CITY DEVELOPMENTS LIMITED
(REG. NO. 196300316Z)

UNAUDITED FULL YEAR FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

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

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

These figures have not been audited.

	The Group Full Year Ended 31 December 2006 S$'000	2005 S$'000	Incr/ (Decr) %
Revenue	2,546,804	2,374,279	7.3
Cost of sales	(1,179,145)	(1,118,428)	5.4
Gross profit	1,367,659	1,255,851	8.9
Other operating income [2]	187,519	68,581	173.4
Administrative expenses [3]	(460,792)	(430,014)	7.2
Other operating expenses [4]	(420,726)	(426,172)	(1.3)
Profit from operations	673,660	468,246	43.9
Finance income [5]	42,468	28,269	50.2
Finance costs [6]	(138,718)	(151,278)	(8.3)
Net finance costs	(96,250)	(123,009)	(21.8)
Share of after-tax profit of an associate [7]	5,956	-	NM
Share of after-tax profit of jointly-controlled entities [8]	108,912	58,625	85.8
Profit before income tax [1]	692,278	403,862	71.4
Income tax expense [9]	(129,312)	(94,740)	36.5
Profit for the year	562,966	309,122	82.1
Attributable to:			
Equity holders of the parent	**351,659**	**200,397**	75.5
Minority interests	211,307	108,725	94.3
Profit for the year	562,966	309,122	82.1
Earnings per share			
- basic	37.0 cents	20.8 cents*	77.9
- diluted	36.6 cents	20.5 cents*	78.5

NM: Not meaningful

Note:

** Basic and diluted Earnings per share for 2005 have been restated to take into consideration the effect of bonus element of the warrants exercised in 2006. Details of the computation are contained in page 11.*

Notes to the Group's Income Statement:

(1) Profit before income tax includes the following:

	2006 S$'000	2005 S$'000
Interest income	32,944	27,251
Profit on sale of investments, long leasehold interest in hotels and property, plant and equipment (net)	153,786	21,507
Investment income	9,647	9,136
Write-back of allowance for foreseeable losses on development properties (net)	38,561	7,296
Depreciation and amortisation	(155,705)	(170,705)
Interest expenses	(135,085)	(145,307)
Net exchange gain/(loss)	6,043	(1,557)
Mark-to-market gain on financial assets held for trading (net)	8,919	1,286
Impairment losses on property, plant and equipment (net)	(9,220)	(24,530)

(2) Other operating income, comprising mainly net exchange gain, profit on sale of property, plant and equipment, management fee and miscellaneous income, soared to $187.5 million (2005: $68.6 million). The increase was mainly due to profit recognised on sale of long leasehold interest in four Singapore hotels to CDL Hospitality Trusts in 2006 of $150.9 million and business interruption insurance proceeds received of $15.9 million in respect of the Millenium Hilton New York, held by its subsidiary, Millennium & Copthorne Hotels plc. The increase would have been higher if not for the business interruption insurance proceeds of £12.8 million (approximately S$39.8 million) received in respect of the Millenium Hilton New York and gain from sale of Bayswater Tower, Kingsgate Shopping Centre and Kingsgate Commerical Centre in Sydney in 2005.

(3) Administrative expenses, comprising mainly depreciation, hotel administrative expenses, and salaries and related expenses, increased by $30.8 million mainly due to rental expenses incurred for the leaseback of the four abovementioned Singapore hotels from CDL Hospitality Trusts.

(4) Other operating expenses which comprise mainly property taxes and insurance on hotels, hotel other operating expenses and professional fees.

(5) Finance income comprises mainly interest income and net unrealised gain on equities held for trading. The increase in finance income by $14.2 million to $42.5 million (2005: $28.3 million) was due to higher unrealised gain on equities held for trading and interest income from fixed deposits recognised in 2006.

(6) Finance costs comprise primarily interest on borrowings and amortisation of capitalised transaction costs on borrowings and debt securities. The decrease in finance costs by $12.6 million was mainly due to reduction in borrowings in 2006.

(7) Share of after-tax profit of an associate relates to the Group's share of results of CDL Hospitality Trusts.

(8) Share of after-tax profit of jointly-controlled entities increased by $50.3 million to $108.9 million (2005: $58.6 million). The increase was mainly due to profit recognised from the St. Regis Residences, The Sail @ Marina Bay and Parc Emily as well as the write-back of foreseeable losses and allowance for impairment loss for certain development properties and property, plant & equipment held by certain jointly-controlled entities. The increase would have been higher if not for the profit recognised in 2005 from the sale of MyeongDong Central Building in Seoul which was held by a jointly-controlled entity in which the Group has a 50% interest.

(9) Income tax expense for the year is derived at by applying the varying statutory tax rates on the taxable profits/(losses) and taxable/deductible temporary differences of the different countries in which the Group operates, and after adjusting for write-back of overprovision of taxation in prior years of $2.2 million (2005: $19.0 million).

The overall effective tax rate for the Group is 18.7% (2005: 23.5%).

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

	Note	<------ The Group ------->		<-- The Company ---->	
		As at 31.12.2006 S$'000	As at 31.12.2005 S$'000	As at 31.12.2006 S$'000	As at 31.12.2005 S$'000
Non-current assets					
Property, plant and equipment		6,318,829	7,062,040	342,352	561,000
Intangible assets		60	73	-	-
Investments in subsidiaries		-	-	2,219,682	2,187,325
Investment in an associate		116,990	-	-	-
Investments in jointly-controlled entities		289,014	139,270	50,054	48,654
Financial assets		152,858	109,316	39,582	37,752
Other non-current assets		277,294	287,226	137,202	107,738
		7,155,045	7,597,925	2,788,872	2,942,469
Current assets					
Development properties		2,281,858	1,886,488	1,469,935	1,484,558
Consumable stocks		14,507	13,875	-	1,014
Financial assets		70,703	52,069	-	-
Trade and other receivables		705,328	771,177	1,376,141	1,104,580
Cash and cash equivalents		776,924	573,608	99,741	137,726
		3,849,320	3,297,217	2,945,817	2,727,878
Total assets		11,004,365	10,895,142	5,734,689	5,670,347
Equity attributable to equity holders of the parent					
Share capital	(1)	1,991,397	460,944	1,991,397	460,944
Reserves		2,743,138	4,086,872	1,914,961	3,299,588
		4,734,535	4,547,816	3,906,358	3,760,532
Minority interests		1,645,564	1,527,445	-	-
Total equity		6,380,099	6,075,261	3,906,358	3,760,532
Non-current liabilities					
Interest-bearing borrowings	(2)	2,316,947	2,679,926	589,384	917,467
Other liabilities		53,323	46,951	10,070	8,663
Employee benefits		45,178	45,877	-	-
Provisions		5,548	8,377	-	-
Deferred tax liabilities		467,267	433,549	22,955	20,437
		2,888,263	3,214,680	622,409	946,567
Current liabilities					
Bank overdrafts		2,319	2,815	-	-
Trade and other payables		572,641	590,480	542,253	770,790
Interest-bearing borrowings	(2)	1,029,152	910,422	610,427	175,264
Other liabilities		2,498	2,394	-	-
Employee benefits		16,336	15,602	1,477	1,191
Provision for taxation		110,701	81,630	51,765	16,003
Provisions		2,356	1,858	-	-
		1,736,003	1,605,201	1,205,922	963,248
Total liabilities		4,624,266	4,819,881	1,828,331	1,909,815
Total equity and liabilities		11,004,365	10,895,142	5,734,689	5,670,347

Notes :

(1) Resulting from the Companies (Amendment) Act 2005 which came into operation on 30 January 2006, any amount standing to the credit of the Company's share premium account as at 29 January 2006 became part of the Company's share capital on 30 January 2006.

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

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

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

		As at 31/12/2006 S$'000	As at 31/12/2005 S$'000
Unsecured			
-repayable within one year		641,377	175,798
-repayable after one year		1,546,115	1,499,589
	(a)	2,187,492	1,675,387
Secured			
-repayable within one year		390,714	737,884
-repayable after one year		777,855	1,187,605
	(b)	1,168,569	1,925,489
Gross borrowings	(a)+(b)	3,356,061	3,600,876
Less: cash and cash equivalents		(776,924)	(573,608)
Net borrowings		2,579,137	3,027,268

Decrease in net borrowings by $448.1m was mainly funded by the proceeds received from the disposal of the long leasehold interest in Grand Copthorne Waterfront Hotel, Orchard Hotel (including Orchard Hotel Shopping Arcade), M Hotel and Copthorne King's Hotel to CDL Hospitality Trusts.

Details of any collateral

Where secured, borrowings are collateralised by:

- mortgages on the borrowing companies' land and buildings and/or hotel properties and/or
- assignment of all rights and benefits to sale, lease and/or insurance proceeds

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

	Full Year Ended 31 December 2006 S$'000	2005 S$'000
Operating Activities		
Profit before income tax	692,278	403,862
Adjustments for:		
Allowance for foreseeable losses on development properties written back (net)	(38,561)	(7,296)
Depreciation and amortisation	155,705	170,705
Dividend income	(9,647)	(9,136)
Finance income	(42,468)	(28,269)
Impairment losses on property, plant and equipment (net)	9,220	24,530
Interest expense	135,085	145,307
Loss on liquidation of a jointly-controlled entity	1,247	-
Property, plant and equipment written off	3,429	758
Profit on sale of long leasehold interest in hotels and property, plant and equipment	(153,581)	(21,507)
Profit on sale of investments	(205)	-
Share of after-tax profit of an associate	(5,956)	-
Share of after-tax profit of jointly-controlled entities	(108,912)	(58,625)
Value of employee services received for issue of share options	1,822	1,789
Operating profit before working capital changes	639,456	622,118
Changes in working capital		
Development properties	(159,485)	170,341
Stocks, trade and other receivables	(82,457)	33,156
Trade and other payables	(2,991)	(12,702)
Employee benefits	(3,012)	(2,108)
Cash generated from operations	391,511	810,805
Income tax paid	(62,121)	(91,958)
Cash flows from operating activities carried forward	**329,390**	**718,847**

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	Full Year Ended 31 December	
	2006	2005
	S$'000	S$'000
Cash flows from operating activities brought forward	**329,390**	**718,847**
Investing Activities		
Acquisition of subsidaries (net of cash acquired)	(10,433)	(4,519)
Dividends received		
- financial investments	8,379	9,136
- jointly-controlled entities	28,204	12,688
Interest received	48,934	27,708
Proceeds from sale of long leasehold interest in hotels and property, plant and equipment	869,106	125,920
(Purchase)/Disposal of investments in jointly-controlled entities	(250)	86,975
Purchase of investment in an associate	(229,640)	-
Purchase of financial assets	(51,509)	(55,963)
Purchase of intangible assets	(5)	(3)
Purchase of property, plant and equipment	(177,325)	(300,066)
Cash flows from investing activities	485,461	(98,124)
Financing Activities		
Capital contribution from minority shareholders	12,001	2,072
Dividends paid	(198,123)	(119,710)
Fixed deposits pledged to a financial institution	1,026	(16)
Interest paid (including amounts capitalised as property, plant and equipment and development properties)	(151,471)	(161,719)
Net proceeds from revolving credit facilities and short-term bank borrowings	116,761	107,514
Payment of transaction costs	(1,571)	(2,986)
Proceeds from bank borrowings	232,993	1,257,472
Proceeds from issue of shares	51,251	42,016
Proceeds from issuance of bonds and notes	479,031	412,601
Repayment of bank borrowings	(787,158)	(1,405,041)
Repayment of bonds and notes	(300,455)	(783,240)
Repayment to finance leases	(5,734)	(5,361)
Repayment of other long-term liabilities	(405)	(442)
Repayment from related corporations	(35,345)	(209,149)
Cash flows from financing activities	(587,199)	(865,989)
Net increase/(decrease) in cash and cash equivalents carried forward	**227,652**	**(245,266)**

	Full Year Ended 31 December	
	2006	2005
	S$'000	S$'000
Net increase/(decrease) in cash and cash equivalents brought forward	**227,652**	**(245,266)**
Cash and cash equivalents at beginning of the year	569,767	825,663
Effect of exchange rate changes on balances held in foreign currencies	(22,814)	(10,630)
Cash and cash equivalents at end of the year	**774,605**	**569,767**
Cash and cash equivalents comprise:-		
Cash and cash equivalents as shown in the Balance Sheet	776,924	573,608
Less: Fixed deposits pledged to a financial institution	-	(1,026)
Bank overdrafts	(2,319)	(2,815)
	774,605	569,767

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

	<——Attributable to equity holders of the parent——>								
The Group	**Share Capital S$m**	**Share Prem. S$m**	**Cap. Res. S$m**	**Other Res.* S$m**	**Exch. Fluct. Res. S$m**	**Accum. Profits S$m**	**Total S$m**	**Minority Interests S$m**	**Total Equity S$m**
At 1 January 2005[(1)]	452.5	1,458.7	148.2	9.8	145.2	2,149.7	4,364.1	1,460.8	5,824.9
Translation differences on consolidation of foreign subsidiaries	-	-	-	-	(3.8)	-	(3.8)	8.3	4.5
Exchange differences on hedge of net investments in foreign entities	-	-	-	-	(2.1)	-	(2.1)	(1.4)	(3.5)
Exchange differences on monetary items forming part of net investments in foreign entiites	-	-	-	-	2.7	-	2.7	1.9	4.6
Change in fair value of equity investments available-for-sale	-	-	-	6.2	-	-	6.2	3.9	10.1
Acturial losses on defined benefits plans	-	-	-	-	-	(3.3)	(3.3)	(3.1)	(6.4)
Net gains/(losses) recognised directly in equity	-	-	-	6.2	(3.2)	(3.3)	(0.3)	9.6	9.3
Profit for the year	-	-	-	-	-	200.4	200.4	108.7	309.1
Total recognised income and expenses for the year	-	-	-	6.2	(3.2)	197.1	200.1	118.3	318.4
Issue of ordinary shares	8.4	33.6	-	-	-	-	42.0	-	42.0
Change of interest in subsidiaries	-	-	-	-	-	-	-	2.1	2.1
Value of employee services received for issue of share options	-	-	-	0.9	-	-	0.9	0.9	1.8
Transfer of hedging reserve on realisation for the year	-	-	-	6.4	-	-	6.4	5.8	12.2
Dividends	-	-	-	-	-	(65.7)	(65.7)	(60.5)	(126.2)
At 31 December 2005	460.9	1,492.3	148.2	23.3	142.0	2,281.1	4,547.8	1,527.4	6,075.2
Translation differences on consolidation of foreign subsidiaries	-	-	-	-	(54.9)	-	(54.9)	(55.3)	(110.2)
Exchange differences on hedge of net investments in foreign entities	-	-	-	-	(1.3)	-	(1.3)	(0.1)	(1.4)
Exchange differences on monetary items forming part of net investments in foreign entiites	-	-	-	-	(4.1)	-	(4.1)	(3.7)	(7.8)
Change in fair value of equity investments available-for-sale	-	-	-	4.0	-	-	4.0	-	4.0
Share of hedging reserve of an associate	-	-	-	(0.2)	-	-	(0.2)	(0.2)	(0.4)
Share of issue expenses of an associate	-	-	(3.3)	-	-	-	(3.3)	(3.0)	(6.3)
Actuarial losses on defined benefit plans	-	-	-	-	-	(1.4)	(1.4)	(1.4)	(2.8)
Net gains/(losses) recognised directly in equity	-	-	(3.3)	3.8	(60.3)	(1.4)	(61.2)	(63.7)	(124.9)
Profit for the year	-	-	-	-	-	351.7	351.7	211.3	563.0
Total recognised income and expenses for the year	-	-	(3.3)	3.8	(60.3)	350.3	290.5	147.6	438.1
Change of interest in subsidiaries	-	-	2.3	-	-	-	2.3	9.5	11.8
Value of employee services received for issue of share options	-	-	-	0.9	-	-	0.9	0.9	1.8
Issue of ordinary shares	50.9	0.4	-	-	-	-	51.3	-	51.3
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	1,479.6	(1,492.7)	-	-	-	13.1	-	-	-
Dividends	-	-	-	-	-	(158.3)	(158.3)	(39.8)	(198.1)
At 31 December 2006	1,991.4	-	147.2	28.0	81.7	2,486.2	4,734.5	1,645.6	6,380.1

* *Other reserves comprise mainly Fair Value Reserve arising from available-for-sale investments.*

Note

(1): The balances as at 1 January 2005 have been restated to take into account the adjustments arising from the adoption of various new/revised Financial Reporting Standards (FRSs) and the changes in accounting policies detailed in Note 34 of 2005 annual report of the Group

The Company	Share Capital S$m	Share Premium S$m	Capital Res. S$m	Fair Val. Res. S$m	Accum. Profits S$m	Total S$m
At 1 January 2005[1]	452.5	1,445.6	63.7	13.2	1,701.0	3,676.0
Change in fair value of equity investments available-for-sale	-	-	-	4.5	-	4.5
Net gain recognised directly in equity	-	-	-	4.5	-	4.5
Profit for the year	-	-	-	-	103.7	103.7
Total recognised income and expenses for the year	-	-	-	4.5	103.7	108.2
Issue of ordinary shares	8.4	33.6	-	-	-	42.0
Dividends	-	-	-	-	(65.7)	(65.7)
At 31 December 2005	460.9	1,479.2	63.7	17.7	1,739.0	3,760.5
Change in fair value of equity investments available-for-sale	-	-	-	1.5	-	1.5
Net gain recognised directly in equity	-	-	-	1.5	-	1.5
Profit for the year	-	-	-	-	251.4	251.4
Total recognised income and expenses for the year	-	-	-	1.5	251.4	252.9
Issue of ordinary shares	50.9	0.4	-	-	-	51.3
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	1,479.6	(1,479.6)	-	-	-	-
Dividends	-	-	-	-	(158.3)	(158.3)
At 31 December 2006	1,991.4	-	63.7	19.2	1,832.1	3,906.4

Note:
(1): The balances as at 1 January 2005 have been restated to take into account the adjustments arising from the adoption of various new/FRSs and the changes in accounting policies detailed in Note 34 of 2005 annual report of the Group.

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

Ordinary share capital

During the year ended 31 December 2006, the Company issued 20,500,272 new ordinary shares pursuant to the exercise of subscription rights by bonus warrants holders, thus bringing the total number of issued ordinary shares as at 31 December 2006 to 909,301,330 (31 December 2005: 888,801,058 ordinary shares).

As at 31 December 2006, there were no outstanding bonus warrants as bonus warrants which were not exercised as at 10 May 2006 (date of expiry of the subscription rights comprised in the bonus warrants) had lapsed (31 December 2005: 21,103,149 warrants outstanding).

Preference share capital

There were no additional non-redeemable convertible non-cumulative preference shares ("Preference Shares") issued during the year ended 31 December 2006. The total number of issued Preference Shares as at 31 December 2006 and 31 December 2005 is 330,874,257.

As at 31 December 2006, the maximum number of ordinary shares that may be issued upon full conversion of all the Preference Shares at the sole option of the Company is 44,998,898 ordinary shares (31 December 2005: 44,998,898 ordinary shares).

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

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

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

Not applicable.

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

Except for the adoption of various new/revised Financial Reporting Standards issued by the Council on Corporate Disclosure and Governance, which took effect from 1 January 2006 (refer item 5 below), the accounting policies and methods of computation adopted are consistent with those applied in the audited financial statements for the year ended 31 December 2005.

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

Other than the adoption of various new/revised Financial Reporting Standards issued by the Council on Corporate Disclosure and Governance, which took effect from 1 January 2006, there has been no change in the accounting policies and methods of computation adopted by the Group. The adoption of the new/revised Financial Reporting Standards is not expected to have a significant impact on the financial statements of the Group.

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

	Full Year Ended 31 December	
	2006	**2005 (restated)**
Basic Earnings per share (cents)	37.0	20.8
Diluted Earnings per share (cents)	36.6	20.5
Earnings per share is calculated based on:		
a) Profit attributable to equity holders of the parent (S$'000) (*)	338,755	187,493
b) Weighted average number of ordinary shares in issue:		
- basic	915,414,150	902,093,318
- diluted (**)	960,413,048	916,439,567

* *After deducting preference dividends of $12,904,000 declared or paid in 2006 and 2005.*

** *For computation of diluted earnings per share, the weighted average number of ordinary shares has been adjusted for any dilutive effect of potential ordinary shares arising from the exercise of all outstanding bonus warrants and conversion of all preference shares. For year ended 31 December 2005, the preference shares were anti-dilutive and therefore were excluded from the calculation of diluted earnings per share.*

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

	The Group		The Company	
	30/12/2006 S$	31/12/2005 S$	30/12/2006 S$	31/12/2005 S$
Net Asset Value per ordinary share based on issued share capital of 909,301,330 ordinary shares as at 31 December 2006 (888,801,058 ordinary shares as at 31 December 2005).	5.21	5.12	4.30	4.23

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

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

Local Industry Review

The economy performed favourably in 2006 with a GDP growth of 7.9% and an all-time high in employment creation was achieved during the year. The Government has restructured our economy and has laid a solid foundation to propel Singapore into its next phase of growth as a global city. Its strategies of attracting skilled foreign talent and developing Singapore into a leading Asian hub for wealth management, tourism, education, medical and health, science and technology, bio-medical, logistics, and an advanced international business and financial centre, plus other forward looking initiatives, have started to place this city into the global limelight, thereby turning Singapore into an attractive strategic investment hub in Asia.

The property market has performed well during the year following its slow recovery which began at the end of 2004. Private residential property prices have increased by 10.2% compared to 3.9% last year. The increase in prices was led by the high-end projects in the prime districts of 9, 10, 11 as well as new districts like Marina Bay/Downtown Core and Sentosa Cove which increased by 17% for 2006. Private apartments within the rest of central region and outside the central region rose by only 3% and 4.2% respectively. The market has evolved into a segmented one with high-end luxury segment achieving significant increases as compared to the mid-to-low segment. This has prompted the Government to reclassify property price indices to better reflect the price trends in the different segments.

Whilst the recovery of the market was propelled by the high-end luxury segment, the improvement is mainly due to an improving economy, renewed confidence and pent-up demand from limited high-end supply when the property market was suffering for almost 10 challenging years. Increased interest from well-heeled foreigners who are global investors, who tend to have more than one home in more than one major key city, add further confidence in the Singapore economy. Overall, prices for the property market are still below its peak of 1996.

Transaction volume also registered a new record level of 11,147 units as compared to an average of about 7,500 units per annum for the last 10 years.

When Singapore was restructuring its economy, rental for the office sector was low. But now, the situation is reversed with more business investments on-stream and companies expanding its operations. This had led to a natural phenomenon as the office sector has performed remarkably well with rentals increasing by more than 30% for 2006. Grade A office space has once again hit the high of $13.00 per square foot. Average occupancy was 89.5% and a shortage of prime office space is expected in the next few years.

The retail sector has also performed well with occupancy of about 95% and prime rental increasing by about 4.6%.

Group Performance

For the year ended 31 December 2006, the Group delivered a sterling performance with attributable profit rising by 76% to $351.7 million (2005: $200.4 million) on the back of higher revenue of $2.55 billion (2005: $2.37 billion) and improved margins from both the property development and hotel segments. Pre-tax profit of $150.9 million was also recognised on the disposal of long leasehold interest in four hotels to CDL Hospitality Trusts (CDLHT). Basic earnings per share increased by 78% to 37.0 cents for the year (2005: 20.8 cents).

In view of the excellent results, the Board has now proposed the payment of a special final gross dividend of 10 cents per share to be paid together with the final gross dividend of 7.5 cents per share. After taking into consideration the special interim dividend of 7.5 cents which was paid on 27 December 2006, the total dividend proposed or paid by the Group to its ordinary shareholders for the year under review amount to 25.0 cents per share. This is twice the amount of 12.5 cents per share paid for year 2005.

The Group has continued to be the only major listed Singapore property company that has adopted a conservative accounting policy of depreciating its investment properties as allowed by the Financial Reporting Standards (FRS). When FRS 40 on investment properties becomes mandatory from 1 January 2007, the Group will continue to adopt its current policy of stating its investment properties at cost less accumulated depreciation. If the Group were to adopt the policy of stating its investment properties at valuation, it will be able to boost its results significantly through the recognition of revaluation surpluses. However, the Group is of the view that as investment properties are held as long-term investments, by stating them at valuation would result in the recognition of unrealised gains in the profit and loss account which may, in turn, cause a fluctuation in its actual operating performance from year to year depending on the state of the market. If other listed property companies were to state their investment properties at valuation, this difference in accounting treatment will render our financial results not directly comparable with theirs.

Property

2006 was an exciting and successful year for the Group. Although it sold 1,337 units in 2006, which is lower than the 2,071 units achieved in 2005, the sales value for 2006 of $2.77 billion was substantially higher compared to $1.66 billion achieved in 2005.

The Group is confident that the Singapore property market will continue to perform well. We have focused our priority and resources on the domestic market and are now well positioned to maximise and reap the benefits in a market that we know best, and one that is on an upswing momentum. The Group has remained steadfast to its strategy to be the proxy to the Singapore real estate market. It has maintained its leadership position by spearheading the launch of several extraordinary developments and created much buzz in the high-end market segment.

It successfully launched four high-end projects in 2006. The Group set new benchmarks by redefining lifestyles in Singapore with the launch of the first of its kind, the prestigious St. Regis Residences in early June. During the launch, it set unprecedented record prices of over $3,000 per square foot, commanding a 30% premium. This development comprising only a limited 173 beautifully appointed apartments pushed the envelope of sophistication and introduced an unmatched ultimate luxury to Singapore. This joint-venture project was released for sale in phases and to date, 134 units out of the 150 units released for sale have been sold. Over 75% of units sold have been bought by well-heeled foreigners who understand the value of branded residences. By year end of 2007, the hotel is scheduled to be open whilst the residences are expected to be ready in 2008. With their completion, the holistic branded residence experience will be realised and appreciated.

In mid-June, the Group also released for sale Residences @ Evelyn, a 208-unit joint-venture development located on an elevated site in the prime Newton vicinity, which is near completion. All phases of this project have since been launched. To date, more than 93% of the project has been sold. Another highlight of the Group's launches was the highly successful 264-unit waterfront enclave - The Oceanfront @ Sentosa Cove. Launched in July, this 50:50 joint-venture development met with phenomenal response, setting new benchmark prices for Sentosa Cove at that time. The project has been fully sold.

In November, the Group launched Phase 1 of Tribeca by the Waterfront, a 175-unit, freehold luxurious development located next to Grand Copthorne Waterfront Hotel and boast panoramic views of the Singapore River. It met with good response and to date, of the 140 units released, 127 units have already been sold.

Even though the recovery of the property market has been mainly confined to the high-end segment, the mid-tier market is also slowly making some progress. In October, the Group, together with its joint-venture partners launched the sale of 472-unit freehold condominium, Ferraria Park in the Changi/Loyang area. More than 70% of the 250 units released under two phases have since been sold and we expect the sales to pick up as the recovery of the property market begins to be more broad based.

During the year, the Group booked in profits from both St. Regis Residences and The Sail @ Marina Bay which are joint-venture developments. Other joint-venture developments contributing towards the profits include The Pier @ Robertson, Savannah CondoPark, Parc Emily, Residences @ Evelyn and Edelweiss Park. Wholly-owned projects such as City Square Residences also contributed to the profits for the year under review.

However, profits from The Oceanfront @ Sentosa Cove, Tribeca by the Waterfront and Ferraria Park have not been accounted for as these projects are still in the early stage of construction.

The office market has performed robustly with limited supply and strong demand due to the improving economy. Occupancy rate of the Group's properties has improved to 92.3% and rental rates upon renewal of leases would be adjusted to the current market level. As office leases are usually committed for three to five years, adjustments would take time and rental increase for the portfolio would be gradual and steady.

Grade A offices performed particularly well with Republic Plaza achieving about $13.00 per square foot, surpassing the earlier peak of $11.00 per square foot in 1996.

In line with the Group's strategic land acquisition policy to replenish its land bank, the Group successfully acquired four parcels of strategically located sites with land area of about 917,000 square feet and potential development areas of approximately more than 1.8 million square feet. Cost of these acquisitions amount to over $1 billion.

Hotel

Millennium & Copthorne Hotels plc (M&C), in which the Group has a 53% interest delivered the highest level of profits since its listing in 1996. The positive results are due to an improvement in operating profits and realisation of some capital gains from the disposal of a few assets.

Revenue increased 8.6% to £646.3 million (2005: £595.2 million) with headline operating profit up 15.4% to £124.7 million (2005: £108.1 million). Headline profit before tax (excluding other operating income and impairment) rose to £94.4 million, an increase of 27.6% (2005: £74.0 million). For the year under review, M&C sold the long term leasehold interests in three Singapore hotels to CDLHT. This realised £210.6 million in cash of which £78 million was reinvested for a 39.1% stake in CDLHT.

The strong and sustainable results achieved are a testimony of the focused strategy laid down by its board in 2004 during the industry's low point in 2003, which was aimed at restoring M&C's profitability, redeploying its assets and developing the hotel brand, whilst maintaining a dividend consistent with the Group's overall performance.

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

The Group's performance for the year under review is in line with its expectations as disclosed in the announcement of results for the nine months ended 30 September 2006.

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

Property

The economy is expected to perform strongly and the Government has recently upgraded its forecast to 4.5% - 6.5% from the earlier estimate of 4% - 6%.

Demand for residential properties is expected to remain strong in 2007 given the forecast of almost full employment, strong economic growth across the various sectors, the official policy of attracting foreign talent, low interest rate environment and the remaking of Singapore economy to broaden its growth potentials.

In January 2007, the Group launched the much-awaited One Shenton – a redevelopment of an old office building in the Central Business District into a residential project. The response to this 341-unit iconic masterpiece located in the Marina Bay vicinity was overwhelming.

With the continuing strong demand in the high-end luxury market segment, the Group has lined up three upmarket projects for launch in the next few months.

The first is the boutique 59-unit development at Balmoral Park/Stevens Road known as The Solitaire. With its good location, hilltop views and fine architecture, good response is expected. The second project is the luxurious development at the former Kim Lin Mansion site on Grange Road. This distinctive 110-unit development, with generous landscaping, comprises good size apartments with most of the units offering a 360° view of the surrounding is attracting interests from individuals as well as real estate funds and corporate investors. Both are freehold developments.

The third development is the much sought-after 223-unit luxurious residential development at Quayside Collection at Sentosa Cove. With all units having water or marina views, and the popularity of Sentosa Cove, the response is expected to be overwhelming.

In view of the improving sentiments in the mid-market segment, the Group is also planning to launch this year a 50:50 joint-venture development at the former Parkview site. This 493-unit project will be launched in phases.

Construction costs have increased over the last 12 months due to higher demand resulting from the more active property market and construction of the two mega Integrated Resorts. Cost of new developments has increased and will underpin the improving property prices.

The Group has recently acquired another enbloc sale site at Thomson Road. The Albany consisting 56,865 square feet (including the adjoining state-land) has the potential to be developed into a 36-storey residential project with about 135 apartments, strengthening its presence in this vicinity. The Group has earlier purchased in March 2006 the adjoining Lock Cho Apartments, Comfort Mansion and a four-storey walk-up apartment which has a combined plot area of about 137,479 square feet and if amalgamated with the adjoining state land, it will enlarge the site to approximately 178,000 square feet. With a permissible height of up to 36 storeys, the proposed freehold development is expected to comprise about 380 to 400 apartments. This is in line with the Group's policy of strategic land acquisition.

Construction of the 700,000 square feet City Square Mall has begun and it is expected to open for business in 2009. The project has generated much interest among the major retailers and the Group is in the midst of negotiation with several of them for anchor tenancies in the Mall.

The Group has received expressed interest for its retail properties to be injected into a REIT. The Group is keeping its options open and may even consider its own retail REIT at the right time.

The office market is expected to perform very well in the next few years especially with tightening supply and growing demand. Occupancy of our office portfolio is almost 94% now and rentals are expected to continue to improve further this year. The Group is mindful that an office REIT is a trendy proposition and one that the market expects. But the timing of when to list is critical as the yield is used to determine the capital value of the assets in a REIT. Unlike a hospitality REIT where hotel rates can be changed overnight, office tenancy agreements can only be renewed when the leases expire, usually in three to five years. It is in the Group's interest to ensure that our real estate values are maximised for our shareholders. The Group is evaluating various proposals submitted by investment bankers to determine the viability of creating an office REIT at this point of time or at some future date. Alternatively, we are also considering other proposals to unlock shareholder value. We will evaluate our options and an announcement will be made in due course.

Hotel

M&C remains committed to grow its international hotel business as a long-term owner and operator of hotels in many global gateway cities. Its main focus is to create larger, more sustainable earning streams with better gross margins.

The Group has continued to view its investment in M&C with a unique twin strategy. By being a hotel operator, it has been able to generate positive, sustainable cash flow for the Group. At the same time, it has been able to utilise its real estate expertise to exploit the maximum value of its hotel assets and enhance the real estate value by elevating the status of some of its key strategic hotels in prime locations through total refurbishment and redevelopment like the Zenith Residences in Sydney, conversion of Sunnyvale (Silicon Valley, USA) and even the potential redevelopment of some other hotels in London and USA. Furthermore, the Group is also lending its expertise to help to develop a super luxurious condominium in Kuala Lumpur, Malaysia, located along the popular shopping belt which is a piece of prime property owned by M&C just next to the Regent Hotel. The Group has also been able to unlock shareholder value when the opportunity is right as was done in the case of the sale of The Plaza Hotel in New York and the recent flotation of the hospitality REIT.

With its strong balance sheet and the flexibility created through the hospitality REIT platform, M&C is in an advantageous and enviable position to seize opportunities and is well placed for its next phase of growth.

M&C will also continue to strengthen its brand positioning and grow its presence through management contracts. It announced the winning of 9 new management contracts in 2006 taking the total number of rooms signed since 2004 to just under 4,000 and the total number of management contracts to 21.

The M&C board had earlier laid the foundation with focused strategies for M&C during the difficult period of 2003. With the appointment of the new Group Chief Executive Officer, Peter Papas, with effect from 1 March 2007, his broad experience and hands-on leadership will provide a fresh impetus to drive organic growth as well as selected acquisitions at the opportune time so as to bring M&C to the next level. M&C is confident that with a new and solid management team, it is well poised to propel the business forward to achieve higher and more sustainable growth.

Group Prospects

The prospect for the Singapore real estate market looks bright for the next few years. The government has restructured our economy and is making it an attractive place to live, work and play. There are various factors which have contributed to the attraction of global investors.

Firstly, there is now increased liquidity in the world and relatively lower risk premiums paid by corporate borrowers. With globalization and innovation, there is a global financial revolution with greater access to global funds. More companies have an increased appetite to invest and Singapore is a favourite choice investment city.

Secondly, the Singapore economy today is more vibrant and sustainable with great potential. Foreign capital is flowing into Singapore as the government has put in place a stable, cosmopolitan and conducive environment for investment. It has remained nimble and determined to push ahead to develop Singapore into a global city. This has attracted many investors to Singapore as their base for expansion into the resurgent Asia Pacific region.

Thirdly, non-traditional markets such as China, Russia, India and Middle East which have attained emerging wealth are also attracted to Singapore and are starting to explore opportunities here as a springboard to the dynamic Asia Pacific markets.

Singapore is well positioned to reap the benefits of these market trends. The influx of foreign investments, foreign talents, high net worth individuals into Singapore and increased tourism with visitor arrivals has translated into a rise in demand and interest for the real estate market which augurs well for our economy.

With the locked-in profits from progressive recognition of pre-sold development projects, the Group is confident to perform even better over the next 12 months.

11. Dividend

(a) *Current Financial Period Reported On*

Any dividend declared for the current financial period reported on?

Yes.

The Company had paid the following special interim ordinary dividend to ordinary shareholders and non-cumulative preference dividends to holders of City Developments Limited Non-redeemable Convertible Non-cumulative Preference Shares ("Preference Shares").

Name of Dividend	Special Interim Ordinary Dividend	Preference Dividend	
Date of payment	27 December 2006	30 June 2006	3 January 2007
Dividend Type	Cash	Cash	Cash
Dividend Amount (in cents)	7.5 cents (gross) per Ordinary Share	1.93 cents (net) per Preference Share^	1.97 cents (net) per Preference Share^
Dividend rate (in %)	N.A.	3.9% (net) per annum on the issue price of each Preference Share	3.9% (net) per annum on the issue price of each Preference Share
Dividend period	N.A.	From 31 December 2005 to 29 June 2006 (both dates inclusive)	From 30 June 2006 to 30 December 2006 (both dates inclusive)
Issue price	N.A.	$1.00 per Preference Share	$1.00 per Preference Share
Tax rate	20%	20%	20%

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

Subject to ordinary shareholders' approval at the Annual General Meeting to be held on 26 April 2007, the following Ordinary dividends have been proposed:

Name of Dividend	Proposed Final Dividend	Proposed Special Final Dividend
Dividend Type	Cash	Cash
Dividend Amount (in cents)	7.5 cents (gross) per Ordinary Share	10.0 cents (gross) per Ordinary Share
Tax rate	18%	18%

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

Name of Dividend	Preference Dividend	
Date of payment	30 June 2005	3 January 2006
Dividend Type	Cash	Cash
Dividend Amount per Preference Share (in cents)	1.93 cents (net)	1.97 cents (net)
Dividend rate (in %)	3.9% (net) per annum on the issue price of each Preference Share	3.9% (net) per annum on the issue price of each Preference Share
Dividend period	From 31 December 2004 to 29 June 2005 (both dates inclusive)	From 30 June 2005 to 30 December 2005 (both dates inclusive)
Par value of Preference Shares*	$0.05 per Preference Share	$0.05 per Preference Share
Issue price of Preference Shares	$1.00 per Preference Share	$1.00 per Preference Share
Tax rate	20%	20%

Name of Dividend	First & Final Ordinary Dividend	Special Ordinary Dividend
Date of payment	19 May 2006	19 May 2006
Dividend Type	Cash	Cash
Dividend Amount per Ordinary Share (in cents)	7.5 cents (gross)	5.0 cents (gross)
Dividend rate (in %)	15% per Ordinary Share (less tax)	10% per Ordinary Share (less tax)
Par value of Ordinary Shares*	$0.50 per Ordinary Share	$0.50 per Ordinary Share
Tax rate	20%	20%

* Par value of preference shares and ordinary shares were abolished on 30 January 2006.

(c) Date payable

Subject to ordinary shareholders' approval at the Annual General Meeting to be held on 26 April 2007, the proposed final ordinary dividend and special final ordinary dividend for 2006 will be payable on 18 May 2007.

(d) Books Closure Date

NOTICE IS HEREBY GIVEN that the subject to the ordinary shareholders' approval of the payment of a final ordinary dividend of 7.5 cents and a special final ordinary dividend of 10 cents per ordinary share less 18% Singapore income tax in respect of the financial year ended 31 December 2006 at the Annual General Meeting to be held on 26 April 2007, the Ordinary Shares Transfer Books and Register of Holders of ordinary shares of the Company will be closed on 4 May 2007. Duly completed registrable transfers received by the Company's Registrar, M&C Services Private Limited of 138 Robinson Road #17-00, The Corporate Office, Singapore 068906, up to 5.00 p.m. on 3 May 2007 will be registered to determine ordinary shareholders' entitlement to the dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the said final ordinary dividend will be paid by the Company to CDP who will distribute the ordinary dividend to the holders of the securities accounts.

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

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

By Business Segments

	The Group			
	Revenue Full Year Ended		Profit before tax (*) Full Year Ended	
	2006 S$'000	2005 S$'000	2006 S$'000	2005 S$'000
Property Development	484,980	365,045	225,811	151,227
Hotel Operations	1,846,378	1,803,256	396,598	213,003
Rental Properties	168,066	160,072	30,047	27,566
Others	47,380	45,906	39,822	12,066
	2,546,804	2,374,279	692,278	403,862

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

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

<u>**Property Development**</u>

Revenue increased to $485.0 million (2005: $365.0 million) and pre-tax profit increased by $74.6 million (or 49.3%) to $225.8 million (2005: $151.2 million).

Projects that contributed to both revenue and profit include City Square Residences, Residences @ Evelyn, Savannah CondoPark, The Imperial, The Pier at Robertson, The Equatorial and sale of the apartments in Zenith Residences, Sydney held by its subsidiary, Millennium & Copthorne Hotels plc. In accordance to the Group's policy of equity accounting for the results of its jointly-controlled entities, whilst revenue from The Sail @ Marina Bay, Parc Emily, St. Regis Residences and Edelweiss Park has not been consolidated into the Group's total revenue, the Group's share of profits arising from these joint venture developments has been included in pre-tax profit.

The increase in revenue is mainly attributable to contributions from City Square Residences, Residences @ Evelyn, The Imperial and sale of apartments in Sydney.

Total sales value achieved for year 2006 amounted to $2.77 billion which is substantially higher than that of 2005 of $1.66 billion. The sales value that relates to projects held by the Company and its subsidiaries will continue to be recognised progressively as revenue from current year onwards in accordance with the stage of construction of the projects.

The increase in pre-tax profit, which is in-line with the improvement in revenue, is also due to profit recognised for St. Regis Residences as well as higher contributions from The Sail @ Marina Bay and Parc Emily and higher write-back of allowance for foreseeable losses on unsold units. Profit for 2005 included the gain on sale of Bayswater Tower, Kingsgate Shopping Centre and Kingsgate Commercial Centre in Sydney recognised in 2005.

Hotel Operations

Revenue improved by $43.1 million (or 2.4%) to $1,846.4 million (2005: $1,803.3 million). The increase in revenue is mainly due to improvement in the Group's RevPAR which increased by 8.1% during the year, with particularly strong performances in the United States and Asia.

Pre-tax profit soared to $396.6 million (2005: $213.0 million). The increase in pre-tax profit resulted from improvement in RevPAR, the gain of $150.9 million recognised on sale of the 75-year lease each in Grand Copthorne Waterfront Hotel, Orchard Hotel (including Orchard Hotel Shopping Arcade) and M Hotel, and the remaining 61 years of 99-year leasehold interest in Copthorne King's Hotel to CDL Hospitality Trusts in 2006 and the receipt of business interruption insurance proceeds from insurance broker of $15.9 million in respect of the Millenium Hilton New York. This increase would have been higher if not for the profit of £12.8 million (approximately S$39.8 million) from the settlement of Millenium Hilton insurance dispute in 2005.

Rental Properties

Revenue increased by $8.0 million to $168.1 million (2005: $160.1 million) mainly due to higher carpark income generated and improved average occupancy.

In line with the improvement in revenue, pre-tax profit increased to $30.0 million (2005: $27.6 million). The profit contribution from CDL Hospitality Trusts, in which the Company's 53% subsidiary, Millennium & Copthorne Hotels plc, has a 39% interest, has also contributed additional profit to this segment. The increase would be higher if not for the recognition of gain from the disposal of MyeongDong Central Building in Seoul, held by a jointly-controlled entity in which the Group has a 50% interest and disposal of units in Tanglin Shopping Centre in 2005.

Others

Revenue, comprising mainly income from hotel management, building maintenance contracts, project management, club operations and dividend income, has improved to $47.4 million (2005: $45.9 million).

Pre-tax profit for this segment increased by $27.7 million to $39.8 million (2005: $12.1 million). The increase resulted from higher unrealised gain on equities held for trading, exchange gain on foreign currency denominated deposits and securities and higher management fee income.

15. **A breakdown of sales**

	The Group					
	2006			2005		
	1H S$'000	2H S$'000	Total S$'000	1H (restated) S$'000	2H (restated) S$'000	Total S$'000
Sales	1,143,316	1,403,488	2,546,804	1,102,908	1,271,371	2,374,279
Operating profit after tax before deducting minority interests	131,426	431,540	562,966	106,476	202,646	309,122

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

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

	Full Year 2006 S$'000	Full Year 2005 S$'000
Ordinary	55,922	54,507
Special	129,121	36,338
Preference	12,904	12,904
Total	**197,947**	**103,749**

The final ordinary dividend and special final ordinary dividend for the year ended 31 December 2006 of 7.5 cents and 10.0 cents respectively per share less 18% tax is subject to the approval of ordinary shareholders at the forthcoming Annual General Meeting and the dividend amounts are based on the number of issued ordinary shares as at 31 December 2006.

17. Interested Person Transactions

Interested Persons	Aggregate value of all interested person transactions conducted in FY2006 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
Hong Leong Investment Holdings Pte. Ltd. group of companies	Property-related: *(leases, project management, property management and maintenance, marketing, accounting and administrative, cleaning and carpark operation and management services)*	$10,895,755.80
	Financial and Treasury-related: *(inter-company loans)*	$213,351.00
	Total	**$11,109,106.80**
Directors and their immediate family members		Nil

BY ORDER OF THE BOARD

Shufen Loh @ Catherine Shufen Loh
Company Secretary
28 February 2007