes in accounting policies.

2.2 Changes in accounting policies

(i) Defined benefit plans and short-term or other long-term employee benefits definition

From 1 January 2013, as a result of FRS 19 (2011), the Group changed its accounting policy with respect to the basis for determining the income or expense related to defined benefit plans.

Defined benefit plans

Under FRS 19 (2011), the Group determines the net interest (income)/expense on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit plan obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments. Consequently, the net interest on defined benefit liability/(asset) now comprises: interest cost on the defined benefit obligation, interest income on the plan assets, and interest on the effect on the asset ceiling. Previously, the Group determined interest income on plan assets based on their long term rate of expected return.

The above had no significant impact on the Group's profits, assets and liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

(ii) Fair value measurement

FRS 113 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other FRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other FRSs, including FRS 107 *Financial Instruments: Disclosures*.

From 1 January 2013, in accordance with the transitional provisions of FRS 113, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities. The additional disclosures necessary as a result of the adoption of this standard has been included in Note 38.

(iii) Presentation of items of other comprehensive income

From 1 January 2013, as a result of the amendments to FRS 1, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendment to FRS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

2.3 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 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.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the income statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Associates and jointly-controlled entities

Associates are companies in which the Group has significant influence, but not control or joint control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Associates and jointly-controlled entities are accounted for using the equity method and are recognised initially at cost. The cost of the investments includes transaction cost.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of associates and jointly-controlled entities, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an associate or a jointly-controlled entity, the carrying amount of that interest (including any long-term interests that, in substance, form part of the Group's net investment in the associate or jointly-controlled entity) is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Jointly-controlled operations

A jointly-controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operation. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that the Group incurs and its share of the income that it earns from the joint operation. The Group recognises its interests in jointly-controlled operations using proportionate consolidation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of consolidation (cont'd)

Jointly-controlled operations (cont'd)

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

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the adjustment to non-controlling interests and the fair value of consideration paid is recognised directly in equity and presented as part of equity attributable to owners of the Company.

Transactions eliminated on consolidation

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

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

Investments in subsidiaries, associates and jointly-controlled entities are stated in the Company's statement of financial position at cost less accumulated impairment losses.

2.4 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currencies at the exchange rates at the date on which their fair values were determined. Foreign currency differences arising on translation are recognised in the income statement, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below), available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation (see below) or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Foreign currencies (cont'd)

Foreign operations

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

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to the income statement as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or jointly-controlled entity that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the income statement.

Net investment in a foreign operation

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve. When the foreign operation is disposed of, the cumulative amount in the foreign currency translation reserve is transferred to the income statement as part of profit or loss on disposal.

Hedge of net investment in a foreign operation

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

2.5 Property, plant and equipment

Owned assets

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Property, plant and equipment (cont'd)

Owned assets (cont'd)

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

Subsequent expenditure

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

Depreciation

No depreciation is provided on freehold and 999-year leasehold land. For freehold and leasehold properties under development and renovation-in-progress, no depreciation is provided until these items have been completed.

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

The estimated useful lives for the current and comparative periods are as follows:

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

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

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

2.6 Intangible assets

Goodwill

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

Acquisitions prior to 1 January 2001

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Intangible assets (cont'd)

Acquisitions occurring between 1 January 2001 and 1 January 2005

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

Acquisitions occurring between 1 January 2005 and 31 December 2009

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

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

Goodwill is measured at cost less accumulated impairment losses, and tested for impairment (Note 2.13). Negative goodwill is recognised immediately in the income statement.

Acquisitions on or after 1 January 2010

Goodwill represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

Goodwill is measured at cost less accumulated impairment losses, and tested for impairment (Note 2.13).

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Other intangible assets (comprise mainly technology, trade name, trademarks and customer relations) are amortised in the income statement on a straight-line basis over their estimated useful lives ranging from 1 to 15 years, from the date on which they are available for use.

2.7 Investment properties

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The estimated useful lives are as follows:

Freehold and leasehold properties	–	50 years, or lease term if shorter
Leasehold land (other than 999-year leasehold land)	–	Lease term ranging from 85 to 97 years
Furniture, fittings, plant and equipment and improvements	–	3 to 20 years

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

Transfers

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

- commencement of owner-occupation, for a transfer from investment properties to property, plant and equipment;
- commencement of development with a view to sell, for a transfer from investment properties to development properties; and
- end of owner-occupation, for a transfer from property, plant and equipment to investment properties.

2.8 Leased assets

Leases in which the Group assumes substantially all risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases, and except for investment properties and lease premium prepayment, the leased assets are not recognised in the statement of financial position.

Lease premium prepayment relates to upfront premium paid in respect of long leasehold land where substantially all risks and rewards of ownership are not anticipated to pass to the Group. It is classified appropriately between current and non-current assets and is charged to the income statement on a straight-line basis over the term of the lease. Interest attributable to finance the purchase of lease of land is capitalised to the cost of lease.

2 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. 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. Upon initial recognition, attributable transaction costs are recognised in the income statement as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables excluding prepayments and tax recoverable, and other non-current assets excluding deferred tax assets, deferred expenditure, prepayment and intangible assets.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial instruments (cont'd)

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 2.4), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to the income statement.

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

Non-derivative financial liabilities

The Group initially recognises all financial liabilities on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: borrowings, other liabilities and trade and other payables excluding deferred income and derivative financial liabilities.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Derivative financial instruments, including hedging activities

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial instruments (cont'd)

Cash flow hedges

When a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were recognised directly in equity are reclassified to the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement (i.e. when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects the income statement. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

Separable embedded derivatives

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

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the income statement.

2.10 Interest-free intercompany loans

Loans to subsidiaries

Intercompany loans to subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future and are, in substance, a part of the Company's net investment in those subsidiaries, are stated at cost less accumulated impairment losses.

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

2.11 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 less costs to be incurred in selling the property.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Development properties (cont'd)

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 as deferred income within trade and other payables.

2.12 Consumable stocks

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

2.13 Impairment

Impairment of non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more loss events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in the income statement.

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

All impairment losses are recognised in the income statement. Impairment losses on available-for-sale financial asset are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to the income statement.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment (cont'd)

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 the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

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

2.14 Assets and liabilities classified as held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to consumable stocks, financial assets, deferred tax assets and investment properties, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

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

2.15 Share capital

Ordinary shares

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Share capital (cont'd)

Preference shares

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

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

2.16 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit post-employment plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on AA credit rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by a qualified actuary using the projected unit credit method.

When the 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 the income statement.

The Group recognises remeasurement gains and losses within the consolidated statement of comprehensive income in the period in which they occur.

The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits, other than pension plans is the amount of future benefit that employees have earned in return for their service in current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on AA credit rated bonds that have maturity dates approximating the terms of the Group's obligations. Any actuarial gains and losses are recognised in the income statement in the period in which they arise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Employee benefits (cont'd)

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Group receives goods or services as consideration for its equity instruments of the Group entities are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

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.

2.17 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Beijing indemnity

A provision for tax indemnity to the former shareholders of Grand Millennium Beijing which the Group acquired an additional 40% interest in 2010.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Provisions (cont'd)

Onerous contracts

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

Capital expenditure

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

Legal

Provision for legal fees is recognised in relation to disputes in several United States hotels, credit card issues and management contract disagreement.

Dilapidation

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

Rental guarantee

A provision for rental guarantee is recognised when the Group becomes a party to the contractual provisions of the guarantees.

2.18 Financial guarantee contracts

Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 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 costs. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

Rental and car park income

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

Car park income is recognised on an accrual basis.

Hotel income

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

Dividends

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

2.20 Operating leases

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries, jointly-controlled entities and associates to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

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

2.23 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, adjusted for the dilutive effect arising from the conversion of the non-redeemable convertible non-cumulative preference shares.

2.24 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the board of directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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 2012		2,685,099	735,820	260,333	842,365	11,481	4,535,098
Additions		17,305	91,704	17,460	64,226	19,785	210,480
Acquisition of subsidiaries	35	76,468	17	–	3,282	84	79,851
Disposals		(15,371)	–	–	(35,389)	–	(50,760)
Written off during the year		(778)	(973)	–	(6,736)	–	(8,487)
Reclassifications and transfers		23,563	144,990	(165,388)	10,843	(14,008)	–
Transfers to assets classified as held for sale	11	–	–	–	(789)	–	(789)
Translation differences on consolidation		(90,378)	(29,356)	(793)	(28,858)	(335)	(149,720)
At 31 December 2012		2,695,908	942,202	111,612	848,944	17,007	4,615,673
Additions		36,427	(116)*	21,289	62,051	47,208	166,859
Disposal of subsidiaries	35	(8,739)	–	–	(18)	–	(8,757)
Disposals		–	–	–	(4,648)	–	(4,648)
Written off during the year		–	–	–	(38,839)	–	(38,839)
Reclassifications and transfers		10,713	11,353	(14,727)	37,102	(44,441)	–
Transfers (to)/from investment properties	4	(1,224)	2,022	–	47	–	845
Translation differences on consolidation		92,254	32,444	819	17,085	960	143,562
At 31 December 2013		2,825,339	987,905	118,993	921,724	20,734	4,874,695

* Relates to excess accruals written back.

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Note	Freehold land and buildings $'000	Leasehold land and buildings $'000	Freehold and leasehold properties under development $'000	Furniture, fittings, plant and equipment and improvements $'000	Renovation-in-progress $'000	Total $'000
Group							
Accumulated depreciation and impairment losses							
At 1 January 2012		446,226	188,991	6,036	580,663	–	1,221,916
Charge for the year	29	17,598	15,690	–	47,198	–	80,486
Disposals		(3,522)	–	–	(34,626)	–	(38,148)
Written off during the year		(699)	(937)	–	(6,663)	–	(8,299)
Reclassifications and transfers		(2,918)	3,035	–	(117)	–	–
Transfers to assets classified as held for sale	11	–	–	–	(383)	–	(383)
Translation differences on consolidation		(13,966)	(10,305)	(257)	(20,845)	–	(45,373)
At 31 December 2012		442,719	196,474	5,779	565,227	–	1,210,199
Charge for the year	29	18,001	21,306	–	52,972	–	92,279
Disposal of subsidiaries	35	(8,739)	–	–	(18)	–	(8,757)
Disposals		–	–	–	(3,329)	–	(3,329)
Written off during the year		–	–	–	(38,405)	–	(38,405)
Impairment losses	29	20,924	–	–	2,782	–	23,706
Reclassifications and transfers		27	145	–	(172)	–	–
Translation differences on consolidation		14,365	(2,890)	265	20,837	–	32,577
At 31 December 2013		487,297	215,035	6,044	599,894	–	1,308,270
Carrying amounts							
At 1 January 2012		2,238,873	546,829	254,297	261,702	11,481	3,313,182
At 31 December 2012		2,253,189	745,728	105,833	283,717	17,007	3,405,474
At 31 December 2013		2,338,042	772,870	112,949	321,830	20,734	3,566,425

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Note	Freehold land and buildings $'000	Furniture, fittings and equipment $'000	Total $'000
Company				
Cost				
At 1 January 2012		3,794	26,680	30,474
Additions		–	2,354	2,354
Disposals		–	(338)	(338)
Written off during the year		–	(336)	(336)
At 31 December 2012		3,794	28,360	32,154
Additions		–	3,993	3,993
Disposals		–	(2,112)	(2,112)
Written off during the year		–	(497)	(497)
Transfers to investment properties	4	(1,224)	–	(1,224)
At 31 December 2013		2,570	29,744	32,314
Accumulated depreciation				
At 1 January 2012		–	21,282	21,282
Charge for the year		–	1,762	1,762
Disposals		–	(330)	(330)
Written off during the year		–	(332)	(332)
At 31 December 2012		–	22,382	22,382
Charge for the year		–	1,959	1,959
Disposals		–	(1,325)	(1,325)
Written off during the year		–	(497)	(497)
At 31 December 2013		–	22,519	22,519
Carrying amounts				
At 1 January 2012		3,794	5,398	9,192
At 31 December 2012		3,794	5,978	9,772
At 31 December 2013		2,570	7,225	9,795

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

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Furniture, fittings and equipment	**102**	57	**–**	–

Included in property, plant and equipment are certain hotel properties of the Group with carrying value totalling $420,856,000 (2012: $418,950,000) which are mortgaged to certain financial institutions to secure credit facilities (refer to Notes 20 and 21 for more details of the facilities).

The management undertook their annual review of the carrying value of hotels and property assets for indication of impairment and, where appropriate, external valuations were also undertaken. As a result of this review, an impairment charge of $23,706,000 (2012: $Nil) included in "other operating expenses" was made for the year ended 31 December 2013, in relation to a hotel in United States of America held by a subsidiary.

The estimate of recoverable amount was based on the value-in-use of the said property determined by professional valuer using pre-tax discount rate of 11.5%.

4 INVESTMENT PROPERTIES

	Note	Group $'000	Company $'000
Cost			
At 1 January 2012		3,737,300	612,789
Additions		49,306	3,766
Acquisition of subsidiaries	35	222,820	–
Disposals		(63,611)	–
Transfers to assets classified as held for sale	11	(107,813)	–
Written off during the year		(1,618)	(1,611)
Translation differences on consolidation		(64,482)	–
At 31 December 2012		3,771,902	614,944
Additions		24,895	2,683
Disposals		(57,732)	–
Written off during the year		(579)	(231)
Transfers (to)/from property, plant and equipment	3	(845)	1,224
Translation differences on consolidation		(47,367)	–
At 31 December 2013		3,690,274	618,620
Accumulated depreciation and impairment losses			
At 1 January 2012		830,119	87,625
Charge for the year	29	64,897	10,279
Disposals		(20,577)	–
Transfers to assets classified as held for sale	11	(10,830)	–
Written off during the year		(1,616)	(1,611)
Impairment loss	29	6,009	–
Translation differences on consolidation		(12,293)	–
At 31 December 2012		855,709	96,293
Charge for the year	29	64,054	11,423
Disposals		(7,988)	–
Written off during the year		(579)	(231)
Impairment loss	29	2,324	–
Translation differences on consolidation		(9,068)	–
At 31 December 2013		904,452	107,485
Carrying amounts			
At 1 January 2012		2,907,181	525,164
At 31 December 2012		2,916,193	518,651
At 31 December 2013		2,785,822	511,135
Fair value			
At 31 December 2012		6,692,283	1,188,101
At 31 December 2013		6,685,482	1,232,742

Investment properties comprise commercial, residential and industrial properties that are leased to external customers. Generally, each of the leases is fixed for a period of 1 to 5 years, and subsequent renewals are negotiated at prevailing market rates and terms.

In 2013, upon the Group and the Company identifying indications of impairment and thereafter assessing the carrying values of their investment properties, the Group recognised impairment loss of $2,324,000 (2012: $6,009,000). The impairment loss was included in “other operating expenses”.

The impairment loss of $2,324,000 (2012: $6,009,000) was in relation to a property in Japan. The estimate of recoverable amount of the said property was based on its fair value as determined by an independent licensed appraiser.

Investment properties of the Group with a total carrying amount of $1,118,773,000 (2012: $1,146,017,000) are mortgaged to certain financial institutions to secure credit facilities (refer to Notes 20 and 21 for more details of the facilities).

5 INVESTMENTS IN AND BALANCES WITH SUBSIDIARIES

	Note	Company 2013 $'000	Company 2012 $'000
Investments in subsidiaries			
Unquoted shares, at cost		**2,261,753**	2,278,068
Discount implicit in non-current inter-company balances		**6,022**	7,095
Impairment losses		**(45,428)**	(61,728)
		2,222,347	2,223,435
Balances with subsidiaries			
Amounts owing by subsidiaries:			
– trade, interest-free		**8,679**	7,453
– non-trade, interest-free		**1,955,667**	2,016,583
– non-trade, interest-bearing		**3,620,986**	3,075,571
		5,585,332	5,099,607
Impairment losses		**(51,827)**	(57,123)
		5,533,505	5,042,484
Receivable:			
– within 1 year	12	**5,125,624**	4,614,257
– after 1 year	9	**407,881**	428,227
		5,533,505	5,042,484
Amounts owing to subsidiaries:			
– trade, interest-free		**4,181**	1,034
– non-trade, interest-free		**1,114,299**	938,978
– non-trade, interest-bearing		**486,937**	383,733
		1,605,417	1,323,745
Repayable:			
– within 1 year	27	**1,330,417**	1,223,745
– after 1 year	24	**275,000**	100,000
		1,605,417	1,323,745

During the year, the Company assessed the carrying amount of its investments in subsidiaries for indications of impairment. The Company utilised impairment loss of $16,300,000 on its investment in a subsidiary which was liquidated during the year.

In 2012, the Company reversed impairment loss of $1,630,000 on its investment in a subsidiary which had disposed of its proportionate interest in industrial land parcels located at Jalan Lam Huat and recognised a profit from the sale. Accordingly, the impairment loss previously recognised for the investment of this subsidiary was reversed fully.

The non-trade amounts owing by and to subsidiaries are unsecured. In respect of interest-bearing amounts owing by and to subsidiaries, interest was charged at 0.51% to 1.85% (2012: 0.51% to 3.57%) and at 1.00% to 3.57% (2012: 1.00% to 3.57%) per annum respectively. The non-trade balances with subsidiaries that are presented as receivable or repayable within one year are receivable or repayable on demand.

Included in amounts owing by subsidiaries receivable after one year are loans to subsidiaries with carrying amounts of $407,881,000 (2012: $428,227,000) for which settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are in substance a part of the Company's net investment in subsidiaries, they are stated at cost less accumulated impairment losses.

5 INVESTMENTS IN AND BALANCES WITH SUBSIDIARIES (CONT'D)

Impairment losses

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

	Company	
	2013	2012
	$'000	$'000
At 1 January	**57,123**	55,017
(Write-back)/Charge of impairment losses	**(5,296)**	2,106
At 31 December	**51,827**	57,123

Further details regarding subsidiaries are set out in Note 41.

6 INVESTMENTS IN AND BALANCES WITH ASSOCIATES

		Group		Company	
	Note	2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Investments in associates		**493,174**	417,855	**–**	–
Balances with associates					
Amounts owing by associates:					
– trade, interest-free		**1,868**	931	**822**	–
– non-trade, interest-bearing		**–**	94,125	**–**	–
– non-trade, interest-free		**39**	18	**–**	–
		1,907	95,074	**822**	–
Receivable:					
– within 1 year	12	**1,907**	37,621	**822**	–
– after 1 year	9	**–**	57,453	**–**	–
		1,907	95,074	**822**	–
Amounts owing to an associate:					
– trade, interest-free		**6,261**	7,277	**21**	9
– non-trade, interest-bearing		**–**	32,340	**–**	–
		6,261	39,617	**21**	9
Payable:					
– within 1 year	27	**6,261**	7,277	**21**	9
– after 1 year	24	**–**	32,340	**–**	–
		6,261	39,617	**21**	9

The non-trade amounts owing by and to associates are unsecured. In respect of the interest-bearing amounts owing by an associate, interest was charged at 2.87% to 3.24% for 2012. For the interest-bearing amounts owing to an associate, interest was charged at 6.90% to 7.54% for 2012.

The non-trade balances with associates that are presented as receivable within one year are receivable on demand. The non-current receivables from and payables to associates are not expected to be repaid within the next one year.

Included in the Group's investments in associates is an investment in the quoted equity of an associate with a carrying value of $267,811,000 (2012: $279,687,000) and whose fair value as at the reporting date based on published price quotations is $567,296,000 (2012: $642,608,000).

6 INVESTMENTS IN AND BALANCES WITH ASSOCIATES (CONT'D)

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

	2013 $'000	2012 $'000
Total assets	**2,439,513**	2,079,484
Total liabilities	**1,146,791**	941,009
Revenue	**312,701**	294,321
Profit after tax	**110,676**	83,569

Further details regarding the associates are set out in Note 41.

7 INVESTMENTS IN AND BALANCES WITH JOINTLY-CONTROLLED ENTITIES

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Investments in jointly-controlled entities					
Investments in jointly-controlled entities		**772,266**	806,956	**37,360**	37,360
Impairment losses		**–**	–	**(1,000)**	(1,000)
		772,266	806,956	**36,360**	36,360
Balances with jointly-controlled entities					
Amounts owing by jointly-controlled entities receivable within 1 year:					
– trade, interest-free		**8,677**	6,807	**267**	239
– non-trade, interest-bearing		**812,061**	696,501	**283,472**	275,230
– non-trade, interest-free		**214,239**	215,117	**–**	–
		1,034,977	918,425	**283,739**	275,469
Impairment losses		**(41,448)**	(40,149)	**(16,365)**	(16,365)
	12	**993,529**	878,276	**267,374**	259,104
Amounts owing to jointly-controlled entities payable within 1 year:					
– trade, interest-free		**10**	2	**7**	–
– non-trade, interest-free		**23,376**	24,824	**21,015**	24,824
	27	**23,386**	24,826	**21,022**	24,824

The non-trade amounts owing by and to jointly-controlled entities are unsecured. In respect of interest-bearing amounts owing by jointly-controlled entities, interest at rates ranging from 1.50% to 4.75% (2012: 0.75% to 8.50%) per annum and 1.50% to 2.00% (2012: 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.

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

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

		Group		Company	
	Note	2013 $'000	2012 $'000	2013 $'000	2012 $'000
At 1 January		**40,149**	36,935	**16,365**	16,365
Charge of impairment losses	29	**1,091**	2,904	**–**	–
Translation differences on consolidation		**208**	310	**–**	–
At 31 December		**41,448**	40,149	**16,365**	16,365

The charge of impairment losses was included in "other operating expenses".

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

	Group	
	2013 $'000	2012 $'000
Results		
Revenue and other operating income	**303,830**	252,547
Cost of sales and other expenses	**(253,055)**	(194,579)
Profit before income tax	**50,775**	57,968
Income tax expense	**(8,951)**	(9,078)
Non-controlling interests	**(8,121)**	(8,678)
Profit for the year	**33,703**	40,212
Assets and liabilities		
Non-current assets	**1,322,869**	394,630
Current assets	**1,967,508**	2,616,066
Total assets	**3,290,377**	3,010,696
Current liabilities	**(605,777)**	(564,275)
Non-current liabilities	**(1,912,334)**	(1,639,467)
Total liabilities	**(2,518,111)**	(2,203,742)
Commitments		
Development expenditure contracted but not provided for in the financial statements	**556,874**	510,404
Capital expenditure contracted but not provided for in the financial statements	**1,557**	280
Non-cancellable operating lease payables	**863**	10,355
Non-cancellable operating lease receivables	**632**	9,308

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

Further details regarding jointly-controlled entities are set out in Note 41.

8 FINANCIAL ASSETS

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Non-current financial assets				
Unquoted equity investments available for sale				
– fellow subsidiaries	**3,290**	3,294	**3,290**	3,290
– other related parties	**14,682**	44,665	**–**	–
– non-related companies	**30,747**	18,505	**1,340**	1,340
Impairment losses	**(3,339)**	(3,339)	**–**	–
	45,380	63,125	**4,630**	4,630
Quoted equity investments available for sale				
– fellow subsidiaries	**29,814**	27,421	**25,070**	23,057
– non-related companies	**9,922**	11,586	**–**	–
	39,736	39,007	**25,070**	23,057
Total	**85,116**	102,132	**29,700**	27,687
Current financial assets				
Equity investments held for trading				
– quoted	**34,486**	31,375	**–**	–
– unquoted	**2,048**	1,210	**–**	–
Total	**36,534**	32,585	**–**	–

Included in quoted equity investments held for trading are investments in shares of listed subsidiaries with a total carrying value of $14,384,000 (2012: $11,627,000) which are held by the Group for trading purposes.

Included in unquoted investments available for sale of the Group and the Company are investments with total carrying amount of $45,380,000 (2012: $54,113,000) and $4,630,000 (2012: $4,630,000) respectively, which are measured at cost less accumulated impairment losses as the fair values cannot be determined reliably. As a result, the variability in the range of reasonable fair value estimates derived from valuation techniques is expected to be significant. The Group does not intend to dispose of these investments in the foreseeable future.

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

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

Impairment losses

There is no change in impairment losses in respect of non-current financial assets during the year.

9 OTHER NON-CURRENT ASSETS

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Amounts owing by:					
– subsidiaries	5	**–**	–	**407,881**	428,227
– associates	6	**–**	57,453	**–**	–
Deferred tax assets	26	**4,075**	4,059	**–**	–
Deferred expenditure		**553**	585	**–**	–
Deposits and prepayment		**6,715**	6,542	**–**	–
Intangible assets		**4,569**	4,260	**–**	–
Other receivables		**6,402**	6,173	**–**	–
		22,314	79,072	**407,881**	428,227

10 DEVELOPMENT PROPERTIES

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Properties in the course of development, at cost	**3,232,245**	3,667,484	**286,231**	423,578
Attributable profit	**118,260**	331,787	**96,510**	52,857
	3,350,505	3,999,271	**382,741**	476,435
Progress billings	**(560,283)**	(1,210,011)	**(217,571)**	(275,014)
	2,790,222	2,789,260	**165,170**	201,421
Properties for development and resale representing mainly land, at cost	**265,487**	106,219	**–**	–
Completed units, at cost	**1,179,299**	1,205,588	**196,645**	208,038
	4,235,008	4,101,067	**361,815**	409,459
Allowance for foreseeable losses	**(26,322)**	(29,583)	**(506)**	(506)
	4,208,686	4,071,484	**361,309**	408,953
Share of jointly-controlled operations				
Properties in the course of development, at cost	**286,669**	380,916	**290,492**	384,449
Attributable profit	**58,435**	113,771	**58,435**	113,771
	345,104	494,687	**348,927**	498,220
Progress billings	**(227,248)**	(255,486)	**(227,248)**	(255,486)
	117,856	239,201	**121,679**	242,734
Total development properties	**4,326,542**	4,310,685	**482,988**	651,687

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

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
At 1 January		**29,583**	35,511	**506**	1,185
Allowance written back (net)	29	**(2,566)**	(5,593)	**–**	(679)
Allowance utilised		**(493)**	(190)	**–**	–
Translation differences on consolidation		**(202)**	(145)	**–**	–
At 31 December		**26,322**	29,583	**506**	506

10 DEVELOPMENT PROPERTIES (CONT'D)

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

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Properties in the course of development, at cost	**2,601,093**	3,409,630	**576,723**	808,027
Attributable profit	**176,695**	445,558	**154,945**	166,628
	2,777,788	3,855,188	**731,668**	974,655
Progress billings	**(787,531)**	(1,339,356)	**(444,819)**	(530,500)

In 2013, development properties for the Group recognised as cost of sales, excluding foreseeable losses amounted to $703,570,000 (2012: $921,021,000).

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

Development properties of the Group and the Company with carrying amounts of $735,502,000 (2012: $889,621,000) and $Nil (2012: $158,329,000) respectively are mortgaged to financial institutions to secure credit facilities (refer to Note 20).

11 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

(a) In 2012, the Group entered into sale and purchase agreements to sell 18 strata units of 3 investment properties.

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

The investment properties relate to the rental properties segment. These transactions were completed in 2013.

At 31 December 2012, the assets and liabilities associated with the above investment properties and subsidiary of the Group had been presented in the statement of financial position as "Assets classified as held for sale" and "Liabilities classified as held for sale".

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

* The interest-bearing borrowing relates to a secured term loan taken up by a subsidiary. In December 2012, the subsidiary refinanced its existing interest-bearing borrowing which was due for repayment. The refinanced secured term loan matures in December 2015 and is secured by a mortgage on the subsidiary's investment property amounting to $91,976,000. The subsidiary's secured term loan bears interest at rates ranging from 6.77% to 7.65% per annum in 2012.

11 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (CONT'D)

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

12 TRADE AND OTHER RECEIVABLES

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Trade receivables		**130,640**	114,739	**26,122**	14,973
Impairment losses		**(12,139)**	(12,230)	**(8,130)**	(8,345)
		118,501	102,509	**17,992**	6,628
Other receivables		**37,449**	32,740	**3,115**	2,729
Impairment losses		**(159)**	(213)	**(1,379)**	(1,423)
		37,290	32,527	**1,736**	1,306
Deposits and prepayments		**84,349**	53,263	**814**	496
Tax recoverable		**608**	2,166	**–**	–
Accrued receivables	13	**401,137**	75,009	**41,813**	53,252
Impairment losses		**(7,307)**	–	**–**	–
		393,830	75,009	**41,813**	53,252
Amounts owing by:					
– subsidiaries	5	**–**	–	**5,125,624**	4,614,257
– associates	6	**1,907**	37,621	**822**	–
– jointly-controlled entities	7	**993,529**	878,276	**267,374**	259,104
– fellow subsidiaries	14	**4,562**	1,360	**1,310**	1,333
		1,634,576	1,182,731	**5,457,485**	4,936,376

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

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Property development	**1,230,466**	763,232	**3,208,361**	3,567,308
Hotel operations	**113,162**	214,178	**173,566**	145,105
Rental properties	**174,771**	111,332	**704,834**	602,403
Others	**37,417**	43,145	**1,370,484**	621,384
	1,555,816	1,131,887	**5,457,245**	4,936,200

12 TRADE AND OTHER RECEIVABLES (CONT'D)

Impairment losses

The aging of trade receivables at the reporting date is:

	Gross 2013 $'000	Impairment losses 2013 $'000	Gross 2012 $'000	Impairment losses 2012 $'000
Group				
Not past due	**90,046**	**–**	66,247	39
Past due 1 – 30 days	**17,095**	**2,110**	15,924	1,288
Past due 31 – 60 days	**7,856**	**473**	9,300	450
Past due 61 – 90 days	**2,608**	**107**	8,646	286
More than 90 days	**13,035**	**9,449**	14,622	10,167
	130,640	**12,139**	114,739	12,230
Company				
Not past due	**16,561**	**–**	3,112	–
Past due 1 – 30 days	**1,002**	**6**	701	8
Past due 31 – 60 days	**88**	**15**	317	6
Past due 61 – 90 days	**8**	**–**	37	31
More than 90 days	**8,463**	**8,109**	10,806	8,300
	26,122	**8,130**	14,973	8,345

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

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
At 1 January		**12,443**	12,147	**9,768**	9,454
Transfer to assets classified as held for sale		**–**	(137)	**–**	–
Charge/(Write-back) of impairment losses	29	**6,840**	1,496	**(181)**	643
Impairment losses utilised		**(307)**	(508)	**(31)**	(298)
Translation differences on consolidation		**629**	(555)	**(47)**	(31)
At 31 December		**19,605**	12,443	**9,509**	9,768

The charge/(write-back) of impairment losses 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 risks beyond amount provided for collection losses is inherent in the Group's trade and other receivables.

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

13 ACCRUED RECEIVABLES

Accrued receivables represent mainly the remaining balances of sales consideration for development properties to be billed. In accordance with the Group's accounting policy, income is recognised on the sale of development properties based on accounting policies in Note 2.19. Upon receipt of the Temporary Occupation Permit, the balance of sales consideration to be billed is included as accrued receivables.

14 AMOUNTS OWING BY AND TO FELLOW SUBSIDIARIES

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Amounts owing by fellow subsidiaries:					
– trade, interest-free	12	**4,562**	1,360	**1,310**	1,333
Amounts owing to fellow subsidiaries:					
– trade, interest-free		**6**	2,907	**6**	4
– non-trade, interest-bearing		**94,632**	113,579	**–**	–
	27	**94,638**	116,486	**6**	4

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% (2012: 2.00% to 2.50%) per annum.

15 CASH AND CASH EQUIVALENTS

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Amounts held under the Singapore development project rules, withdrawals from which are restricted to project-related payments		**422,636**	286,504	**109,092**	151,130
Fixed deposits placed with financial institutions which are:					
– fellow subsidiaries		**34,214**	58,698	**–**	–
– others		**1,511,837**	1,447,484	**906,598**	798,455
		1,546,051	1,506,182	**906,598**	798,455
Cash at banks and in hand		**902,574**	364,141	**351,574**	90,419
Cash and cash equivalents		**2,871,261**	2,156,827	**1,367,264**	1,040,004
Cash and cash equivalents included in assets classified as held for sale	11	**–**	5,204		
Bank overdrafts	19	**(221,584)**	(34,871)		
Cash and cash equivalents in the consolidated statement of cash flows		**2,649,677**	2,127,160		

16 SHARE CAPITAL

	Company			
	2013		2012	
	Number of shares	$'000	Number of shares	$'000
Issued and fully paid ordinary share capital with no par value:				
At 1 January and 31 December	**909,301,330**	**1,661,179**	909,301,330	1,661,179
Issued and fully paid non-redeemable convertible non-cumulative preference share capital with no par value:				
At 1 January and 31 December	**330,874,257**	**330,218**	330,874,257	330,218
Total share capital		**1,991,397**		1,991,397

Ordinary share capital

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

Preference share capital

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

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

As at 31 December 2013, a maximum number of 44,998,898 (2012: 44,998,898) ordinary shares are issuable upon full conversion at the sole option of the Company of all the Preference Shares.

Holders of Preference Shares have no voting rights, except under certain circumstances provided for in the Singapore Companies Act and as set out in the Company's Articles of Association.

The Preference Shares rank:

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

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

16 SHARE CAPITAL (CONT'D)

Capital management policy

The Group's primary objective in capital management is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to continue to maintain the future development and growth of the business.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. For this purpose, the Group defines "capital" as including all components of equity, including non-controlling interests. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares or other financial instruments.

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

	Group	
	2013 $'000	2012 $'000
Gross borrowings	**4,839,220**	4,518,704
Cash and cash equivalents *	**(2,871,261)**	(2,162,031)
Net debt	**1,967,959**	2,356,673
Total capital employed	**9,828,385**	9,257,055
Net debt equity ratio	**0.20**	0.25

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

No changes were made to the above objectives, policies and processes during the years ended 31 December 2013 and 2012.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

17 RESERVES

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Capital reserve	**143,151**	149,098	**63,743**	63,743
Hedging reserve	**(89)**	(387)	**–**	–
Fair value reserve	**7,068**	6,341	**14,154**	12,141
Other reserve	**(4,409)**	(4,354)	**–**	–
Share option reserve	**11,691**	10,309	**–**	–
Foreign currency translation reserve	**(339,320)**	(392,147)	**–**	–
Accumulated profits	**6,035,891**	5,543,391	**3,370,000**	3,326,276
	5,853,983	5,312,251	**3,447,897**	3,402,160

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

The hedging reserve comprises the effective portions of the cumulative net changes in the fair values of cash flow hedging instruments related to hedged transactions that have not yet occurred.

17 RESERVES (CONT'D)

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

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

The foreign currency translation reserve comprises:

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

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

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

The accumulated profits of the Group include profits of $120,923,000 (2012: $171,746,000) attributable to associates and jointly-controlled entities.

18 EQUITY COMPENSATION BENEFITS

By Subsidiaries

Millennium & Copthorne Hotels plc

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

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

(ii) Millennium & Copthorne Hotels Sharesave Scheme 2006; and

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

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

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

18 EQUITY COMPENSATION BENEFITS (CONT'D)

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

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

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

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

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

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

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

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

(ii) Millennium & Copthorne Hotels Sharesave Scheme 2006

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

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

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

(d) The options may be exercised upon maturity provided that the monies agreed under the savings contract are fully paid and the participant continues to hold office or employment with M&C. The M&C Sharesave 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.

18 EQUITY COMPENSATION BENEFITS (CONT'D)

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

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

Vesting of Performance Share Awards is subject to the achievement of stretching performance targets. For awards made in 2006 to 2010, earnings per share (EPS) targets were chosen so that participants are incentivised to deliver significant earnings growth.

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

The performance condition applying to Performance Share Awards require M&C's EPS to grow, in real terms, over a period of three consecutive financial years after the award. Performance Share Awards will vest on the third anniversary of the award being made, subject to the EPS growth targets being met. TSR targets measure M&C's relative TSR performance over a three-year period against a comparator group comprising companies in the FTSE 250 index participating companies (excluding investment trusts). Awards will not be subject to re-testing.

City e-Solutions Limited (CES)

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

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

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

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

(iii) the nominal value of a CES share.

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

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

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

18 EQUITY COMPENSATION BENEFITS (CONT'D)

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

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

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2012	Options granted during the year	Options exercised during the year	Options forfeited during the year	Options expired during the year	Options outstanding as at 31 December 2012	Options exercisable as at 31 December 2012	Exercise period
2012									
Part I (Approved)									
10.03.2003	1.9350	7,708	–	(7,708)	–	–	–	–	10.03.2006 – 09.03.2013
16.03.2004	2.9167	10,285	–	–	–	–	10,285	10,285	16.03.2007 – 15.03.2014
24.03.2005	3.9842	7,529	–	(7,529)	–	–	–	–	24.03.2008 – 23.03.2015
Part II (Unapproved)									
16.03.2004	2.9167	9,415	–	–	–	–	9,415	9,415	16.03.2007 – 15.03.2014
24.03.2005	3.9842	79,968	–	(39,656)	–	–	40,312	40,312	24.03.2008 – 23.03.2015
		114,905	–	(54,893)	–	–	60,012	60,012	

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2013	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 2013	Options exercisable as at 31 December 2013	Exercise period
2013									
Part I (Approved)									
16.03.2004	2.9167	10,285	–	(10,285)	–	–	–	–	16.03.2007 – 15.03.2014
Part II (Unapproved)									
16.03.2004	2.9167	9,415	–	(9,415)	–	–	–	–	16.03.2007 – 15.03.2014
24.03.2005	3.9842	40,312	–	(26,421)	–	–	13,891	13,891	24.03.2008 – 23.03.2015
		60,012	–	(46,121)	–	–	13,891	13,891	

18 EQUITY COMPENSATION BENEFITS (CONT'D)

(ii) ***Millennium & Copthorne Hotels Sharesave Scheme 2006***

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

18 EQUITY COMPENSATION BENEFITS (CONT'D)

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

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2013	Options granted during the year	Options exercised during the year	Options forfeited during the year	Options expired during the year	Options adjusted during the year	Options outstanding as at 31 December 2013	Options exercisable as at 31 December 2013	Exercise period
2013										
26.03.2007	5.2000	5,540	–	–	(1,258)	(4,282)	–	–	–	01.07.2012 – 31.12.2012
20.03.2008	3.2800	3,072	–	(3,072)	–	–	204	204	204	01.07.2013 – 31.12.2013
01.04.2009	1.5400	6,653	–	(6,653)	–	–	–	–	–	01.08.2012 – 31.01.2013
01.04.2009	1.5400	32,312	–	–	–	–	–	32,312	–	01.08.2014 – 31.01.2015
01.04.2010	3.3000	16,170	–	(13,310)	(1,540)	–	–	1,320	1,320	01.08.2013 – 31.01.2014
01.04.2010	3.3000	1,978	–	–	–	–	188	2,166	–	01.08.2015 – 31.01.2016
19.04.2011	4.1800	23,948	–	(718)	(1,526)	–	86	21,790	–	01.08.2014 – 31.01.2015
19.04.2011	4.1800	7,349	–	–	–	–	–	7,349	–	01.08.2016 – 31.01.2017
19.04.2012	3.8800	54,424	–	–	(9,087)	–	–	45,337	–	01.08.2015 – 31.01.2016
19.04.2012	3.8800	13,681	–	–	(3,865)	–	–	9,816	–	01.08.2017 – 31.01.2018
19.04.2013	4.4800	–	62,344	–	(9,477)	–	–	52,867	–	01.08.2016 – 31.01.2017
19.04.2013	4.4800	–	6,694	–	–	–	–	6,694	–	01.08.2018 – 31.01.2019
		165,127	69,038	(23,753)	(26,753)	(4,282)	478	179,855	1,524	

18 EQUITY COMPENSATION BENEFITS (CONT'D)

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

Date of award	Balance at beginning of year	Awards awarded during the year	Awards vested during the year	Awards forfeited during the year	Awards expired during the year	Balance at end of year	Vesting date
2012							
30.03.2009	1,075,746	–	(1,058,794)	(16,952)	–	–	30.03.2012
16.09.2010	517,765	–	(1,666)	(3,334)	–	512,765	16.09.2013
28.11.2011	941,126	–	–	–	–	941,126	28.11.2014
16.08.2012	–	673,455	–	–	–	673,455	16.08.2015
	2,534,637	673,455	(1,060,460)	(20,286)	–	2,127,346	
2013							
16.09.2010	512,765	–	(342,836)	(169,929)	–	–	16.09.2013
28.11.2011	941,126	–	–	(306,007)	–	635,119	28.11.2014
16.08.2012	673,455	–	–	(119,912)	–	553,543	16.08.2015
11.09.2013	–	465,213	–	(1,570)	–	463,643	11.09.2016
21.11.2013	–	25,117	–	–	–	25,117	21.11.2016
	2,127,346	490,330	(342,836)	(597,418)	–	1,677,422	

For options exercised during 2013, the weighted average share price at the date of exercise of share options is £5.56 (2012: £4.79). Options were exercised on a regular basis throughout the year. The options outstanding as at 31 December 2013 had an exercise price in the range of £1.54 to £4.48 (2012: £1.54 to £5.20) and a weighted average contractual life of 1.73 years (2012: 1.89 years).

The LTIP and Sharesave awards, which are subject to an EPS performance condition, were valued using the Black-Scholes valuation method. The LTIP awards which are subject to a share price related performance condition (i.e. TSR) were valued using the Monte Carlo valuation method.

The 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.

18 EQUITY COMPENSATION BENEFITS (CONT'D)

The variables used in estimating the fair value of options and awards granted under the M&C option schemes, presented in Sterling Pound, are as follows:

	Date of grant	Awards/ options granted	Share price prevailing on date of grant £	Exercise price £	Fair value £	Expected term (years)	Expected volatility	Expected dividend yield	Risk-free interest rate
2012									
LTIP – EPS element (directors)	16.08.2012	101,949	4.78	–	4.49	3.00	–	2.57%	–
LTIP – EPS element (non-directors)	16.08.2012	234,779	4.78	–	4.49	3.00	–	2.57%	–
LTIP – TSR element (directors)*	16.08.2012	101,949	4.78	–	2.65	3.00	27.1%	2.57%	0.19%
LTIP – TSR element (non-directors)*	16.08.2012	234,778	4.78	–	2.65	3.00	27.1%	2.57%	0.19%
Sharesave Scheme (3 year)	19.04.2012	56,277	4.81	3.88	1.47	3.25	39.0%	2.59%	0.68%
Sharesave Scheme (5 year)	19.04.2012	13,681	4.81	3.88	1.76	3.25	42.7%	2.59%	1.18%
2013									
LTIP – EPS element (directors)	11.09.2013	87,917	5.62	–	5.22	3.00	–	2.42%	–
LTIP – EPS element (non-directors)	11.09.2013	144,689	5.62	–	5.22	3.00	–	2.42%	–
LTIP – EPS element (non-directors)	21.11.2013	12,558	5.88	–	5.48	3.00	–	2.31%	–
LTIP – TSR element (directors)*	11.09.2013	87,917	5.62	–	2.08	3.00	23.8%	2.42%	0.65%
LTIP – TSR element (non-directors)*	11.09.2013	144,690	5.62	–	2.08	3.00	23.8%	2.42%	0.65%
LTIP – TSR element (non-directors)*	21.11.2013	12,559	5.88	–	2.22	3.00	20.8%	2.31%	0.53%
Sharesave Scheme (3 year)	19.04.2013	62,344	5.60	4.48	1.34	3.25	27.1%	2.43%	0.36%
Sharesave Scheme (5 year)	19.04.2013	6,694	5.60	4.48	2.01	5.25	41.3%	2.43%	0.78%

* 50% of the new LTIP options granted in 2013 and 2012 are conditional upon the market performance of M&C.

19 INTEREST-BEARING BORROWINGS

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Term loans	20	**2,426,794**	2,520,715	**1,564,711**	1,557,053
Finance lease creditors		**102**	57	**–**	–
Bonds and notes	21	**1,918,240**	1,758,422	**1,369,214**	1,079,780
Bank loans	22	**259,580**	152,863	**259,580**	152,863
Bank overdrafts	15	**221,584**	34,871	**–**	–
		4,826,300	4,466,928	**3,193,505**	2,789,696
Repayable:					
– Within 1 year		**968,025**	998,164	**601,461**	408,448
– After 1 year but within 5 years		**3,405,209**	3,119,911	**2,242,952**	2,131,909
– After 5 years		**453,066**	348,853	**349,092**	249,339
		4,826,300	4,466,928	**3,193,505**	2,789,696

20 TERM LOANS

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Secured		**626,570**	894,925	**–**	124,124
Unsecured		**1,800,224**	1,625,790	**1,564,711**	1,432,929
	19	**2,426,794**	2,520,715	**1,564,711**	1,557,053
Repayable:					
– Within 1 year		**239,889**	360,714	**149,935**	175,592
– After 1 year but within 5 years		**2,182,547**	2,160,001	**1,414,776**	1,381,461
– After 5 years		**4,358**	–	**–**	–
		2,426,794	2,520,715	**1,564,711**	1,557,053

The term loans are obtained from banks and financial institutions.

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Secured term loans				
Repayable:				
– Within 1 year	**68,647**	247,407	**–**	124,124
– After 1 year but within 5 years	**553,565**	647,518	**–**	–
– After 5 years	**4,358**	–	**–**	–
	626,570	894,925	**–**	124,124

20 TERM LOANS (CONT'D)

The secured term loans are generally secured by:

– mortgages on development properties of the Company;

– mortgages on the borrowing subsidiaries' hotels, investment and development properties (see Notes 3, 4 and 10); and

– assignment of all rights and benefits to sale, lease and insurance proceeds in respect of hotels, investment and development properties.

The Group's secured term loans bear interest at rates ranging from 0.65% to 10.39% (2012: 0.64% to 7.90%) per annum during the year. The Company's secured term loan bore interest at rates ranging from 0.65% to 1.50% (2012: 0.64% to 1.55%) per annum during the year, and was repaid by end of the year.

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Unsecured term loans				
Repayable:				
– Within 1 year	**171,242**	113,307	**149,935**	51,468
– After 1 year but within 5 years	**1,628,982**	1,512,483	**1,414,776**	1,381,461
	1,800,224	1,625,790	**1,564,711**	1,432,929

The Group's unsecured term loans bear interest at rates ranging from 0.80% to 4.24% (2012: 0.63% to 4.67%) per annum during the year. The Company's unsecured term loans bear interest at rates ranging from 0.82% to 1.61% (2012: 0.63% to 1.66%) per annum during the year.

21 BONDS AND NOTES

		Group		Company	
	Note	2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Secured		**154,932**	154,856	**–**	–
Unsecured		**1,763,308**	1,603,566	**1,369,214**	1,079,780
	19	**1,918,240**	1,758,422	**1,369,214**	1,079,780
Repayable:					
– Within 1 year		**246,939**	449,705	**191,946**	79,993
– After 1 year but within 5 years		**1,222,593**	959,864	**828,176**	750,448
– After 5 years		**448,708**	348,853	**349,092**	249,339
		1,918,240	1,758,422	**1,369,214**	1,079,780

21 BONDS AND NOTES (CONT'D)

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Secured bonds and notes				
Repayable:				
– Within 1 year	**54,993**	–	**–**	–
– After 1 year but within 5 years	**99,939**	154,856	**–**	–
	154,932	154,856	**–**	–

Secured bonds and notes comprise the following:

(i) $155 million (2012: $155 million) medium term notes (MTNs) which comprise 2 series (2012: 2 series) of notes issued by a subsidiary as part of a $700 million secured MTN programme established in 2001. The MTNs bear interest at rates ranging from 2.00% to 3.02% (2012: 2.00% to 3.02%) per annum and are secured by a mortgage over the commercial building and land jointly owned by two subsidiaries, as well as rental and insurance proceeds to be derived from the said properties. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates in March 2014 and June 2015 (2012: March 2014 and June 2015).

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Unsecured bonds and notes				
Repayable:				
– Within 1 year	**191,946**	449,705	**191,946**	79,993
– After 1 year but within 5 years	**1,122,654**	805,008	**828,176**	750,448
– After 5 years	**448,708**	348,853	**349,092**	249,339
	1,763,308	1,603,566	**1,369,214**	1,079,780

Unsecured bonds and notes comprise the following:

(i) $1,372 million (2012: $1,082 million) MTNs which comprise 11 series (2012: 9 series) of notes issued by the Company at various interest rates as part of a $5,000 million (2012: $1,500 million) unsecured MTN programme established in 1999. The MTNs bear interest at rates ranging from 1.74% to 3.88% (2012: 2.48% to 4.85%) per annum. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from April 2014 to April 2023 (2012: February 2013 to July 2022);

(ii) $120 million (2012: $325 million) MTNs which comprise 2 series (2012: 6 series) of notes issued by a subsidiary as part of a $1 billion unsecured MTN programme established in 2002 bearing interest at rates ranging from 1.17% to 1.25% (2012: 0.76% to 1.25%) per annum. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from April 2015 to March 2016 (2012: February 2013 to April 2015); and

21 BONDS AND NOTES (CONT'D)

(iii) $275 million (2012: $200 million) Islamic Trust Certificates (Certificates) which comprise 5 series (2012: 4 series) of certificates issued by a subsidiary (Issuer) under the *Shariah* financing principle of *Ijarah* as part of a $1 billion unsecured Islamic Trust Certificate Programme established in 2008. *Ijarah* financing is a scheme of financing using the leasing concept. The Issuer purchases investment properties and development properties from certain Group entities and provides these assets on leases. The Group has accounted for the transactions as a financing arrangement. The Group's properties under *Ijarah* financing continue to be accounted for as investment properties and development properties. The amounts paid and payable to the Certificate holders have been recorded as finance costs in the income statement.

The Certificates bear coupon rates ranging from 1.57% to 3.57% (2012: 1.34% to 3.57%) per annum. Unless previously redeemed or purchased and cancelled, the Certificates are redeemable at their principal amounts on their respective maturity dates from January 2015 to April 2020 (2012: May 2013 to June 2019).

22 BANK LOANS

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Bank loans repayable within 1 year					
– unsecured	19	**259,580**	152,863	**259,580**	152,863

The Group's and the Company's unsecured bank loans bear interest at rates ranging from 0.51% to 1.16% (2012: 0.54% to 1.14%) per annum during the year.

23 EMPLOYEE BENEFITS

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Net liability for:				
– defined benefit obligations	**37,254**	34,774	**–**	–
– short-term accumulating compensated absences	**17,318**	15,932	**2,639**	2,477
– long service leave	**852**	347	**–**	–
	55,424	51,053	**2,639**	2,477
Repayable:				
– Within 1 year	**17,903**	16,279	**2,639**	2,477
– After 1 year	**37,521**	34,774	**–**	–
	55,424	51,053	**2,639**	2,477

23 EMPLOYEE BENEFITS (CONT'D)

	Note	Group 2013 $'000	Group 2012 $'000
Net liability for defined benefit obligations			
Present value of unfunded obligations		**10,658**	3,530
Present value of funded obligations		**133,730**	126,438
Fair value of plan assets		**(107,134)**	(95,194)
Liability for defined benefit obligations		**37,254**	34,774
Changes in the present value of defined benefit obligations			
Defined benefit obligations as at 1 January		**129,968**	120,151
Acquisition of subsidiaries	35	**–**	383
Remeasurements			
– Experience adjustment		**591**	1,635
– Actuarial losses from changes in demographic assumptions		**5,806**	63
– Actuarial (gains)/losses from changes in financial assumptions		**(1,199)**	8,026
Benefits paid		**(5,644)**	(4,743)
Interest cost		**5,079**	5,045
Current service costs		**3,642**	2,968
Past service costs		**(54)**	(5)
Translation differences on consolidation		**6,199**	(3,555)
Defined benefit obligations at 31 December		**144,388**	129,968
Changes in the fair value of plan assets			
Fair value of plan assets at 1 January		**95,194**	84,162
Return on plan assets, excluding interest income		**2,614**	2,413
Contributions by employees		**120**	651
Contributions by employer		**5,452**	11,136
Benefits paid		**(5,644)**	(4,743)
Interest income		**3,931**	4,145
Translation differences on consolidation		**5,467**	(2,570)
Fair value of plan assets at 31 December		**107,134**	95,194

23 EMPLOYEE BENEFITS (CONT'D)

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

	Group	
	2013	2012
	$'000	$'000
Equity	**49,716**	55,358
Bonds	**1,829**	26,395
Cash	**55,589**	13,441
Fair value of plan assets	**107,134**	95,194
Expenses recognised in the income statement		
Current service costs	**3,642**	2,968
Net interest on net defined benefit liability	**1,148**	900
Past service cost	**(54)**	(5)
Defined benefit obligation expenses	**4,736**	3,863

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

		Group	
	Note	2013	2012
		$'000	$'000
Cost of sales		**1,418**	1,283
Administrative expenses		**3,045**	2,333
Other operating expenses		**273**	247
Defined benefit obligation expenses	29	**4,736**	3,863

The life expectancies underlying the value of the accrued liabilities for the UK Plan, based on retirement age of 65, are as follows:

	2013	2012
	Years	Years
Males	**25**	25
Females	**27**	27

The weighted average duration of the defined benefit obligations as at 31 December 2013 was 26 years (2012: 26 years).

The Group expects £1.5 million (approximately $2.9 million) contributions to be paid to the defined benefit plans in 2014.

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:

23 EMPLOYEE BENEFITS (CONT'D)

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 2011 and this has been updated on an approximate basis to 31 December 2013. The contributions of the Group during the year were 5.0% (2012: 5.0%) 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 mortality, the discount rate and the rate 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 2013. The assumptions which have the most significant effect on the results of the valuations are those relating to the discount rate and the rate of increase in salaries.

Taiwan

The Group makes contributions to a defined benefit pension plan for its employees in Taiwan. The contributions required are determined by an external qualified actuary using the projected unit credit method. The most recent valuation was carried out on 31 December 2013. The contributions of the Group were 6.0% (2012: 6.0%) of the employees' earnings. The assumptions which have the most significant effect on the results of the valuations are those relating to the discount rate and the rate of increase in salaries.

The 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.

23 EMPLOYEE BENEFITS (CONT'D)

The assets of each scheme have been taken at market value and the liabilities have been calculated using the following principal assumptions:

	2013 UK	2013 South Korea	2013 Taiwan	2012 UK	2012 South Korea	2012 Taiwan
Inflation rate	**3.6%**	**–**	**–**	2.9%	–	–
Discount rate*	**4.5%**	**4.3%**	**2.0%**	4.4%	3.8%	1.8%
Rate of salary increase	**4.1%**	**5.0%**	**3.0%**	3.4%	5.0%	3.0%
Rate of pension increases	**3.6%**	**–**	**–**	2.9%	–	–
Rate of revaluation	**2.6%**	**–**	**–**	2.1%	–	–
Annual expected return on plan assets	**4.4%**	**4.3%**	**2.0%**	5.1%	4.2%	1.8%

* The discount rate used in respect of the UK Plan of 4.5% (2012: 4.4%) was based on the yield of the Merrill Lynch over-15 year AA rated corporate bond index.

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered, may not be necessarily borne out in practice. The present values of the schemes' liabilities are derived from cash flow projections over long periods and are inherently uncertain. The expected annual return on UK defined benefit plan assets for 2013 of 4.4% (2012: 5.1%) has been calculated using a 5.0% (2012: 5.4%) return on equity representing 45.0% (2012: 67.0%) of plan assets and a 4.1% (2012: 4.4%) return on cash and bonds representing 53.0% (2012: 33.0%) of plan assets.

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in one of the relevant actuarial assumptions by one percent, holding other assumptions consistent.

	Defined benefit obligation	
	1 percent increase $'000	1 percent decrease $'000
Group		
Discount rate	(39,310)	49,081
Rate of salary increase	25,839	(21,806)

24 OTHER LIABILITIES

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Miscellaneous (principally deposits received and payables)		**9,682**	9,703	**–**	–
Rental deposits		**58,436**	55,770	**11,672**	8,218
Non-current retention sums payable		**36,508**	42,024	**11,165**	16,036
Deferred income		**5,091**	5,685	**–**	–
Amount owing to a subsidiary	5	**–**	–	**275,000**	100,000
Amount owing to an associate	6	**–**	32,340	**–**	–
		109,717	145,522	**297,837**	124,254

25 PROVISIONS

	Beijing indemnity $'000	Onerous contracts $'000	Capital expenditure $'000	Legal $'000	Dilapida-tion $'000	Rental guarantee $'000	Total $'000
Group							
At 1 January 2013	14,669	2,236	10,206	9,216	2,904	–	39,231
(Write-back)/ Provisions made	–	(188)	7,491	–	–	1,787	9,090
Provisions utilised	–	(1,974)	(6,534)	–	–	–	(8,508)
Reclassification from trade and other payables	–	–	–	61	17	–	78
Translation differences on consolidation	539	2	96	428	170	23	1,258
At 31 December 2013	15,208	76	11,259	9,705	3,091	1,810	41,149
Current							25,172
Non-current							15,977
							41,149

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

The provisions for onerous contracts relate to onerous leases and the balances will be released over the life of the leases until 2014.

The provisions for capital expenditure relate to the Group's obligations to incur capital expenditure under the terms of certain hotel operating agreements.

The provisions for legal fees relates to provision made in relation to disputes in several United States hotels.

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

The provisions for rental guarantee relate to the rental guarantee provided to the buyer of a former subsidiary over a period of 3 years from May 2013 under the equity transfer agreement.

26 DEFERRED TAX LIABILITIES

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

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

	At 1 January 2013 $'000	Recognised in the income statement (Note 30) $'000	Recognised in the statement of comprehensive income (Note 30) $'000	Recognised directly in equity $'000	Translation differences on consolidation $'000	At 31 December 2013 $'000
Group						
Deferred tax liabilities						
Property, plant and equipment	306,194	(28,711)	–	–	10,598	288,081
Investment properties	39,397	3,093	–	–	212	42,702
Development properties	47,965	(5,315)	–	–	–	42,650
Others	1,700	185	–	–	3	1,888
	395,256	(30,748)	–	–	10,813	375,321
Deferred tax assets						
Property, plant and equipment	(454)	(134)	–	–	(18)	(606)
Tax losses	(25,800)	(6,159)	–	–	(1,182)	(33,141)
Employee benefits	(11,745)	–	(722)	(333)	(765)	(13,565)
Others	(8,679)	5,220	8	–	(143)	(3,594)
	(46,678)	(1,073)	(714)	(333)	(2,108)	(50,906)
	348,578	(31,821)	(714)	(333)	8,705	324,415

26 DEFERRED TAX LIABILITIES (CONT'D)

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

	At 1 January 2013 $'000	Recognised in the income statement $'000	Recognised in the statement of comprehensive income $'000	At 31 December 2013 $'000
Company				
Deferred tax liabilities				
Property, plant and equipment	368	63	–	431
Investment properties	11,735	2,165	–	13,900
Development properties	34,942	(1,298)	–	33,644
	47,045	930	–	47,975
Deferred tax asset				
Others	(1,203)	640	–	(563)
	45,842	1,570	–	47,412

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts, determined after appropriate offsetting, are as follows:

		Group		Company	
	Note	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Deferred tax assets	9	**4,075**	4,059	**–**	–
Deferred tax liabilities		**(328,490)**	(352,637)	**(47,412)**	(45,842)
		(324,415)	(348,578)	**(47,412)**	(45,842)

26 DEFERRED TAX LIABILITIES (CONT'D)

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	
	2013 $'000	2012 $'000
Deductible temporary differences	**153,810**	84,490
Tax losses	**257,720**	174,784
	411,530	259,274

The deductible temporary differences do not expire under current tax legislation. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate.

The tax losses with expiry dates are as follows:

	Group	
	2013 $'000	2012 $'000
Expiry dates		
– Within 1 to 5 years	**103,672**	41,068

27 TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2013 $'000	2012 $'000	2013 $'000	2012 $'000
Trade payables		**134,263**	122,837	**13,171**	13,137
Accruals		**538,822**	528,854	**151,861**	159,483
Deferred income		**392,077**	122,799	**12**	–
Other payables		**29,810**	31,364	**908**	883
Rental and other deposits		**56,472**	41,414	**5,053**	10,078
Retention sums payable		**35,496**	33,896	**8,294**	12,139
Derivative financial liabilities		**1,824**	4,647	**–**	–
Amounts owing to:					
– subsidiaries	5	**–**	–	**1,330,417**	1,223,745
– an associate	6	**6,261**	7,277	**21**	9
– jointly-controlled entities	7	**23,386**	24,826	**21,022**	24,824
– fellow subsidiaries	14	**94,638**	116,486	**6**	4
– an associate of ultimate holding company		**8**	–	**8**	–
		1,313,057	1,034,400	**1,530,773**	1,444,302

28 REVENUE

Revenue of the Group includes property development income, income from owning and operating hotels, gross rental income, income from provision of information technology and procurement services, dividend income, project management and consultancy fees, property management fees, club income and net results from sale of investments but excludes intra-group transactions.

Property development income consists mainly of sale proceeds of commercial and residential properties and projects under development.

	Group	
	2013	2012
	$'000	$'000
Dividends from investments:		
– fellow subsidiaries		
– quoted	**1,293**	1,706
– unquoted	**2,869**	3,351
– others		
– quoted equity investments	**1,389**	1,138
– unquoted equity investments	**687**	290
Hotel operations	**1,543,409**	1,535,635
Property development (recognised on a percentage of completion basis)	**1,089,752**	1,203,048
Property development (recognised on completion)	**108,332**	211,785
Profit on sale of investments	**–**	9
Rental and car park income from investment properties	**313,664**	303,833
Others	**100,751**	92,932
	3,162,146	3,353,727

29 PROFIT FOR THE YEAR

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

		Group	
	Note	2013	2012
		$'000	$'000
Other operating income			
Gain on dilution of investment in an associate		**603**	1,241
Gain on disposal of subsidiaries	35	**29,208**	–
Gain on liquidation of subsidiaries		**35**	–
Insurance proceeds received		**4,297**	11,396
Management fees and miscellaneous income		**5,377**	5,719
Profit on realisation of investments in relation to financial assets with related parties		**9,001**	46,307
Profit on sale of investments, property, plant and equipment and investment properties		**151,810**	83,995
		200,331	148,658

29 PROFIT FOR THE YEAR (CONT'D)

	Note	Group 2013 $'000	Group 2012 $'000
Staff costs			
Contributions to defined contribution plans		**36,457**	32,621
Equity settled share-based transactions		**1,644**	4,147
Increase in liability for defined benefit plans	23	**4,736**	3,863
Increase in liability for short-term accumulating compensated absences		**896**	1,152
Increase/(Decrease) in liability for long service leave		**486**	(45)
Wages and salaries		**666,249**	627,648
		710,468	669,386
Less:			
Staff costs capitalised in:			
– development properties		**(4,941)**	(3,851)
– investment properties		**–**	(227)
– property, plant and equipment		**(196)**	(335)
		705,331	664,973
Other expenses			
Amortisation of intangible assets		**435**	362
Amortisation of lease premium prepayment		**2,579**	2,526
Audit fees paid to:			
– auditors of the Company		**2,238**	2,077
– other auditors of the subsidiaries		**3,529**	3,365
Non-audit fees:			
– auditors of the Company		**852**	523
– other auditors of the subsidiaries		**2,356**	3,271
Charge of impairment losses on:			
– amounts owing by a jointly-controlled entity	7	**1,091**	2,904
– investment property	4	**2,324**	6,009
– property, plant and equipment (net)	3	**23,706**	–
– trade and other receivables	12	**6,840**	1,496
Depreciation of:			
– investment properties	4	**64,054**	64,897
– property, plant and equipment	3	**92,279**	80,486
Direct operating expenses arising from investment properties which are not leased		**272**	167
Direct operating expenses arising from rental of investment properties (excluding depreciation)		**96,073**	91,804
Exchange loss/(gain) (net)		**1,650**	(9,253)
Loss on liquidation of subsidiaries		**–**	7,832
Operating lease expenses		**100,983**	110,331
Property, plant and equipment and investment properties written off		**434**	190
Write-back of allowance for foreseeable losses on development properties (net)	10	**(2,566)**	(5,593)

29 PROFIT FOR THE YEAR (CONT'D)

	Note	Group 2013 $'000	Group 2012 $'000
Finance income			
Interest income			
– associates		**2,153**	2,844
– fellow subsidiaries		**238**	154
– fixed deposits with financial institutions		**14,859**	14,270
– jointly-controlled entities		**8,450**	13,967
– others		**1,815**	824
Mark-to-market gain on financial assets held for trading (net)		**3,490**	7,309
Finance income capitalised in development properties		**(566)**	(778)
Total finance income		**30,439**	38,590
Finance costs			
Amortisation of transaction costs capitalised		**6,036**	6,142
Interest expense			
– banks		**45,491**	47,819
– bonds and notes		**49,028**	46,405
– fellow subsidiaries		**2,444**	1,765
– associates		**2,656**	2,168
– others		**1,468**	3,692
Mark-to-market loss on financial assets held for trading (net)		**975**	–
		108,098	107,991
Finance costs capitalised in:			
– development properties		**(30,318)**	(26,481)
– investment properties		**(1,248)**	(1,660)
– property, plant and equipment		**(814)**	(983)
Total finance costs		**75,718**	78,867
Net finance costs		**45,279**	40,277
The above finance income and finance costs (including amounts capitalised) include the following interest income and expense in respect of assets and liabilities not at fair value through profit or loss:			
– Total interest income on financial assets		**26,345**	31,101
– Total finance costs on financial liabilities		**66,682**	69,036
Recognised in other comprehensive income			
Gain in fair value of equity investments available for sale	30	**727**	3,274

Included in the mark-to-market gain on financial assets held for trading is a gain of $2,052,000 (2012: $2,169,000) 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 0.01% to 2.50% (2012: 0.04% to 3.57%) and 0.08% to 1.49% (2012: 0.06% to 1.54%) per annum for development properties, investment properties and property, plant and equipment respectively.

30 INCOME TAX EXPENSE

	Note	Group 2013 $'000	Group 2012 $'000
Current tax expense			
Current year		**186,691**	138,308
Overprovision in respect of prior years		**(85,557)**	(33,739)
		101,134	104,569
Deferred tax expense			
Movements in temporary differences		**(46,370)**	32,454
Effect of changes in tax rates and legislation		**3,645**	(2,795)
Underprovision/(Overprovision) in respect of prior years		**10,904**	(34,327)
	26	**(31,821)**	(4,668)
Total income tax expense		**69,313**	99,901

Income tax recognised in other comprehensive income

	Note	2013 Before tax $'000	2013 Tax (expense)/ benefit (Note 26) $'000	2013 Net of tax $'000	2012 Before tax $'000	2012 Tax (expense)/ benefit (Note 26) $'000	2012 Net of tax $'000
Group							
Defined benefit plan remeasurements		**(2,584)**	**722**	**(1,862)**	(7,311)	1,223	(6,088)
Change in fair value of equity investments available for sale	29	**727**	**–**	**727**	1,844	1,430	3,274
Effective portion of changes in fair value of cash flow hedges		**67**	**(8)**	**59**	615	(31)	584
Exchange differences on hedges of net investment in foreign entities		**11,369**	**–**	**11,369**	5,897	–	5,897
Exchange differences on monetary items forming part of net investment in foreign entities		**(6,511)**	**–**	**(6,511)**	(19,667)	–	(19,667)
Exchange differences realised on disposal of subsidiaries		**(1,048)**	**–**	**(1,048)**	–	–	–
Exchange differences realised on liquidation of subsidiaries		**–**	**–**	**–**	7,831	–	7,831
Share of other reserve movements of associates and a jointly-controlled entity		**(53)**	**–**	**(53)**	241	–	241
Translation differences arising on consolidation of foreign entities		**130,114**	**–**	**130,114**	(115,588)	–	(115,588)
		132,081	**714**	**132,795**	(126,138)	2,622	(123,516)

30 INCOME TAX EXPENSE (CONT'D)

Reconciliation of effective tax rate

	Group 2013 $'000	Group 2012 $'000
Profit before income tax	**892,449**	960,239
Income tax using the Singapore tax rate of 17% (2012: 17%)	**151,716**	163,241
Income not subject to tax	**(35,888)**	(50,126)
Expenses not deductible for tax purposes		
– expenses	**34,593**	36,580
– write-back	**(8,553)**	(5,726)
Effect of changes in tax rates and legislation	**3,645**	(2,795)
Effect of different tax rates in other countries	**(6,434)**	16,544
Effect of share of results of jointly-controlled entities	**2,691**	3,500
Unrecognised deferred tax assets	**7,440**	7,313
Tax effect of losses not allowed to be set off against future taxable profits	**657**	1,443
Tax incentives	**(595)**	(743)
Utilisation of previously unrecognised deferred tax assets	**(5,306)**	(1,264)
Overprovision in respect of prior years	**(74,653)**	(68,066)
	69,313	99,901

31 EARNINGS PER SHARE

Basic earnings per share is calculated based on:

	Group 2013 $'000	Group 2012 $'000
Profit attributable to ordinary shareholders	**682,988**	678,339
Less:		
Dividends on non-redeemable convertible non-cumulative preference shares	**(12,904)**	(12,904)
Profit attributable to ordinary shareholders after adjustment of non-redeemable convertible non-cumulative preference dividends	**670,084**	665,435

	Group 2013 Number of shares	Group 2012 Number of shares
Weighted average number of ordinary shares	**909,301,330**	909,301,330
Basic earnings per share	**73.7 cents**	73.2 cents

31 EARNINGS PER SHARE (CONT'D)

Diluted earnings per share is based on:

	2013 $'000	2012 $'000
Profit attributable to ordinary shareholders after adjustment for non-redeemable convertible non-cumulative preference dividends	**670,084**	665,435
Add:		
Dividends on non-redeemable convertible non-cumulative preference shares	**12,904**	12,904
Net profit used for computing diluted earnings per share	**682,988**	678,339

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	
	2013 Number of shares	2012 Number of shares
Weighted average number of ordinary shares issued used in the calculation of basic earnings per share	**909,301,330**	909,301,330
Potential ordinary shares issuable under non-redeemable convertible non-cumulative preference shares	**44,998,898**	44,998,898
Weighted average number of ordinary shares issued and potential shares assuming full conversion	**954,300,228**	954,300,228
Diluted earnings per share	**71.6 cents**	71.1 cents

32 DIVIDENDS

	Company	
	2013 $'000	2012 $'000
Final tax exempt (one-tier) ordinary dividend paid of 8.0 cents (2012: 8.0 cents) per ordinary share in respect of financial year ended 31 December 2012	**72,744**	72,744
Special final tax exempt (one-tier) ordinary dividend paid of 5.0 cents (2012: 5.0 cents) per ordinary share in respect of financial year ended 31 December 2012	**45,465**	45,465
Special interim tax exempt (one-tier) ordinary dividend paid of 8.0 cents (2012: Nil) per ordinary share in respect of financial year ended 31 December 2013	**72,744**	–
Non-cumulative tax exempt (one-tier) preference dividend paid of 1.94 cents (2012: 1.94 cents) per preference share	**6,434**	6,417
Non-cumulative tax exempt (one-tier) preference dividend paid of 1.96 cents (2012: 1.96 cents) per preference share	**6,470**	6,487
	203,857	131,113

32 DIVIDENDS (CONT'D)

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

	Company	
	2013	2012
	$'000	$'000
Final tax exempt (one-tier) ordinary dividend of 8.0 cents (2012: 8.0 cents) per ordinary share	**72,744**	72,744
Special final tax exempt (one-tier) ordinary dividend of Nil cents (2012: 5.0 cents) per ordinary share	**–**	45,465
	72,744	118,209

33 COMMITMENTS

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

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Development expenditure contracted but not provided for in the financial statements	**979,111**	879,176	**253,943**	230,866
Capital expenditure contracted but not provided for in the financial statements	**179,953**	126,707	**550**	550
Commitments in respect of purchase of properties for which deposits have been paid	**–**	101,250	**–**	–
Commitments in respect of capital contribution to funds*	**100,316**	40,903	**–**	–

* Includes capital commitments of US$58,415,000 (approximately $74,029,000) (2012: US$33,461,000 (approximately $40,903,000)) in relation to investment in financial assets with related parties.

In addition, the Group and the Company have the following commitments:

(a) The Group holds a number of office facilities and hotel properties under operating leases. The leases typically run for an initial period of 1 to 30 years. The commitments of the Group and the Company for future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Within 1 year	**54,299**	55,463	**6,553**	6,980
After 1 year but within 5 years	**196,445**	192,135	**6,517**	4,243
After 5 years	**573,289**	606,936	**–**	–
	824,033	854,534	**13,070**	11,223

Contingent rents, generally determined based on a percentage of gross revenue and gross operating profit of the relevant properties, of $50,326,000 (2012: $65,131,000) for the Group have been recognised as an expense in the income statement during the year.

Included in the non-cancellable operating lease rental payables above are commitments with an associate amounting to $420,194,000 (2012: $452,522,000).

33 COMMITMENTS (CONT'D)

(b) The Group and the Company lease out some of their investment properties and development properties. Non-cancellable operating lease rentals are receivable as follows:

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Within 1 year	**271,810**	245,165	**60,325**	45,189
After 1 year but within 5 years	**338,168**	314,052	**66,783**	62,004
After 5 years	**19,563**	23,042	**–**	–
	629,541	582,259	**127,108**	107,193

Contingent rents, generally determined based on a percentage of tenants' revenue, of $5,282,000 (2012: $4,864,000) and $1,099,000 (2012: $602,000) have been recognised as income by the Group and the Company, respectively, in the income statement during the year.

Included in the non-cancellable operating lease rental receivables above are commitments with related parties which are set out below.

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Non-cancellable operating lease rental receivables from:				
– an associate	**1,924**	2,680	**1,925**	2,680
– a jointly-controlled entity	**303**	178	**209**	104
– a fellow subsidiary	**4,412**	5,343	**537**	837
– an associate of the ultimate holding company	**393**	589	**–**	–
– a related entity controlled by a close family member of a key management personnel of the ultimate holding company	**149**	506	**–**	–
– subsidiaries	**–**	–	**3,003**	2,136
	7,181	9,296	**5,674**	5,757

34 RELATED PARTIES

Other than as disclosed elsewhere in the financial statements, the transactions with related parties based on terms agreed between the parties are as follows:

	Group 2013 $'000	Group 2012 $'000
Insurance premium paid and payable to an associate of the ultimate holding company	**1,182**	588
Management services fees received and receivable from:		
– fellow subsidiaries	**1,308**	1,480
– an associate	**14,163**	12,317
– jointly-controlled entities	**8,609**	7,607
– a related entity controlled by a key management personnel	**225**	232
	24,305	21,636
Maintenance services fees received and receivable from:		
– fellow subsidiaries	**707**	179
– an associate	**186**	143
– jointly-controlled entities	**1,718**	1,601
	2,611	1,923
Recovery of costs from jointly-controlled entities	**28**	36
Rental and rental-related income received and receivable from:		
– fellow subsidiaries	**948**	927
– an associate	**755**	755
– an associate of the ultimate holding company	**202**	165
– a jointly-controlled entity	**1**	130
– related entities controlled by a close family member of a key management personnel of the ultimate holding company	**357**	357
	2,263	2,334
Management services fees paid and payable to a fellow subsidiary	**602**	1,519
Professional fees paid and payable to firms of which directors of the Company are members:		
– charged to the income statement	**77**	4
– included as cost of property, plant and equipment and cost of development properties	**1,302**	1,116
	1,379	1,120

34 RELATED PARTIES (CONT'D)

	Group 2013 $'000	Group 2012 $'000
Rental and rental-related expenses paid and payable to:		
– fellow subsidiaries	**–**	73
– an associate	**82,900**	90,504
– a jointly-controlled entity	**1,246**	967
– a related entity controlled by a key management personnel	**162**	109
	84,308	91,653
Transactions between jointly-controlled entities with fellow subsidiaries/an associate of the ultimate holding company are as follows:		
– rental income received and receivable from a fellow subsidiary	**148**	17
– rental expense paid and payable to a fellow subsidiary	**112**	112
– management services fees paid and payable to fellow subsidiaries	**6,951**	2,550
– maintenance services fees paid and payable to a fellow subsidiary	**281**	357
– insurance premium paid and payable to an associate of the ultimate holding company	**272**	295
Compensation paid and payable to key management personnel:		
– short-term employee benefits	**36,356**	33,576
– other long-term benefits	**578**	404
– share-based payment of a subsidiary	**1,644**	3,971
	38,578	37,951
Amounts owing to a key management personnel	**561**	423

In 2012, a close family member of a key management personnel had sold a motor vehicle to a jointly-controlled entity of the Group for a consideration of $127,000.

35 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

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

(a) On 31 May 2013, the Group via its indirect wholly-owned subsidiary, CDL China Limited, disposed of its 100% shareholding in Tianjin Trophy Real Estate Co., Ltd. for a consideration of RMB414,380,000 (approximately $85,487,000).

(b) On 23 October 2013, the Group via M&C (India) Holdings Pte. Ltd., an indirect wholly-owned subsidiary held by the Group's 59% owned subsidiary, Millennium & Copthorne Hotels plc, disposed of its 60% shareholding in M and C Rakindo Hospitality Private Limited for a consideration of INR350,000,000 (approximately $6,919,000).

35 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONT'D)

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

	Note	Carrying amount $'000
Property, plant and equipment	3	–
Assets classified as held for sale:		
– Property, plant and equipment		397
– Investment property		96,619
– Trade and other receivables		1,382
– Cash and cash equivalents		5,677
Trade and other receivables		92
Cash and cash equivalents		1,274
Trade and other payables		(32)
Provision for tax		(65)
Liabilities classified as held for sale:		
– Trade and other payables		(2,830)
– Interest-bearing borrowings		(39,001)
Net assets disposed		63,513
Transfer from foreign currency translation reserve		(1,048)
Deferred income		733
Gain on disposal of subsidiaries	29	29,208
Cash proceeds from disposal		92,406
Deferred payment		(1,805)
Cash and cash equivalents disposed of		(6,951)
Net cash inflow		83,650

There were the following acquisitions of subsidiaries in 2012:

(a) On 12 January 2012, the Group via its indirect wholly-owned subsidiary, Vinemont Investments Pte. Ltd. (Vinemont) acquired 100% equity interest in Thailand Shareholder Investments Limited (TSIL) from a related party for a cash consideration of US$147.1 million (approximately $189.9 million). The cash consideration transferred was US$157.6 million (approximately $203.4 million), which included the assignment of a shareholder's loan due from TSIL to its previous shareholder. TSIL holds 49% equity interest in Dolruetai Co., Ltd (Dolruetai) which in turn had a 95% equity interest in Phuket Square Company Limited (Phuket Square). Phuket Square owns a retail and hotel development in Phuket known as the Jungceylon Shopping Mall and Millennium Resort Patong Phuket respectively, and a piece of land at Sukhumvit, Bangkok that is currently being developed into a retail mall. On 2 March 2012, Dolruetai further increased its equity interest in Phuket Square from 95% to 99.99% with the acquisition of an additional 300,000 shares in Phuket Square for a cash consideration of Baht 200 million (approximately $8.5 million).

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

35 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONT'D)

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

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

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

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

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

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

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

36 FINANCIAL INSTRUMENTS BY CATEGORY

Set out below is an analysis of the Group's financial instruments:

	Note	Loans and receivables $'000	Available-for-sale financial assets $'000	Financial assets at fair value through profit or loss $'000	Fair value – hedging instruments $'000	Liabilities at amortised cost $'000	Total $'000
Group							
2013							
Assets							
Financial assets	8	–	85,116	36,534	–	–	121,650
Other non-current assets *		12,661	–	–	–	–	12,661
Trade and other receivables excluding prepayments and tax recoverable		1,555,816	–	–	–	–	1,555,816
Cash and cash equivalents	15	2,871,261	–	–	–	–	2,871,261
		4,439,738	85,116	36,534	–	–	4,561,388
Liabilities							
Interest-bearing borrowings	19	–	–	–	–	4,826,300	4,826,300
Trade and other payables excluding deferred income	27	–	–	–	1,824	919,156	920,980
Other liabilities excluding deferred income	24	–	–	–	–	104,626	104,626
		–	–	–	1,824	5,850,082	5,851,906
2012							
Assets							
Financial assets	8	–	102,132	32,585	–	–	134,717
Other non-current assets *		69,672	–	–	–	–	69,672
Trade and other receivables excluding prepayments and tax recoverable		1,131,887	–	–	–	–	1,131,887
Cash and cash equivalents	15	2,156,827	–	–	–	–	2,156,827
		3,358,386	102,132	32,585	–	–	3,493,103
Liabilities							
Interest-bearing borrowings	19	–	–	–	–	4,466,928	4,466,928
Trade and other payables excluding deferred income	27	–	–	–	4,647	906,954	911,601
Other liabilities excluding deferred income	24	–	–	–	–	139,837	139,837
		–	–	–	4,647	5,513,719	5,518,366

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

36 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

	Note	Loans and receivables $'000	Available-for-sale financial assets $'000	Liabilities at amortised cost $'000	Total $'000
Company					
2013					
Assets					
Financial assets	8	–	29,700	–	29,700
Trade and other receivables excluding prepayments		5,457,245	–	–	5,457,245
Cash and cash equivalents	15	1,367,264	–	–	1,367,264
		6,824,509	29,700	–	6,854,209
Liabilities					
Interest-bearing borrowings	19	–	–	3,193,505	3,193,505
Trade and other payables excluding deferred income	27	–	–	1,530,761	1,530,761
Other liabilities	24	–	–	297,837	297,837
		–	–	5,022,103	5,022,103
2012					
Assets					
Financial assets	8	–	27,687	–	27,687
Trade and other receivables excluding prepayments		4,936,200	–	–	4,936,200
Cash and cash equivalents	15	1,040,004	–	–	1,040,004
		5,976,204	27,687	–	6,003,891
Liabilities					
Interest-bearing borrowings	19	–	–	2,789,696	2,789,696
Trade and other payables excluding deferred income	27	–	–	1,444,302	1,444,302
Other liabilities	24	–	–	124,254	124,254
		–	–	4,358,252	4,358,252

37 FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

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

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

The Audit & 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 year, the Group's policy that no derivatives shall be undertaken for speculative purposes except for its use as hedging instruments where appropriate and cost efficient.

Credit risk

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

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

The Group establishes an allowance for impairment that represents its estimate of the specific loss component in respect of trade and other receivables. The allowance account in respect of trade receivables and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

At the reporting date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the reporting date.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk

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

The following are the expected contractual undiscounted cash outflows of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000
Group					
2013					
Term loans	2,426,794	2,534,269	255,601	2,273,154	5,514
Bonds and notes	1,918,240	2,106,194	283,783	1,330,046	492,365
Bank loans	259,580	259,660	259,660	–	–
Trade and other payables *	920,980	923,092	923,092	–	–
Bank overdrafts	221,584	222,498	222,498	–	–
Finance lease creditors	102	115	39	76	–
Other liabilities *	104,626	104,626	–	103,233	1,393
	5,851,906	6,150,454	1,944,673	3,706,509	499,272
2012					
Term loans	2,520,715	2,655,033	384,282	2,270,751	–
Bonds and notes	1,758,422	1,907,530	481,550	1,046,969	379,011
Bank loans	152,863	152,935	152,935	–	–
Trade and other payables *	911,601	914,222	914,222	–	–
Bank overdrafts	34,871	35,202	35,202	–	–
Finance lease creditors	57	57	11	46	–
Other liabilities *	139,837	143,000	1,753	140,000	1,247
	5,518,366	5,807,979	1,969,955	3,457,766	380,258

* Excluding deferred income.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000
Company					
2013					
Term loans	1,564,711	1,624,299	164,995	1,459,304	–
Bonds and notes	1,369,214	1,520,067	218,769	911,114	390,184
Bank loans	259,580	259,660	259,660	–	–
Trade and other payables *	1,530,761	1,530,761	1,530,761	–	–
Other liabilities	297,837	304,491	6,654	297,837	–
	5,022,103	5,239,278	2,180,839	2,668,255	390,184
2012					
Term loans	1,557,053	1,629,339	192,394	1,436,945	–
Bonds and notes	1,079,780	1,194,895	100,653	819,036	275,206
Bank loans	152,863	152,935	152,935	–	–
Trade and other payables *	1,444,302	1,448,230	1,448,230	–	–
Other liabilities	124,254	127,251	2,997	124,254	–
	4,358,252	4,552,650	1,897,209	2,380,235	275,206

* Excluding deferred income.

It is not expected that the cash flows in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

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

Interest rate derivatives are used to manage interest rate risk, to the extent that the perceived cost is considered to outweigh the benefit from the flexibility of variable rate borrowings, and the Group actively monitors the need and timing for such derivatives.

Where used, interest rate derivatives are classified as cash flow hedges and stated at fair value within the Group's statement of financial position.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Cash flow hedges

A subsidiary of the Group had entered into a number of interest rate swaps in 2010 to fix the interest relating to the payment of quarterly interest charges arising on floating rate unsecured bonds totalling US$50 million, and designated these as cash flow hedges. The risk being hedged was the variability of cash flows arising from movements in interest rates. The hedges were in place until the bonds matured in March 2013. The fair value of the interest rate swaps as at 31 December 2012 was a £0.1 million (approximately $183,000) liability.

The cash flows occurred on a quarterly basis until the loan balance matured in March 2013 and the hedges were designated as cash flow hedges, which were considered to be highly effective. The carrying value of the hedging instruments was restated to its fair value at each reporting date, with the effective portion of changes in fair value since inception being taken to the hedging reserve. The gain recognised in other comprehensive income in 2012 in respect of the change in fair value of these hedging instruments was £0.2 million (approximately $474,000). There was no ineffectiveness recognised in the income statement that arose from this cash flow hedge.

Interest rates analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, their nominal interest rates at the reporting date and carrying amounts are illustrated as below:

	Note	Interest rates per annum Floating rate %	 Fixed rate %	Carrying amount Floating rate $'000	 Fixed rate $'000	 Total $'000
Group						
2013						
Financial assets						
Cash and cash equivalents		–	0.001 to 4.50	–	2,241,266	2,241,266
Amounts owing by jointly-controlled entities *	7	–	1.50 to 4.75	–	770,613	770,613
				–	3,011,879	3,011,879
Financial liabilities						
Bank overdrafts	15					
– secured		3.00	–	(1,173)	–	(1,173)
– unsecured		0.10 to 0.90	–	(220,411)	–	(220,411)
Term loans	20					
– secured		0.94 to 7.30	4.21	(621,377)	(5,193)	(626,570)
– unsecured		0.80 to 4.05	1.61	(1,725,241)	(74,983)	(1,800,224)
Bonds and notes	21					
– secured		–	2.00 to 3.02	–	(154,932)	(154,932)
– unsecured		1.17 to 1.18	1.57 to 3.88	(119,603)	(1,643,705)	(1,763,308)
Bank loans	22					
– unsecured		0.53 to 1.16	–	(259,580)	–	(259,580)
Amounts owing to a fellow subsidiary	14	–	2.00 to 2.50	–	(94,632)	(94,632)
				(2,947,385)	(1,973,445)	(4,920,830)
Total				(2,947,385)	1,038,434	(1,908,951)

* Carrying amount is net of impairment losses.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

	Note	Interest rates per annum Floating rate %	Fixed rate %	Carrying amount Floating rate $'000	Fixed rate $'000	Total $'000
Group						
2012						
Financial assets						
Cash and cash equivalents		–	0.001 to 7.80	–	1,903,686	1,903,686
Amounts owing by jointly-controlled entities *	7	–	1.50 to 8.50	–	656,352	656,352
Amounts owing by associates	6	2.87 to 3.24	–	94,125	–	94,125
				94,125	2,560,038	2,654,163
Financial liabilities						
Bank overdrafts	15					
– secured		2.90	–	(1,000)	–	(1,000)
– unsecured		0.90	–	(33,871)	–	(33,871)
Term loans	20					
– secured		0.65 to 7.30	–	(894,925)	–	(894,925)
– unsecured		0.80 to 4.12	1.61	(1,550,846)	(74,944)	(1,625,790)
Bonds and notes	21					
– secured		–	2.00 to 3.02	–	(154,856)	(154,856)
– unsecured		0.80 to 1.20	2.34 to 3.88	(324,295)	(1,279,271)	(1,603,566)
Bank loans	22					
– unsecured		0.54 to 0.90	–	(152,863)	–	(152,863)
Amounts owing to an associate	6	6.90	–	(32,340)	–	(32,340)
Amounts owing to a fellow subsidiary	14	–	2.00 to 2.50	–	(113,579)	(113,579)
				(2,990,140)	(1,622,650)	(4,612,790)
Total				(2,896,015)	937,388	(1,958,627)
Company						
2013						
Financial assets						
Cash and cash equivalents		–	0.10 to 0.91	–	1,014,241	1,014,241
Amounts owing by:						
– subsidiaries *		0.55 to 1.64	1.00 to 1.75	1,611,825	1,962,847	3,574,672
– jointly-controlled entities *	7	–	1.50 to 2.00	–	267,107	267,107
				1,611,825	3,244,195	4,856,020
Financial liabilities						
Amounts owing to subsidiaries	5	–	1.00 to 3.24	–	(486,937)	(486,937)
Term loans	20					
– unsecured		0.86 to 1.55	1.61	(1,489,728)	(74,983)	(1,564,711)
Bonds and notes (unsecured)	21	–	1.74 to 3.88	–	(1,369,214)	(1,369,214)
Bank loans	22	0.53 to 1.16	–	(259,580)	–	(259,580)
				(1,749,308)	(1,931,134)	(3,680,442)
Total				(137,483)	1,313,061	1,175,578

* Carrying amount is net of impairment losses.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

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

* Carrying amount is net of impairment losses.

Sensitivity analysis

For the variable rate financial assets and liabilities, a 100 basis points (bp) increase at the reporting date would have the impact as shown below. A decrease in 100 bp in interest rate would have an equal but opposite effect. This analysis, which is based on reporting date of each interest-bearing financial asset and liability, assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the effect of qualifying borrowing costs allowed for capitalisation and tax effect.

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
100 bp increase				
Reduction in profit before income tax	**(29,621)**	(30,017)	**(1,038)**	(3,499)

There is no impact on other components of equity.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Group's entities. The currencies giving rise to this risk are primarily the United States Dollar, Singapore Dollar, Thai Baht, Hong Kong Dollar, Japanese Yen, Sterling Pound and Renminbi.

The Group has a decentralised approach to the management of foreign exchange risk. The Group manages its foreign exchange exposure by adopting a policy of matching receipts and payments, and asset purchases and borrowings, in the currency of the relevant entity, where possible. Entities in the Group may have different approaches to the identification and management of this risk. Entities in the Group may borrow in currencies other than their functional currencies to fund investments that are denominated in their borrowing currencies. Forward foreign exchange contracts are used purely as a hedging tool, where an active market for the relevant currency exists, to minimise the Group's exposure to movements in exchange rates on firm commitments and specific transactions.

Hedging of transaction exposure is undertaken with approved counterparties and within designated limits, using spot or short-term forward contracts to buy or sell the currency concerned, once the timing and the underlying amount of exposure have been determined. Foreign exchange derivatives may also be used to hedge specific transaction exposure where appropriate. Further details of foreign exchange derivatives in place at 31 December 2013 are provided below:

Cash flow hedges

A number of forward cross currency swaps were executed in February 2013 by a subsidiary of the Group to hedge the foreign currency risk in respect of the repayment in February 2014 of a US$30 million loan using Korean Won. This loan was extended to a subsidiary in Korea, whose functional currency is Korean Won. The proceeds of the US dollar loan were converted into Korean Won on inception, and the risk being hedged is the variability of the cash flow associated with the repayment of the US$30 million loan principal on its maturity date in February 2014, arising from movement of Korean Won against the US dollar over that one-year period.

The hedges are designated as cash flow hedges, which are considered to be highly effective.

The carrying value of the hedging instruments is restated to its fair value at each reporting date, with the effective portion of changes in fair value since inception being taken to the hedging reserve. The loss recognised in other comprehensive income during the year in respect of the change in fair value of these hedging instruments was £0.7 million (approximately $1,409,000) (2012: £1.6 million (approximately $3,267,000)).

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

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

The Group's and the Company's exposure to foreign currencies are as follows:

	United States Dollar $'000	Singapore Dollar $'000	Thai Baht $'000
Group			
2013			
Financial assets	1,147	–	–
Other non-current assets *	–	–	–
Trade and other receivables **	155	786	1,177
Cash and cash equivalents	13,449	5,528	27
Amount owing (to)/by subsidiaries (net)	(143,354)	(512,120)	272,750
Interest-bearing borrowings	–	–	–
Trade and other payables ***	(241)	(59)	–
	(128,844)	(505,865)	273,954
2012			
Financial assets	1,265	–	–
Other non-current assets *	–	–	–
Trade and other receivables **	96	492	1,216
Cash and cash equivalents	26,373	5,013	169
Amount owing (to)/by subsidiaries (net)	(39,753)	(520,970)	272,331
Interest-bearing borrowings	(275,040)	(50,000)	–
Trade and other payables ***	(229)	(198)	–
	(287,288)	(565,663)	273,716

* Excluding deferred tax assets, intangible assets, deferred expenditure and prepayment.
** Excluding prepayments and tax recoverable.
*** Excluding deferred income.

Hong Kong Dollar $'000	Japanese Yen $'000	Sterling Pound $'000	Renminbi $'000	Others $'000
112	–	14,239	–	637
–	–	–	–	2,959
–	–	4	2,407	1,601
32,243	–	11,855	65,266	117
152,674	48,439	203,798	90,183	6,252
(66,631)	(72,532)	(135,525)	–	–
(31)	(19)	(88)	(139)	(4)
118,367	(24,112)	94,283	157,717	11,562
140	–	11,808	–	619
–	–	–	–	2,747
–	347	–	2,047	864
1,316	–	25,295	15,986	392
131,962	39,541	686	(381)	(43)
(64,025)	(87,230)	–	–	–
(31)	(22)	–	(109)	(7)
69,362	(47,364)	37,789	17,543	4,572

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

	United States Dollar $'000	Hong Kong Dollar $'000	Japanese Yen $'000	Sterling Pound $'000	Others $'000
Company					
2013					
Trade and other receivables *	–	–	–	–	17
Cash and cash equivalents	475	53	–	–	18
Amount owing (to)/by subsidiaries (net)	(201)	(11,810)	33,696	135,613	(6)
Interest-bearing borrowings	–	(66,631)	(72,532)	(135,525)	–
Trade and other payables **	–	(17)	(19)	(88)	(4)
	274	(78,405)	(38,855)	–	25
2012					
Trade and other receivables *	–	–	–	–	9
Cash and cash equivalents	458	53	–	–	15
Amount owing (to)/by subsidiaries (net)	(194)	(11,193)	39,501	–	(7)
Interest-bearing borrowings	–	(64,025)	(87,230)	–	–
Trade and other payables **	–	(17)	(22)	–	(7)
	264	(75,182)	(47,751)	–	10

* Excluding prepayments.

** Excluding deferred income.

Sensitivity analysis

A 10% strengthening of the following major currencies against the functional currency of each of the Group's entities at the reporting date held by the Group and the Company would increase/(decrease) profit and other components of equity before any tax effect by the amounts shown below. Similarly, a 10% weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

Sensitivity analysis (cont'd)

	Profit before income tax $'000	Equity $'000
Group		
2013		
United States Dollar	3,263	(20,784)
Singapore Dollar	(21,902)	–
Thai Baht	10,166	–
Hong Kong Dollar	(4,514)	–
Japanese Yen	(3,761)	–
Sterling Pound	9,428	–
Renminbi	6,732	–
2012		
United States Dollar	(19,162)	(20,170)
Singapore Dollar	(26,839)	(5,000)
Thai Baht	10,554	–
Hong Kong Dollar	(7,284)	–
Japanese Yen	(4,736)	–
Sterling Pound	3,780	–
Renminbi	1,755	–
Company		
2013		
United States Dollar	27	–
Hong Kong Dollar	(7,841)	–
Japanese Yen	(3,886)	–
2012		
United States Dollar	26	–
Hong Kong Dollar	(7,518)	–
Japanese Yen	(4,775)	–

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Equity price risk

The Group and the Company are exposed to equity price changes arising from quoted equity investments available for sale and held for trading, and unquoted investments held for trading. An increase in the underlying equity prices of the above investments at the reporting date by 10% (2012: 10%) and 5% (2012: 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. Similarly, a decrease in the underlying equity prices by 10% (2012: 10%) and 5% (2012: 5%) for the Group and the Company respectively would have an equal but opposite effect. This analysis assumes that all other variables remain constant.

	Group $'000	Company $'000
2013		
Quoted equity investments available for sale and held for trading		
Equity	3,965	1,254
Profit before income tax	3,339	–
Unquoted investments held for trading		
Profit before income tax	205	–
2012		
Quoted equity investments available for sale and held for trading		
Equity	3,893	1,153
Profit before income tax	3,073	–
Unquoted investments held for trading		
Profit before income tax	121	–

38 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:

	2013 Carrying amount $'000	2013 Fair value $'000	2012 Carrying amount $'000	2012 Fair value $'000
Group				
Assets carried at amortised cost				
Deposit receivables	**6,198**	**7,748**	5,985	7,572
Liabilities carried at amortised cost				
Bonds and notes				
– secured	**(99,939)**	**(102,321)**	(154,856)	(158,918)
– unsecured	**(1,451,759)**	**(1,446,742)**	(1,099,301)	(1,131,460)
Long-term deposits	**(9,682)**	**(9,895)**	(9,703)	(8,931)
Term loans (unsecured)	**(5,071)**	**(5,542)**	(74,944)	(76,304)
	(1,566,451)	**(1,564,500)**	(1,338,804)	(1,375,613)
Company				
Liabilities carried at amortised cost				
Bonds and notes (unsecured)	**(1,177,268)**	**(1,175,610)**	(999,786)	(1,029,149)
Term loans (unsecured)	**–**	**–**	(74,944)	(76,304)
	(1,177,268)	**(1,175,610)**	(1,074,730)	(1,105,453)

38 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

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.

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 2013				
Investment properties	–	–	6,685,482	6,685,482
Deposit receivables	–	–	7,748	7,748
	–	–	6,693,230	6,693,230
Bonds and notes				
– secured	–	(102,321)	–	(102,321)
– unsecured	–	(1,446,742)	–	(1,446,742)
Long-term deposits	–	–	(9,895)	(9,895)
Term loans (unsecured)	–	(5,542)	–	(5,542)
	–	(1,554,605)	(9,895)	(1,564,500)
Company				
31 December 2013				
Investment properties	–	–	1,232,742	1,232,742
Bonds and notes (unsecured)	–	(1,175,610)	–	(1,175,610)

* 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.

38 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

Fair value hierarchy (cont'd)

Financial assets and financial liabilities carried at fair value

The table below analyses assets and liabilities carried at fair value, by valuation method.

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group					
2013					
Available-for-sale financial assets		39,736	–	–	39,736
Financial assets at fair value through profit or loss	8	34,486	–	2,048	36,534
		74,222	–	2,048	76,270
Derivative financial liabilities	27	–	(1,824)	–	(1,824)
2012					
Available-for-sale financial assets		39,007	–	9,012	48,019
Financial assets at fair value through profit or loss	8	31,375	–	1,210	32,585
		70,382	–	10,222	80,604
Derivative financial liabilities	27	–	(4,647)	–	(4,647)
Company					
2013					
Available-for-sale financial assets	8	25,070	–	–	25,070
2012					
Available-for-sale financial assets	8	23,057	–	–	23,057

During the financial year ended 31 December 2013, available-for-sale financial asset amounting to $9,530,000 was transferred out of Level 3 and is measured at cost less accumulated impairment losses as its fair value cannot be determined reliably. There were no other transfers between Level 1 to Level 3 of the fair value hierarchy.

38 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

Fair value hierarchy (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:

	Available-for-sale financial assets $'000	Financial assets at fair value through profit or loss $'000	Total $'000
Group			
At 1 January 2013	9,012	1,210	10,222
Total gains or losses recognised in the income statement			
– finance income	–	784	784
Purchases	215	–	215
Transfer out of Level 3	(9,530)	–	(9,530)
Translation differences on consolidation	303	54	357
At 31 December 2013	–	2,048	2,048
Total gains or losses for the year included in the income statement for assets held at the end of the reporting period	–	784	784

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 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

There is no sensitivity analysis prepared as the Group's exposure to the effect on fair value changes for 2012 and 2013 is insignificant.

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

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

38 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

Determination of fair value (cont'd)

Investment properties (cont'd)

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

Investments in equity

The fair values of quoted investments that are classified as available for sale and held for trading are their quoted bid prices at the reporting date.

The fair values of unquoted equity investments held for trading are estimated using the applicable price to earnings ratios for similar listed companies adjusted for the specific circumstances of the issuer.

The fair values of unquoted equity investments available for sale (except as described below) are estimated using valuation techniques that incorporate assumptions that are not evidenced by prices from observable current market transactions. Instead, they are based on unobservable inputs reflecting assumptions about the way assets would be priced.

The fair values of certain unquoted equity investments available for sale have not been determined as the fair value cannot be determined reliably. As a result, the variability in the range of recoverable fair value estimates derived from valuation techniques is expected to be significant.

Amounts owing by and to subsidiaries, associates and jointly-controlled entities

The fair values of amounts owing by and to subsidiaries, associates and jointly-controlled entities are estimated as the present value of future cash flows, discounted at market interest rates.

Non-derivative financial assets and liabilities

The fair values of borrowings which reprice after six months and other non-derivative financial assets and liabilities, determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar agreements.

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables, and interest-bearing borrowings) or those which reprice within six months are assumed to approximate their fair values because of the short period to maturity or repricing. All other financial assets and liabilities are discounted to determine their fair values.

Derivatives

Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate. For interest rate swaps, bank valuations are used.

39 OPERATING SEGMENTS

Information reported to the Board of Directors for the purposes of resource allocation and assessment of segment performances is specifically focused on the functionality of services provided. The following summary describes the operations in each of the Group's reportable segments:

- Property development – *develops and purchases properties for sale*
- Hotel operations – *owns and manages hotels*
- Rental properties – *develops and purchases investment properties for lease*
- Others – *comprises club operator and owner, investment in shares, property management, project management and consultancy services and provider of information technology and procurement services. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2013 and 2012.*

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2013					
Total revenue (including inter-segment revenue)	1,198,084	1,543,409	324,585	168,739	3,234,817
Inter-segment revenue	–	–	(10,921)	(61,750)	(72,671)
External revenues	1,198,084	1,543,409	313,664	106,989	3,162,146

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

	2013 $'000
United States	430,750
Europe	355,041
Singapore	334,510
Rest of Asia	343,272
New Zealand	79,836
	1,543,409

39 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2013					
Profit from operating activities	388,310	162,893	299,843	18,840	869,886
Share of after-tax profit of associates and jointly-controlled entities	30,428	16,986	16,961	3,467	67,842
Finance income	13,579	5,778	1,662	9,420	30,439
Finance costs	(19,411)	(25,593)	(18,889)	(11,825)	(75,718)
Net finance costs	(5,832)	(19,815)	(17,227)	(2,405)	(45,279)
Reportable segment profit before income tax	412,906	160,064	299,577	19,902	892,449
Depreciation and amortisation	655	89,498	66,866	2,328	159,347
Other material non-cash items					
Gain on disposal and liquidation of subsidiaries	18	6,626	22,593	6	29,243
Gain on dilution of investment in an associate	–	–	603	–	603
Impairment losses on:					
– amounts owing by a jointly-controlled entity	–	1,091	–	–	1,091
– property, plant and equipment and investment property	–	23,706	2,324	–	26,030
Investments in associates and jointly-controlled entities	440,002	245,716	558,663	21,059	1,265,440
Other segment assets	7,142,649	4,424,283	3,262,989	590,615	15,420,536
Reportable segment assets	7,582,651	4,669,999	3,821,652	611,674	16,685,976
Tax recoverable					608
Deferred tax assets					4,075
Total assets					16,690,659
Reportable segment liabilities	3,031,715	1,342,968	1,216,328	754,636	6,345,647
Deferred tax liabilities					328,490
Provision for taxation					188,137
Total liabilities					6,862,274
Additions to non-current assets *	62,327	164,652	43,446	1,863	272,288

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

39 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

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

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

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

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2012					
Profit from operating activities	433,964	255,782	171,854	58,770	920,370
Share of after-tax profit of associates and jointly-controlled entities	32,790	17,870	28,402	1,084	80,146
Finance income	17,887	6,495	1,128	13,080	38,590
Finance costs	(16,513)	(29,835)	(23,220)	(9,299)	(78,867)
Net finance income/(costs)	1,374	(23,340)	(22,092)	3,781	(40,277)
Reportable segment profit before income tax	468,128	250,312	178,164	63,635	960,239

39 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2012					
Depreciation and amortisation	546	78,128	67,498	2,099	148,271
Other material non-cash items					
Loss on liquidation of subsidiaries	–	–	6,721	1,111	7,832
Gain on dilution of investment in an associate	–	–	1,241	–	1,241
Impairment losses on:					
– amounts owing by a jointly-controlled entity	–	2,904	–	–	2,904
– investment property	–	–	6,009	–	6,009
Investments in associates and jointly-controlled entities	361,679	254,270	590,719	18,143	1,224,811
Other segment assets	6,306,885	4,258,949	3,361,374	450,084	14,377,292
Reportable segment assets	6,668,564	4,513,219	3,952,093	468,227	15,602,103
Tax recoverable					2,166
Deferred tax assets					4,059
Total assets					15,608,328
Reportable segment liabilities	3,019,778	1,236,258	1,262,397	258,843	5,777,276
Deferred tax liabilities					352,637
Provision for taxation					221,360
Total liabilities					6,351,273
Additions to non-current assets *	3,990	208,169	67,113	2,475	281,747

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

39 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

Geographical segments

The property development, hotel operations and rental properties segments are managed on a worldwide basis.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Singapore $'000	United States $'000	United Kingdom $'000	Other countries $'000	Total $'000
2013					
Revenue	1,835,567	445,725	305,862	574,992	3,162,146
Non-current assets #	3,316,262	1,111,667	948,683	2,331,203	7,707,815
Reportable segment assets	10,540,943	1,254,066	1,379,717	3,511,250	16,685,976
2012					
Revenue	2,027,371	439,817	307,197	579,342	3,353,727
Non-current assets #	3,464,637	1,072,818	897,940	2,198,141	7,633,536
Reportable segment assets	10,030,685	1,204,345	1,017,467	3,349,606	15,602,103

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

40 NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. Those new standards, amendments to standards and interpretations that are expected to have a significant effect on the financial statements of the Group and the Company in future financial periods, and which the Group does not plan to early adopt, are set out below.

Applicable for the Group's 2014 financial statements

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

  In accordance with the transitional provisions of FRS 110, the Group re-assessed the control conclusion for its investees. As a consequence, the Group would change its control conclusion in respect of its investment in CDL Hospitality Trusts ("CDLHT"), which was previously accounted for as an associate using the equity method. Although the Group owns less than half of the voting power of the investee, the management has determined that the Group has acquired de facto control over the investee since the inception of CDLHT. This is because the Group has held significantly more voting rights in the investee than any other vote holders or organised group of vote holders, and the other shareholdings in the investee are widely dispersed. Accordingly, when the Group adopts FRS 110 in 2014, it would consolidate CDLHT which was previously treated as an associate.

  These changes will be applied retrospectively and prior periods in the Group's 2014 financial statements will be restated. The effect of the application of FRS 110 is an increase in net assets as at 31 December 2013 of $387,451,000 and an increase in non-controlling interests of $501,434,000, as well as an increase in profit for 2013 of $55,354,000, of which $3,254,000 is profit attributable to the owners of the Company.

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

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

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

40 NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED (CONT'D)

Applicable for the Group's 2014 financial statements (cont'd)

- Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, which clarifies the existing criteria for net presentation on the face of the statement of financial position.

  Under the amendments, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

  The adoption of the amendment is not expected to have a significant impact on the consolidated financial statements of the Group.

41 SIGNIFICANT INVESTMENTS

The following are the Group's significant investments:

		Principal Activity	Country of Incorporation	Effective Group Interest 2013 %	2012 %
	Subsidiaries **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
^	Beaumont Properties Limited	Property owner	Jersey	**100**	–
*	Bloomsville Investments Pte Ltd	Property owner, developer and investment holding	Singapore	**100**	100
*	CBM Pte. Ltd.	Provision of building maintenance, security, cleaning and related services to commercial and residential buildings	Singapore	**100**	100
*	CBM Parking Pte. Ltd.	Provision of car park operation, management and related services	Singapore	**100**	100
*	CBM International Pte. Ltd.	Investment holding and provision of building maintenance, security, cleaning and related services to commercial and residential buildings	Singapore	**100**	100
*	CBM Security Pte. Ltd.	Provision of security services, consultancy services related to security matters, supply of equipment, security escort services and facilities management services	Singapore	**100**	100

41 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2013 %	2012 %
	Subsidiaries (cont'd) **Direct/Indirect Subsidiaries of the Company (cont'd)**				
*	CBM Solutions Pte. Ltd.	Advisors, consultants and service providers	Singapore	**100**	100
**	CDL China (Shanghai) Consulting Co., Ltd.	Provision of consultancy services	People's Republic of China	**100**	100
*	CDL Land Pte Ltd	Property owner and developer	Singapore	**100**	100
*	CDL Management Services Pte. Ltd.	Provision of project and property management and consultancy services	Singapore	**100**	100
*	CDL Properties Ltd	Property owner and investment holding	Singapore	**100**	100
*	Central Mall Pte Ltd	Property owner	Singapore	**100**	100
*	Chestnut Avenue Developments Pte. Ltd.	Property owner and developer	Singapore	**60**	60
*	Cideco Pte. Ltd.	Property owner	Singapore	**100**	100
*	City Condominiums Pte Ltd	Property owner, developer and investment holding	Singapore	**100**	100
*	City Developments Realty Limited	Investment in shares and investment holding	Singapore	**100**	100
*	City e-Solutions Limited	Investment holding and provision of consultancy services	Cayman Islands	**53**	53
*	City Serviced Offices Pte. Ltd.	Operating serviced offices	Singapore	**100**	100
*	City Sunshine Holdings Pte. Ltd.	Property owner and developer	Singapore	**100**	100
*	Citydev Investments Pte. Ltd.	Investment in shares and investment holding	Singapore	**100**	100
*	Citydev Nahdah Pte. Ltd.	To issue Islamic trust certificates and to act as trustee for the certificate holders	Singapore	**100**	100
*	Citydev Real Estate (Singapore) Pte Ltd	Property owner	Singapore	**100**	100
*	Cityview Place Holdings Pte. Ltd.	Property owner and developer	Singapore	**100**	100

41 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2013 %	Effective Group Interest 2012 %
	Subsidiaries (cont'd)				
	Direct/Indirect Subsidiaries of the Company (cont'd)				
**	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
**	Educado Company Limited	Investment holding and share dealing	Hong Kong	**100**	100
*	Elishan Investments Pte Ltd	Property owner	Singapore	**100**	100
*	Elite Holdings Private Limited	Property owner and developer	Singapore	**100**	100
*	Empire City Consultant Pte Ltd	Management of properties	Singapore	**100**	100
^	eMpire Investments Limited	Investment holding	Bermuda	**100**	100
*	Fairsteps Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	**100**	100
*	Glades Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	**100**	100
*	Grande-Terre Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	**100**	100
*	Grand Isle Holdings Pte. Ltd.	Property owner and developer	Singapore	**100**	100
*	Grange 100 Pte. Ltd.	Property investment and owner	Singapore	**100**	100
*	Guan Realty (Private) Limited	Property owner and developer	Singapore	**100**	100
*	Highgrove Investments Pte Ltd	Property owner	Singapore	**100**	100
*	Hong Leong Properties Pte. Limited	Property owner	Singapore	**100**	100
*	Impac Holdings Pte. Ltd.	Property ownership and sales	Singapore	**100**	100
*	Ingensys Pte. Ltd.	Systems integration activities	Singapore	**70**	70

41 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2013 %	Effective Group Interest 2012 %
	Subsidiaries (cont'd)				
	Direct/Indirect Subsidiaries of the Company (cont'd)				
*	Island City Garden Development Pte. Ltd.	Property owner, developer and investment holding	Singapore	**100**	100
*	Land Equity Development Pte Ltd	Property owner	Singapore	**100**	100
**	Lingo Enterprises Limited	Property holding and property investment	Hong Kong	**100**	100
**	Millennium & Copthorne Hotels plc	Investment holding	England and Wales	**59**	55
*	New Vista Realty Pte. Ltd.	Property owner and developer	Singapore	**100**	100
*	Novel Developments Pte. Ltd.	Property owner and developer	Singapore	**100**	100
**	Pacific Height Enterprises Company Limited	Property investment	Hong Kong	**100**	100
**	Palmerston Holdings Sdn. Bhd.	Property owner and developer	Malaysia	**51**	51
**	Phuket Square Company Limited	Retail and hotel business	Thailand	**49#**	49#
^	Reach Across International Limited	Investment holding	British Virgin Islands	**100**	100
*	Republic Plaza City Club (Singapore) Pte Ltd	Owner and operator of clubs	Singapore	**100**	100
*	Singapura Developments (Private) Limited	Property owner, developer and investment holding	Singapore	**100**	100
*	Sparkland Holdings Pte. Ltd.	Property developer	Singapore	**70**	70
*	Sunshine Plaza Pte Ltd	Property owner, developer and investment holding	Singapore	**100**	100
**	Suzhou Global City Genway Properties Co., Ltd.	Property owner and developer	People's Republic of China	**70**	70
*	Verspring Properties Pte. Ltd.	Property developer	Singapore	**100**	100
*	White Haven Properties Pte. Ltd.	Property developer	Singapore	**100**	100
^	Wideachieve Holdings Limited	Investment holding	British Virgin Islands	**100**	100

41 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2013 %	Effective Group Interest 2012 %
	Subsidiaries (cont'd) **Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels plc**				
**	Anchorage-Lakefront Limited Partnership	Hotel owner	USA	**59**	55
**	Beijing Fortune Hotel Co. Ltd.	Hotel owner and operator	People's Republic of China	**42**	39
**	Bostonian Hotel Limited Partnership	Hotel owner	USA	**59**	55
**	CDL (New York) LLC	Hotel owner	USA	**59**	55
**	CDL Hotels (Chelsea) Limited	Hotel owner and operator	England and Wales	**59**	55
**	CDL Hotels (Korea) Ltd.	Hotel owner and operator	Republic of Korea	**59**	55
**	CDL Hotels (Malaysia) Sdn. Bhd.	Hotel owner and operator	Malaysia	**59**	55
**	CDL Hotels (UK) Limited	Hotel owner and operator	England and Wales	**59**	55
**	CDL Hotels USA, Inc.	Hotel investment holding company	USA	**59**	55
**	CDL Investments New Zealand Limited	Investment and property management company	New Zealand	**28**	26
**	CDL West 45th Street LLC	Hotel owner	USA	**59**	55
**	Chicago Hotel Holdings, Inc.	Hotel owner and operator	USA	**59**	55
*	City Hotels Pte. Ltd.	Hotel operator and investment holding company	Singapore	**59**	55
**	Copthorne Hotel (Birmingham) Limited	Hotel owner and operator	England and Wales	**59**	55
**	Copthorne Hotel (Gatwick) Limited	Hotel owner and operator	England and Wales	**59**	55

41 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2013 %	2012 %
	Subsidiaries (cont'd) **Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels plc (cont'd)**				
**	Copthorne Hotel (Manchester) Limited	Hotel owner and operator	England and Wales	**59**	55
**	Copthorne Hotel (Newcastle) Limited	Hotel owner and operator	England and Wales	**57**	53
**	Copthorne Hotel (Slough) Limited	Hotel owner and operator	England and Wales	**59**	55
**	Copthorne Hotel Holdings Limited	Hotels investment holding company	England and Wales	**59**	55
**	Copthorne Hotels Limited	Hotels investment holding company	England and Wales	**59**	55
*	Copthorne Orchid Hotel Singapore Pte Ltd	Property owner and developer	Singapore	**59**	55
**	Gateway Regal Holdings LLC	Hotel owner and operator	USA	**59**	55
**	Grand Plaza Hotel Corporation	Hotel owner and operator and investment holding company	Philippines	**39**	36
*	Harbour View Hotel Pte. Ltd.	Hotel operator	Singapore	**59**	55
**	Hong Leong Ginza TMK	Property owner	Japan	**72**	69
**	Hong Leong Hotel Development Limited	Hotel owner and operator	Taiwan	**48**	45
^	Hong Leong Hotels Pte Ltd.	Investment holding company	Cayman Islands	**59**	55
**	Hospitality Group Limited	Holding company	New Zealand	**29**	27
*	Hospitality Holdings Pte. Ltd.	Investment holding company	Singapore	**59**	55
*	King's Tanglin Shopping Pte. Ltd.	Property owner	Singapore	**59**	55
**	London Britannia Hotel Limited	Hotel owner and operator	England and Wales	**59**	55
**	London Tara Hotel Limited	Hotel owner and operator	England and Wales	**59**	55

41 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2013 %	Effective Group Interest 2012 %
	Subsidiaries (cont'd)				
	Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels plc (cont'd)				
**	M&C Crescent Interests, LLC	Property owner	USA	**59**	55
**	M&C Hotel Interests, Inc	Hotel management services company	USA	**59**	55
**	M&C Hotels France SAS	Hotel owner	France	**59**	55
*	M&C REIT Management Limited	REIT investment management services	Singapore	**59**	55
**	Millennium & Copthorne Hotels New Zealand Limited	Hotel investment holding company	New Zealand	**42**	39
*	Millennium & Copthorne International Limited	Hotels and resorts management	Singapore	**59**	55
**	Millennium & Copthorne Middle East Holdings Limited	Hotel management service company	Hong Kong	**30**	28
**	Quantum Limited	Holding company	New Zealand	**29**	27
*	Republic Hotels & Resorts Limited	Hotel operator and investment holding company	Singapore	**59**	55
*	Republic Iconic Hotel Pte. Ltd.	Hotel operator	Singapore	**59**	55
**	RHM-88, LLC	Hotel owner and operator	USA	**59**	55
**	WHB Biltmore LLC	Hotel owner and operator	USA	**59**	55

41 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2013 %	2012 %
	Subsidiaries (cont'd)				
	Direct/Indirect Subsidiaries of City e-Solutions Limited				
^	CES Capital Limited	Investment holding	British Virgin Islands	**53**	–
**	Richfield Hospitality, Inc.	Investment holding and provision of hospitality related services	USA	**54**	53
**	Sceptre Hospitality Resources, LLC	Provision of connectivity and revenue management services for hotels	USA	**27**	27
^	SWAN Holdings Limited	Investment holding	Bermuda	**54**	53
**	SWAN USA, Inc.	Holding company	USA	**54**	53
**	SWAN Carolina Investor, LLC	Special purpose entity holding title to hotel real estate as a tenant in common with capital partner	USA	**54**	53
	Associates				
	Associates of Millennium & Copthorne Hotels plc				
*	CDL Hospitality Trusts	See Note (1)	Singapore	**21**	20
*	First Sponsor Capital Limited	Investment holding company	British Virgin Islands	**23**	22
	Associates of City e-Solutions Limited				
**	Cosmic Hospitality China Limited	Provision of hospitality related services	People's Republic of China	**27**	26
**	S-R Burlington Partners, LLC	Provision of hospitality related services	USA	**17**	–

41 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2013 %	2012 %
	Jointly-controlled Entities				
	Jointly-controlled Entities of the Company				
*	Aster Land Development Pte Ltd	Property development and investment dealing activities	Singapore	**30**	30
*	Bartley Development Pte. Ltd.	Property development	Singapore	**30**	30
*	Branbury Investments Ltd	Property owner	Singapore	**43**	43
*	Camborne Developments Pte Ltd	Property owner and developer	Singapore	**50**	50
***	CBM GISCO Integrated Facilities Management LLC	Provision of facilities management services	United Arab Emirates	**49**	49
****	CBM Primetech Facilities Management Private Limited	Facilities management company	India	**50**	50
**	CBM Qatar LLC	Provision of facilities management services	State of Qatar	**50##**	50##
**	CBM Facilities Management (Thailand) Co., Ltd.	Provision of integrated facilities management services in Thailand	Thailand	**49**	–
**	Exchange Tower Ltd.	Property owner and investment holding	Thailand	**39**	39
*	Freshview Developments Pte. Ltd.	Property owner and developer	Singapore	**50**	50
*	Granmil Holdings Pte Ltd	Property owner and developer	Singapore	**40**	40
**	Krungthep Rimnam Limited	Hotel business	Thailand	**49**	49
*	Mount V Development Pte. Ltd.	Real estate developer	Singapore	**30**	30
*****	OOO “Soft-Project”	Hotel and property owner and developer	Russia	**50**	50
*	Richmond Hotel Pte Ltd	Property owner, developer and investment holding	Singapore	**33**	33
*	South Beach Consortium Pte. Ltd.	Property owner, developer and investment holding	Singapore	**50.1**	50.1
*	Summervale Properties Pte. Ltd.	Property owner and developer	Singapore	**50**	50

41 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2013 %	2012 %
	Jointly-controlled Entities (cont'd)				
	Jointly-controlled Entities of the Company (cont'd)				
*	Tomlinson Hotel Pte. Ltd.	Hotel owner	Singapore	**33**	33
*	Tripartite Developers Pte. Limited	Property developer	Singapore	**33**	33
*	Wealthall Development Pte. Ltd.	Property development	Singapore	**30**	–
	Jointly-controlled Entity of Millennium & Copthorne Hotels plc				
^	New Unity Holdings Limited	Investment holding company	British Virgin Islands	**30**	28
**	Fena Estate Company Limited	Investment holding company	Thailand	**30**	28
	Jointly-controlled Entities of City e-Solutions Limited				
**	RSF Syracuse Partners, LLC	Provision of hospitality related services	USA	**27**	26

* Audited by KPMG LLP Singapore

** Audited by other member firms of KPMG International

*** Audited by Deloitte & Touche LLP, Abu Dhabi

**** Audited by Anil De Souza & Associates

***** Audited by BDO Unicorn Inc

^ Not subject to audit by law of country of incorporation

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

CBM International Pte. Ltd. has a direct shareholding of 30% in CBM Qatar LLC and through a shareholder's loan of $15,592 (2012: $15,592), the management considers its effective interest in CBM Qatar LLC to be 50%. The shareholder's loan is granted to Mr Saeed Dohaman Mohammad Al-Zayani, another shareholder of the jointly-controlled entity. With the passing on of Mr Saeed Dohaman Mohammad Al-Zayani, the shareholder's loan is transferred to his heir. The settlement of the loan is neither planned nor likely to occur in the foreseeable future. The loan, in substance, forms part of the Group's net investment in the jointly-controlled entity.

Note (1) CDL Hospitality Trusts is a stapled group comprising CDL Hospitality Real Estate Investment Trust ("H-REIT"), a real estate investment trust, and CDL Hospitality Business Trust ("HBT"), a business trust. H-REIT has an investment strategy of investing directly or indirectly, in a diversified portfolio of income-producing real estate which is primarily used for hospitality and/or hospitality-related purposes, whether wholly or partially, and real-estate related assets in relation to the foregoing.

HBT is a business trust which was dormant until 31 December 2013, when it was activated as master lessee of Jumeirah Dhevanafushi under a lease agreement entered into between an indirect wholly-owned subsidiary of HBT (as lessee) with an indirect wholly-owned subsidiary of H-REIT (as lessor).

STATISTICS OF ORDINARY SHAREHOLDINGS

As at 5 March 2014

Class of Shares	:	Ordinary Shares
No. of Ordinary Shares issued	:	909,301,330
No. of Ordinary Shareholders	:	11,569
Voting Rights	:	1 vote for 1 ordinary share

There are no treasury shares held in the issued share capital of the Company.

Range of Ordinary Shareholdings			No. of Ordinary Shareholders	%	No. of Ordinary Shares	%
1	-	999	1,272	11.00	374,606	0.04
1,000	-	10,000	9,384	81.11	24,711,396	2.72
10,001	-	1,000,000	885	7.65	34,779,270	3.82
1,000,001	and above		28	0.24	849,436,058	93.42
			11,569	100.00	909,301,330	100.00

Based on information available to the Company as at 5 March 2014, approximately 28.36% of the issued ordinary shares of the Company is held by the public, and accordingly, Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited has been complied with.

MAJOR ORDINARY SHAREHOLDERS LIST – TOP 20 AS AT 5 MARCH 2014

No.	Name	No. of Ordinary Shares Held	%*
1	Hong Leong Holdings Limited	138,787,477	15.26
2	Hong Leong Investment Holdings Pte. Ltd.	138,169,335	15.20
3	Citibank Nominees Singapore Pte Ltd	111,093,034	12.22
4	DBS Nominees (Pte) Ltd	100,700,418	11.07
5	BNP Paribas Securities Services	74,892,337	8.24
6	DBSN Services Pte Ltd	53,316,482	5.86
7	HSBC (Singapore) Nominees Pte Ltd	35,295,674	3.88
8	Hong Realty (Private) Limited	27,088,799	2.98
9	UOB Nominees (Pte) Ltd	22,055,947	2.43
10	Euroform (S) Pte. Limited	19,603,045	2.16
11	Hong Leong Corporation Holdings Pte Ltd	15,929,833	1.75
12	NIN Investment Holdings Pte Ltd	15,161,490	1.67
13	Garden Estates (Pte.) Limited	14,152,365	1.56
14	SGI Investment Holdings Pte Ltd	13,752,414	1.51
15	Raffles Nominees (Pte) Ltd	10,017,265	1.10
16	Daiwa (Malaya) Private Limited	9,469,000	1.04
17	Gordon Properties Pte. Limited	9,304,616	1.02
18	OUB Nominees Pte Ltd	6,421,185	0.71
19	Interfab Private Limited	5,648,781	0.62
20	Hotel Holdings (Private) Ltd	5,123,000	0.56
		825,982,497	90.84

* The percentage of Ordinary Shares held is based on the total number of issued Ordinary Shares of the Company as at 5 March 2014.

STATISTICS OF ORDINARY SHAREHOLDINGS

As at 5 March 2014

SUBSTANTIAL SHAREHOLDERS

	No. of Ordinary Shares in which they have interest			
	Direct Interest	Deemed Interest	Total	%*
Hong Realty (Private) Limited	32,088,799	30,488,981[1]	62,577,780	6.882
Hong Leong Holdings Limited	148,787,477	19,546,445[2]	168,333,922	18.512
Hong Leong Investment Holdings Pte. Ltd.	140,169,335	300,146,809[3]	440,316,144	48.424
Davos Investment Holdings Private Limited	–	440,316,144[4]	440,316,144	48.424
Kwek Holdings Pte Ltd	–	440,316,144[4]	440,316,144	48.424
Aberdeen Asset Managers Limited	–	131,921,798[5]	131,921,798	14.508
Aberdeen Asset Management Asia Limited	–	145,304,871[6]	145,304,871	15.980
Aberdeen Asset Management plc	–	209,734,669[7]	209,734,669	23.065

* The percentage of Ordinary Shares held is based on the total number of issued Ordinary Shares of the Company as at 5 March 2014.

Notes

(1) Hong Realty (Private) Limited ("HR") is deemed under Section 7 of the Companies Act, Chapter 50 ("Companies Act") to have an interest in the 30,488,981 Ordinary Shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(2) Hong Leong Holdings Limited ("HLH") is deemed under Section 7 of the Companies Act to have an interest in the 19,546,445 Ordinary Shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(3) Hong Leong Investment Holdings Pte. Ltd. ("HLIH") is deemed under Section 7 of the Companies Act to have an interest in the 300,146,809 Ordinary Shares held directly and/or indirectly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof which includes (i) the 62,577,780 Ordinary Shares held directly and indirectly by HR; and (ii) the 168,333,922 Ordinary Shares held directly and indirectly by HLH, out of which 9,304,616 Ordinary Shares have been identified as Ordinary Shares in which HR is also deemed to have an interest in under note [1] above.

(4) Davos Investment Holdings Private Limited and Kwek Holdings Pte Ltd are deemed under Section 7 of the Companies Act to have an interest in the 440,316,144 Ordinary Shares held directly and/or indirectly by HLIH in which they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(5) The deemed interest of Aberdeen Asset Managers Limited ("AAML") is based on the last notification to the Company on 13 November 2013 and relates to Ordinary Shares held by various accounts managed or advised by AAML.

(6) The deemed interest of Aberdeen Asset Management Asia Limited ("AAMAL") is based on the last notification to the Company on 17 February 2014 and relates to Ordinary Shares held by various accounts managed or advised by AAMAL.

(7) The deemed interest of Aberdeen Asset Management plc ("Aberdeen") is based on the last notification to the Company on 2 September 2013 and relates to Ordinary Shares held by various accounts managed or advised by Aberdeen.

STATISTICS OF PREFERENCE SHAREHOLDINGS

As at 5 March 2014

Class of Shares	:	Non-Redeemable Convertible Non-Cumulative Preference Shares ("Preference Shares")
No. of Preference Shares issued	:	330,874,257
No. of Preference Shareholders	:	2,619
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	- 999	383	14.62	170,838	0.05
1,000	- 10,000	1,822	69.57	5,211,940	1.58
10,001	- 1,000,000	398	15.20	31,365,128	9.48
1,000,001	and above	16	0.61	294,126,351	88.89
		2,619	100.00	330,874,257	100.00

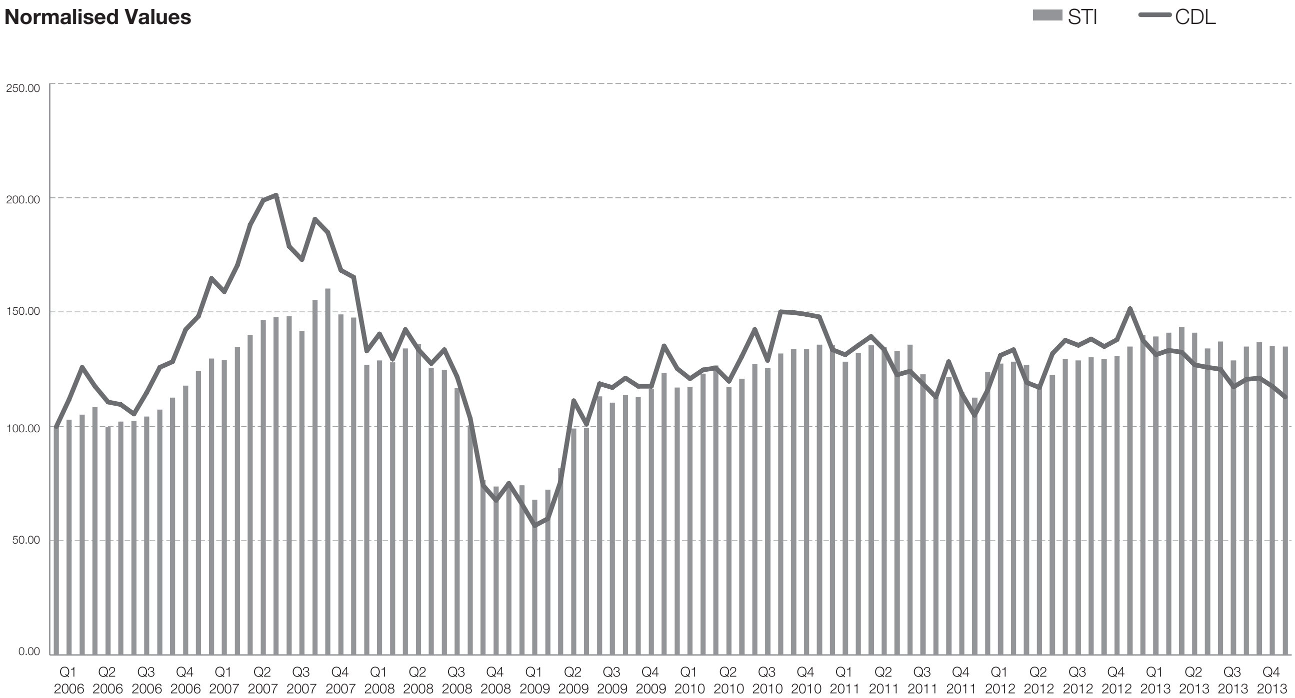
MAJOR PREFERENCE SHAREHOLDERS LIST – TOP 20 AS AT 5 MARCH 2014

No.	Name	No. of Preference Shares Held	%*
1	DB Nominees (Singapore) Pte Ltd	74,272,521	22.45
2	Mandai Properties Pte Ltd	64,931,000	19.62
3	Citibank Nominees Singapore Pte Ltd	40,766,318	12.32
4	Raffles Nominees (Pte) Ltd	31,070,118	9.39
5	Aster Land Development Pte Ltd	26,913,086	8.13
6	DBS Nominees Pte Ltd	21,499,583	6.50
7	Fairmount Development Pte Ltd	7,000,000	2.12
8	HSBC (Singapore) Nominees Pte Ltd	6,314,785	1.91
9	Guan Hong Plantation Private Limited	5,000,000	1.51
10	Hong Leong Foundation	3,564,038	1.08
11	Upnorth Development Pte. Ltd.	3,000,000	0.91
12	Hong Leong Finance Nominees Pte Ltd	2,738,000	0.83
13	Interfab Private Limited	2,054,102	0.62
14	Lim & Tan Securities Pte Ltd	1,900,000	0.57
15	Maybank Kim Eng Securities Pte Ltd	1,802,800	0.54
16	Freddie Tan Poh Chye	1,300,000	0.39
17	Sun Yuan Overseas Pte Ltd	972,000	0.29
18	Morgan Stanley Asia (Singapore) Pte Ltd	945,386	0.29
19	Wong Seow Choon George	860,000	0.26
20	United Overseas Bank Nominees Pte Ltd	712,014	0.22
		297,615,751	89.95

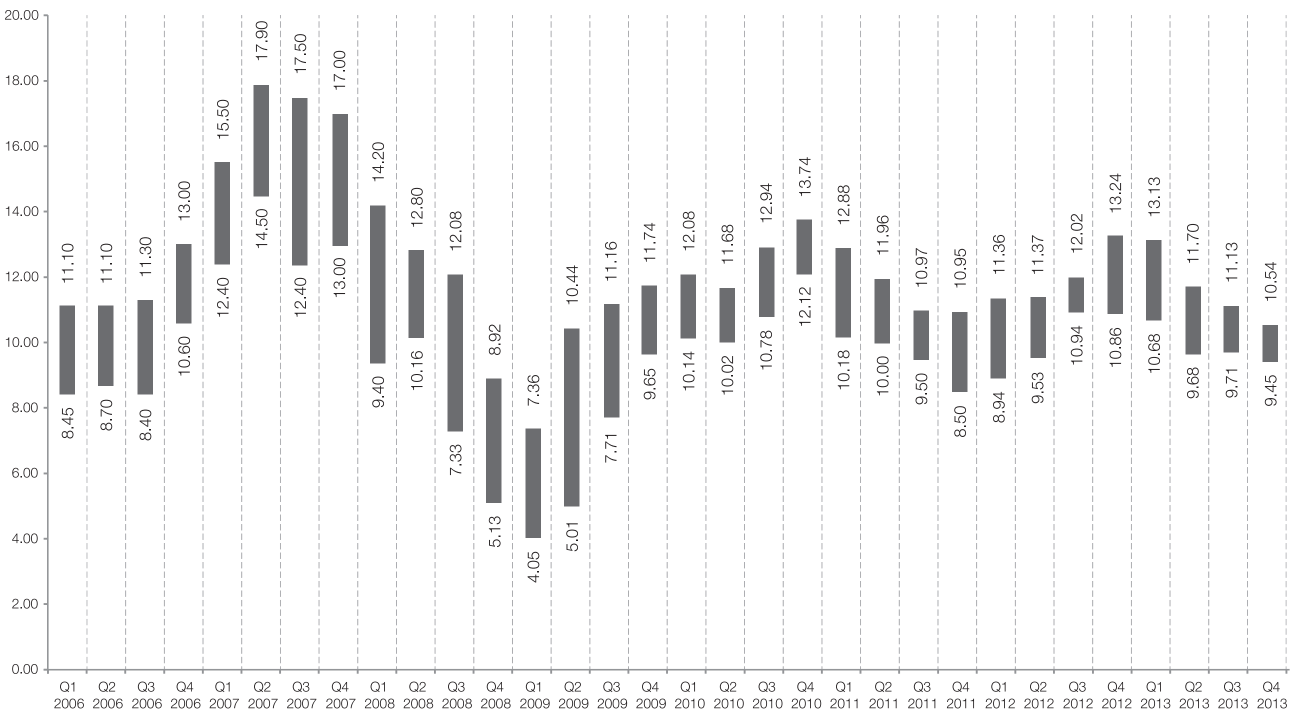
* The percentage of Preference Shares held is based on the total number of issued Preference Shares of the Company as at 5 March 2014.

SHARE TRANSACTION STATISTICS

8-YEAR SHARE PRICE PERFORMANCE



8-YEAR SHARE PRICE HIGH-LOW BY QUARTER



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-First Annual General Meeting (the "Meeting") of City Developments Limited (the "Company") will be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Wednesday, 23 April 2014 at 3.00 p.m. for the following purposes:

(A) Ordinary Business

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December ("FY") 2013 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") for FY 2013.

3. To approve Directors' Fees of $367,000.00 for FY 2013 (FY 2012: $339,846.00) and Audit & Risk Committee Fees of $58,750.00 per quarter for the period from 1 July 2014 to 30 June 2015 (period from 1 July 2013 to 30 June 2014: $58,750.00 per quarter), with payment of the Audit & Risk Committee Fees to be made in arrears at the end of each calendar quarter.

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

   (a) Mr Kwek Leng Joo
   (b) Mr Kwek Leng Peck

5. To re-appoint the following Directors pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act") to hold office from the date of the Meeting until the next Annual General Meeting ("AGM"):

   (a) Mr Kwek Leng Beng
   (b) Mr Foo See Juan
   (c) Mr Tang See Chim

   Mr Chee Keng Soon is also retiring at the Meeting pursuant to Section 153(6) of the Companies Act, and has notified the Company that he will not be seeking re-appointment as a Director at the Meeting.

6. To re-appoint KPMG LLP as Auditors and to authorise the Directors to fix their remuneration.

(B) Special Business

To consider and, if thought fit, to pass, with or without any modifications, the following resolutions as Ordinary Resolutions:

7. That authority be and is hereby given to the Directors to:

   (a) (i) issue ordinary shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require ordinary shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into ordinary shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

   (b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue ordinary shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution was in force;

provided that:

(1) the aggregate number of ordinary shares to be issued pursuant to this Ordinary Resolution (including ordinary shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding ordinary shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 50% of the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (2) of this Ordinary Resolution), of which the aggregate number of ordinary shares to be issued other than on a *pro rata* basis to shareholders of the Company does not exceed 20% of the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (2) of this Ordinary Resolution);

(2) (subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of ordinary shares that may be issued under paragraph (1) of this Ordinary Resolution, the total number of issued ordinary shares, excluding treasury shares, shall be based on the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for:

(i) new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of ordinary shares;

(3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

8. That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares ("Ordinary Shares") and/or non-redeemable convertible non-cumulative preference shares ("Preference Shares") in the capital of the Company not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "Market Purchase") on the SGX-ST; and/or

(ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they may, in their absolute discretion, deem fit, which schemes shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("Share Purchase Mandate");

(b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next AGM of the Company is held or required by law to be held;

(ii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked in general meeting; or

(iii) the date on which the purchases or acquisitions of Ordinary Shares and/or Preference Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"Prescribed Limit" means in relation to any purchase or acquisition of Ordinary Shares, the number of issued Ordinary Shares representing 10% of the total number of issued Ordinary Shares as at the date of the passing of this Resolution, (excluding any Ordinary Shares held as treasury shares), and in relation to any purchase or acquisition of Preference Shares, the number of issued Preference Shares representing 10% of the total number of issued Preference Shares as at the date of the passing of this Resolution; and

"Maximum Price" in relation to an Ordinary Share or Preference Share to be purchased (as the case may be) means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price of the Ordinary Shares or Preference Shares (as the case may be); and

(ii) in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price of the Ordinary Shares or Preference Shares (as the case may be),

where:

"Average Closing Price" means the average of the Closing Market Prices of the Ordinary Shares or Preference Shares (as the case may be) over the last five (5) Market Days on the SGX-ST, on which transactions in the Ordinary Shares or Preference Shares were recorded, immediately preceding the day of the Market Purchase by the Company, and deemed to be adjusted for any corporate action that occurs after such 5-Market Day period;

"Closing Market Price" means the last dealt price for an Ordinary Share or Preference Share (as the case may be) transacted through the SGX-ST's Central Limit Order Book (CLOB) trading system as shown in any publication of the SGX-ST or other sources;

"Highest Last Dealt Price" means the highest price transacted for an Ordinary Share or Preference Share (as the case may be) as recorded on the SGX-ST on the Market Day on which there were trades in the Ordinary Shares or Preference Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

"day of the making of the offer" means the day on which the Company makes an offer for the Off-Market Purchase of Ordinary Shares or Preference Shares, as the case may be, from holders of Ordinary Shares or holders of Preference Shares, stating the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase, calculated on the foregoing basis) for each Ordinary Share or Preference Share, and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"Market Day" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

9. (a) That approval be and is hereby given for the purpose of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and its associated companies that are not listed on the SGX-ST, or an approved exchange, over which the Company, its subsidiaries and/or its interested person(s), have control, or any of them, to enter into any of the transactions falling within the category of Interested Person Transactions, particulars of which are set out in the Company's Circular to Shareholders dated 28 April 2003 (the "Circular") with any party who is of the class or classes of Interested Persons described in the Circular, provided that such transactions are entered into in accordance with the review procedures for Interested Person Transactions as set out in the Circular, and that such approval (the "IPT Mandate"), shall unless revoked or varied by the Company in General Meeting, continue in force until the next AGM of the Company; and

(b) That the Directors of the Company and each of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

(C) To Transact Any Other Ordinary Business

By Order of the Board

Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong
Company Secretaries
Singapore
3 April 2014

Books Closure Date and Payment Date for Final Ordinary Dividend

Subject to the approval of the ordinary shareholders at the Meeting for the payment of the Final Ordinary Dividend, the Ordinary Shares Transfer Books and Register of Holders of ordinary shares of the Company will be closed on 6 May 2014. Duly completed registrable transfers received by the Company's Registrar, M & C Services Private Limited of 112 Robinson Road #05-01, Singapore 068902, up to 5.00 p.m. on 5 May 2014 will be registered to determine ordinary shareholders' entitlement to the Final Ordinary Dividend.

The Final Ordinary Dividend, if approved by the ordinary shareholders at the Meeting, will be paid on 20 May 2014.

Explanatory Notes:

1. With reference to item 3 of the Ordinary Business above, the Directors' Fees of $367,000.00 for FY 2013 excludes Audit & Risk Committee Fees of $58,750.00 per quarter.

2. With reference to item 4(a) of the Ordinary Business above, Mr Kwek Leng Joo will, upon re-election as a Director of the Company, remain as Deputy Chairman of the Board, a member of the Board Committee and chairman of the Corporate Social Responsibility & Corporate Governance Committee.

   Key information on Mr Kwek Leng Joo is found on page 18 of the Annual Report. Mr Kwek Leng Joo is the brother of Mr Kwek Leng Beng. Details of Mr Kwek Leng Joo's share interest in the Company and its related corporations can be found on pages 86 to 88 of the Annual Report. Mr Kwek Leng Joo is also a shareholder of Hong Realty (Private) Limited ("HR"), and a director and shareholder of Hong Leong Holdings Limited ("HLH"), Hong Leong Investment Holdings Pte. Ltd. ("HLIH") and Kwek Holdings Pte. Ltd. ("KH"). Each of HR, HLH, HLIH and KH hold more than 10% direct and/or deemed interest in the Company.

3. With reference to item 4(b) of the Ordinary Business above, Mr Kwek Leng Peck will, upon re-election as a Director of the Company, remain as a member of the Board Committee.

   Key information on Mr Kwek Leng Peck is found on page 19 of the Annual Report. Details of Mr Kwek Leng Peck's share interest in the Company and its related corporations can be found on pages 86 to 88 of the Annual Report. Mr Kwek Leng Peck is also a director and shareholder of HR, HLH and HLIH, each of which hold more than 10% direct and/or deemed interest in the Company. Mr Kwek Leng Peck is considered a non-executive non-independent Director.

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

   Key information on Mr Kwek Leng Beng is found on page 18 of the Annual Report. Mr Kwek Leng Beng is the brother of Mr Kwek Leng Joo. Details of Mr Kwek Leng Beng's share interest in the Company and its related corporations can be found on pages 86 to 88 of the Annual Report. Mr Kwek Leng Beng is also a director and shareholder of HR, HLH, HLIH and KH, each of which hold more than 10% direct and/or deemed interest in the Company.

5. With reference to item 5(b) of the Ordinary Business above, Mr Foo See Juan will, upon re-appointment as a Director of the Company, remain as a member of the Audit & Risk and Nominating Committees. Mr Foo is considered independent by the Board.

   Key information on Mr Foo See Juan is found on page 19 of the Annual Report. Details of Mr Foo's share interest in the Company and its related corporations can be found on pages 86 to 87 of the Annual Report. On page 30 of the Annual Report, the Board has set out its view on Mr Foo's independence notwithstanding that he is a partner of a legal firm which is on the panel of the Company's lawyers. Mr Foo has no other relationships with the Company, its 10% shareholders or its Directors.

6. With reference to item 5(c) of the Ordinary Business above, Mr Tang See Chim will, upon re-appointment as a Director of the Company, remain as a member of the Board, Audit & Risk and Remuneration Committees. Mr Tang is considered independent by the Board.

   Key information on Mr Tang See Chim is found on page 19 of the Annual Report. Details of Mr Tang's share interest in the Company and its related corporations can be found on page 86 of the Annual Report. Mr Tang has no relationships with the Company, its 10% shareholders or its Directors.

7. Mr Chee Keng Soon, a Director retiring at the Meeting pursuant to Section 153(6) of the Companies Act, has notified the Company that he will not be seeking re-appointment as a Director at the Meeting. Consequent thereto, Mr Chee will also cease to act as Lead Independent Director and the chairman of the Audit & Risk, Nominating and Remuneration Committees.

8. The Ordinary Resolution set out in item 7 above, if passed, will empower the Directors of the Company from the date of the Meeting until the next AGM (unless such authority is previously revoked or varied at a general meeting), to issue ordinary shares and/or make or grant Instruments that might require new ordinary shares to be issued up to a number not exceeding 50% of the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company, of which up to 20% may be issued other than on a *pro rata* basis to shareholders. The aggregate number of ordinary shares which may be issued under this Ordinary Resolution will be calculated based on the total number of issued ordinary shares, excluding treasury shares, in the capital of the Company at the time that this Ordinary Resolution is passed, after adjusting for new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of ordinary shares.

9. The Ordinary Resolution set out in item 8 above, if passed, will empower the Directors of the Company to make purchases or otherwise acquire the Company's issued Ordinary Shares and/or Preference Shares from time to time subject to and in accordance with the guidelines set out in Annexure I of the Appendix Accompanying this Notice. This authority will expire at the conclusion of the next AGM of the Company, unless previously revoked or varied at a general meeting or when such purchases or acquisitions are carried out to the full extent mandated.

10. The Ordinary Resolution set out in item 9 above, if passed, will renew the IPT Mandate first approved by Shareholders on 29 May 2003 to facilitate the Company, its subsidiaries and its associated companies to enter into Interested Person Transactions, the details of which are set out in Annexure II and Appendix A of the Appendix Accompanying this Notice. The IPT Mandate will continue in force until the conclusion of the next AGM of the Company, unless previously revoked or varied at a general meeting.

    <u>*Voting restriction pursuant to Rule 921(7) of the SGX-ST Listing Manual*</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 9 in relation to the proposed renewal of the IPT Mandate.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be deposited at the registered office of the Company at 36 Robinson Road, #04-01 City House, Singapore 068877 not less than 48 hours before the time appointed for holding the Meeting.

3. Completion and return of the instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy, to the Meeting.

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

   Article 56 provides that a poll may be demanded by:
   (a) the Chairman of the Meeting; or
   (b) not less than five members present in person or by proxy and entitled to vote at the Meeting; or
   (c) a member or members present in person or by proxy and representing not less than ten (10) per cent. Of the total voting rights of all the members having the right to vote at the Meeting; or
   (d) a member or members present in person or by proxy and holding not less than ten (10) per cent. of the total number of paid-up shares of the Company (excluding treasury shares).

5. To allow for a more efficient voting system, polling will be done by way of an electronic poll voting system. With poll voting, shareholders present in person or represented by proxy at the Meeting will be entitled to vote on a 'one-share, one-vote' basis. The detailed procedures for the electronic poll voting will be explained at the Meeting.

CITY DEVELOPMENTS LIMITED
(Co. Reg. No. 196300316Z)
(Incorporated in the Republic of Singapore)

PROXY FORM

51st ANNUAL GENERAL MEETING

IMPORTANT:
1. For investors who have used their CPF monies to buy City Developments Limited's ordinary shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and holders of City Developments Limited's Preference shares and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the 51st Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format, with the Company Secretary of City Developments Limited. (Agent Banks: please see note No. 9 on required format).

* I/We, ______________________________ with NRIC / Passport / Company Registration Number: ______________

of ____(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 vote for *me/us on *my/our behalf at the Fifty-First Annual General Meeting of the Company ("AGM") to be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Wednesday, 23 April 2014 at 3.00 p.m., and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the AGM.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions		For	Against
	ORDINARY BUSINESS:			
1.	Adoption of Reports and Financial Statements			
2.	Declaration of a Final Ordinary Dividend			
3.	Approval of Directors' Fees and Audit & Risk Committee Fees			
4.	Re-election of Directors under the Articles of Association:	(a) Mr Kwek Leng Joo		
		(b) Mr Kwek Leng Peck		
5.	Re-appointment of Directors under Section 153(6) of the Companies Act, Chapter 50:	(a) Mr Kwek Leng Beng		
		(b) Mr Foo See Juan		
		(c) Mr Tang See Chim		
6.	Re-appointment of KPMG LLP as Auditors			
	SPECIAL BUSINESS:			
7.	Authority for Directors to issue ordinary shares and/or make or grant offers, agreements or options pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of Singapore Exchange Securities Trading Limited			
8.	Renewal of Share Purchase Mandate			
9.	Renewal of IPT Mandate for Interested Person Transactions			

Dated this ______________ day of _________________ 2014

No. of ordinary shares held

* Delete accordingly

____
Signature(s) or Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Notes:

1. Please insert the total number of ordinary shares held by you. If you have ordinary shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of ordinary shares. If you have ordinary shares registered in your name in the Register of Members, you should insert that number of ordinary shares. If you have ordinary shares entered against your name in the Depository Register and ordinary shares registered in your name in the Register of Members, you should insert the aggregate number of ordinary shares. If no number is inserted, this instrument appointing a proxy or proxies shall be deemed to relate to all the ordinary shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the AGM.
5. This instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 36 Robinson Road, #04-01 City House, Singapore 068877 not less than 48 hours before the time appointed for the AGM.
6. This instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney duly authorised or a duly authorised officer. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50.
8. The Company shall be entitled to reject an instrument of proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any instrument of proxy or proxies lodged if the member, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
9. Agent Banks acting on the request of CPF Investors who wish to attend the AGM as Observers are required to submit in writing, a list with details of the investor's name, NRIC/Passport Number, address and number of ordinary shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary, at the registered office of the Company not less than 48 hours before the appointed time for the AGM.

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51ST AGM
PROXY
FORM

Affix
Stamp
Here

The Company Secretary
CITY DEVELOPMENTS LIMITED
36 Robinson Road
#04-01 City House
Singapore 068877

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3rd fold and glue overleaf. Do not staple

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Group Corporate Affairs, Hong Leong Group Singapore

CITY DEVELOPMENTS LIMITED

Conserving the Environment • Caring for the Community

36 Robinson Road, #20-01 City House, Singapore 068877
Tel: (65) 6877 8228 Fax: (65) 6223 2746
www.cdl.com.sg

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