City Developments Limited

Annual Report 2010

A New Perspective

To see a cup as half full instead of half empty, is but one perspective.

To see it as half full, with further capacity to be filled however, is a perspective that speaks of vision and foresight.

At City Developments Limited, we believe in the value of seeing things differently. To view what others do not gives us the added edge that enables us to form new perspectives that will take us further, time and time again.

New perspectives that allow us to see the limitless possibilities in the spaces we develop; to recognise leadership within the talent we nurture; to identify key initiatives that will shape the future; and to determine new avenues of growth and profitability for our business.

New perspectives that continue to define the way we are: an innovative organisation that seeks to uphold the highest standards of excellence in all that we do.

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Annual Report 2010

10-YEAR FINANCIAL HIGHLIGHTS

Year	2001[3]	2002	2003
Revenue	$2,227m	$2,289m	$2,326m
Profit before tax	$139m	$243m	$214m
Profit for the year attributable to owners of the Company	$54m	$151m	$152m
Net gearing ratio	0.86	0.80	0.64
Return on equity	1.4%	3.9%	3.3%
Net asset value per share	$4.71	$4.82	$5.56
Basic earnings per share	6.7 cents	18.9 cents	18.8 cents
Dividends			
a) Ordinary dividend (gross) per share			
- final	7.5 cents	7.5 cents	7.5 cents
- special interim	–	–	–
- special final	–	–	50.0 cents
b) Preference dividend (net) per share	–	–	–

Notes:
(1) Dividends declared were tax-exempt (one-tier).
(2) Final and special final tax-exempt (one-tier) ordinary dividends proposed for financial year ended 31 December 2010 will be subject to the approval of the ordinary shareholders at the forthcoming Annual General Meeting.
(3) Certain accounting policies or accounting standards had changed in the financial years 2001, 2002 and 2005. Only the financial information presented above for each of the years immediately preceding 2002 and 2005 had been restated to reflect the relevant changes in accounting policies or accounting standards.

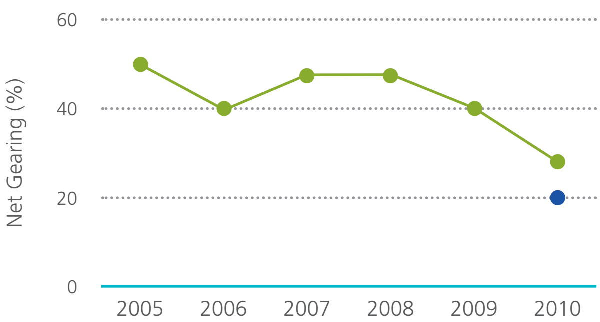
2004(3)	2005	2006	2007	2008	2009	2010
$2,380m	$2,374m	$2,547m	$3,106m	$2,945m	$3,273m	**$3,129m**
$503m	$404m	$692m	$955m	$834m	$832m	**$1,032m**
$227m	$200m	$352m	$725m	$581m	$593m	**$749m**
0.55	0.50	0.40	0.48	0.48	0.40	**0.29**
5.2%	4.4%	7.4%	13.9%	10.7%	9.9%	**11.7%**
$4.99	$5.12	$5.21	$5.72	$5.97	$6.57	**$7.03**
25.3 cents	20.8 cents	37.0 cents	78.3 cents	62.5 cents	63.8 cents	**80.9 cents**
7.5 cents	7.5 cents	7.5 cents	7.5 cents(1)	7.5 cents(1)	8.0 cents(1)	**8.0 cents(2)**
–	–	7.5 cents	10.0 cents	–	–	**–**
–	5.0 cents	10.0 cents	12.5 cents(1)	–	–	**10.0 cents(2)**
2.19 cents	3.90 cents	3.90 cents	3.90 cents	3.90 cents(1)	3.90 cents(1)	**3.90 cents(1)**

CAPITAL MANAGEMENT

	As at 31/12/10	As at 31/12/09
Cash and cash equivalents	$1,874m	$981m
Net borrowings	$2,346m	$3,053m
Net gearing ratio(a)	0.29	0.40
Net gearing ratio if fair value gains on investment properties are taken in	0.20	0.27
Average interest rate of borrowings	2.1% to 2.2%	2.2% to 2.5%
Interest cover ratio	20.7 times	14.5 times

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

NET GEARING



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

Seeing Things Differently

Our ability to see things differently allows us to nurture the extraordinary from the ordinary. Just as we are the pioneers of Singapore's property landscape, we strive to also become pioneers that contribute to Singapore's sustainable future through different Corporate Social Responsibility initiatives. In doing so, we strive to not only develop living spaces for the community, but also play a part in developing the lives that shape our community.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to report a profitable year for the City Developments Group. The Group has posted record results, with highest pre-tax profit surpassing $1 billion and PATMI of $749 million with no property fair value gains.

GROUP PERFORMANCE

For the full year ended 31 December 2010, the Group continued its sterling performance and posted a profit after tax and non-controlling interests of $749.0 million (2009: $593.4 million). The basic earnings per share increased by 26.8% to 80.9 cents (2009: 63.8 cents).

For the fourth quarter under review, the Group achieved an after-tax profit attributable to shareholders of $249.2 million, an increase of 41.1% as compared to $176.7 million in Q4 2009. This is backed by the significant increase in profit contribution from the rental properties segment due to gain recognised primarily from the sale of the Group's remaining strata-units in Chinatown Point.

At the pre-tax level, profit contribution from the rental properties segment had surpassed the other business segments to be the lead contributor, accounting for 75.4% and 40.9% of the Group's profit before tax for Q4 2010 and full year 2010 respectively. During the year, the Group timely unlocked the value of some of its non-core and secondary assets which contributed significantly to the performance of the rental properties segment. In addition, some of the pre-tax gain of $25.5 million recognised in Q3 2010 on the dilution of investment in CDL Hospitality Trusts (CDLHT) also attributed to the increase to this segment for full year 2010.

Despite the strong take-up rate for residential sales launched by the Group during the year, the Group was not able to recognise profit from some of its launched projects as construction had either not commenced or construction has not reached the recognition stage yet. Accordingly, the performance of the property development segment was lower in Q4 2010 and full year 2010 as compared to the corresponding periods in 2009.

The Group's balance sheets continue to be healthy. As at 31 December 2010, net gearing ratio had reduced to 29.0% (as at 31 December 2009: 40.0%). This did not take into consideration any fair value gains on investment properties as the Group adopted the conservative policy of stating investment properties (including those held under joint ventures and associates such as CDLHT) at cost less accumulated depreciation and impairment losses. Interest cover had also improved to 20.7 times for 2010 (2009: 14.5 times).

In view of the strong performance achieved, the Board is pleased to recommend the payment of a special ordinary dividend of 10.0 cents per share in addition to the ordinary dividend of 8.0 cents per share.

Property

The Singapore economy expanded by 3.9% quarter-on-quarter in Q4 2010 compared to the contraction of 16.7% in the previous quarter. Taking into consideration the two consecutive quarters of strong pace of expansion in 1H 2010, the economy grew by 14.5% for the whole of 2010. Growth was driven to a large extent by the biomedical manufacturing cluster and the manufacturing sector. However, the construction sector declined by 2.0% on a year-on-year basis in Q4 2010, compared to 6.7%

growth in Q3 2010, mainly due to the completion of a number of major private sector projects.

The service sector continued to grow in Q4 2010. It posted an increase of 8.8% year-on-year, following growth of 10.2% in the preceding quarter. Growth was supported mainly by the financial services sector, which saw increased activities for commercial banking and foreign exchange trading. The tourism-related services sectors were also bolstered by strong visitor arrivals.

The buoyant residential market sentiment in Q4 2010 went against the more usual seasonal slowdown as evidenced in previous year-end periods. Based on statistics released by Urban Redevelopment Authority (URA), a total of 4,522 uncompleted private residential units were launched for sale by developers in Q4 2010, compared with 3,501 units in Q3 2010. Demand for new homes reached 4,241 units in Q4 2010. This is compared to the 3,638, 4,033 and 4,380 units sold in Q3, Q2 and Q1 respectively.

For the whole of 2010, developers sold a total of 16,292 units in the primary market outstripping the 14,688 units sold in 2009 as well as the previous record of 14,811 units sold in 2007.

According to URA, the Residential Property Price Index surpassed the previous record set in Q3 2010. Overall prices of private residential properties increased by 2.7% quarter-on-quarter in Q4 2010, compared with the 2.9% quarter-on-quarter increase in the previous quarter. For the whole of 2010, prices had increased by 17.6% year-on-year, compared with the 1.8% rise in 2009, and exceeded the previous peaks in 1996 and 2008 by 7.4% and 9.7% respectively.

In late October 2010, the Group launched the 150-unit The Glyndebourne, a condominium redevelopment of the existing Copthorne Orchid Hotel Singapore site at Dunearn Road. The Group, which has a 54% interest in this property that is owned by its subsidiary, Millennium & Copthorne Hotels plc (M&C), managed the marketing for the project on M&C's behalf. To date, over 93% of the project has been sold.

NV Residences, which was launched in Q2 2010, continued to attract buyers and so far, more than 500 units out of a total of 642 units have been sold.

For the year 2010, the Group, along with its joint-venture associates, sold a total of 1,560 units with sales value of $2.115 billion. This compares favourably with 2009, in which 1,508 units with total sales value of $1.868 billion were sold.

For Q4 2010, profits were booked in from Cliveden at Grange, One Shenton, The Residences at W Singapore Sentosa Cove, Shelford Suites, Volari and Wilkie Studio. Profits were also booked in from joint-venture projects namely, Livia and The Gale.

However, no profit was booked in from several projects which were sold out or substantially sold namely, the 396-unit Hundred Trees at West Coast, the 157-unit condominium at 368 Thomson, the 177-unit Cube 8 and the 429-unit Tree House condominium at Chestnut Avenue. These projects are still in their early stages of construction and profits will be progressively booked in during 2011 and beyond. Likewise, no profit was booked in from NV Residences and The Glyndebourne.

The Group has, as part of its selective land replenishment strategy, successfully won the tender for an Executive Condominium (EC) site at Segar Road in Bukit Panjang in December 2010. The Group paid approximately $182 million for the 224,258 sq ft site.

In line with the Group's ongoing strategy of reviewing its existing asset portfolio with a view to unlock shareholders' value at the opportune time, the Group has in 2010 sold or contracted to sell 8 non-core commercial/industrial assets worth a total of about $967 million of which the Group's share is approximately $800 million. These include Chinatown Point, four strata units of GB Building, Pantech 21 and the joint-venture project at New Tech Park which were completed in Q4 2010. Another 2 properties, namely The Corporate Office and The Corporate Building are due for sales completion in Q1 and Q2 of 2011 respectively. The sale of another strata unit of GB Building will be completed in 1H 2011.

The Group's flagship retail property, City Square Mall, which is almost fully leased now would be celebrating the first anniversary of its official opening soon. Footfalls have been steady and improving and the mall business is expected to continue to remain healthy. Moving forward, the Group will continue to review and enhance the trade-mix and rentals.

The Singapore office property market continued on the upward trend during Q4 2010. According to URA statistics, overall rentals for office space increased by 4.7% quarter-on-quarter in Q4 2010 compared with a 6.0% increase in the previous quarter. For the whole of 2010, rentals of office space rebounded by 12.6%. However it is noted that the current rental is still about 45% below the 2008 peak. In fact, since as early as beginning of last year, many analysts presented a rather discouraging outlook for the office market, predicting an oversupply crunch in 2011 to 2013. However with the tremendous GDP growth, the office market has turned around unexpectedly with a sterling performance in 2010 and is poised for further growth. Anecdotal evidence showed that there was positive occupier demand as more companies either retained or expanded into new space. The island wide office occupancy rate improved in Q4 2010 to 87.9% as compared to 87.0% in Q3 2010. The Group's office portfolio continued to fare well with occupancy rate of 94% as at end 2010.

Total potential supply of office space in the pipeline is about 1.06 million sq m GFA as at the end of December 2010. About 553,000 sq m or 52% of the total pipeline supply of office space is expected to be completed by 2012. According to research by a reputable international property consultant, although the estimated 3.1 million sq ft of office space slated for completion in 2011 may appear daunting, almost half of this has already been pre-committed.

To ensure a steady supply of office space to support the growth of the financial and business service sector, the Ministry of National Development has announced the inclusion of 2 commercial sites in the Confirmed List of the 1H 2011 Government Land Sales (GLS) Programme.

The contract for the construction of the diaphragm wall and piling was awarded last year for the South Beach project, in which the Group holds a one-third share, and actual site work will commence in early March 2011. Evaluation of the main construction contract is in progress and expected to be finalised around middle of 2011. The project is now expected to be completed in 2015. The Group feels that such a well-located mixed-use development project with a scale of this magnitude is

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difficult to come by and is an investment with immense potential from the longer term perspective.

As announced in August 2010, CDL China Limited, the Group's wholly-owned subsidiary, had been allocated initial investment funds amounting to approximately $300 million to establish CDL's presence and implement the Company's real estate strategy in various cities throughout China. Despite stiff competition, CDL China Limited, through its wholly-owned Hong Kong subsidiary China Venture Investments Limited, acquired its first development site in Chongqing, China for RMB232 million at a closed government land auction on 15 December 2010.

Chongqing has emerged as one of the three fastest-growing cities in China and a key city in China's western region. The municipality, which has an estimated population of 33 million, presents a highly-attractive investment opportunity given its rapid GDP growth estimated at 17% in 2010. The awarded landmark residential site located on top of the historic Eling Hill in Yuzhong District of Chongqing municipality consists of two adjacent plots of land totalling 27,200 sq m and has a permissible GFA of 43,020 sq m. Strategically located within close proximity to the city centre's landmark monument, Jie Fang Bei, and boasting panoramic views of the Yangtze River, this rare site will be developed into possibly Chongqing's – and even the whole of Western China – most prestigious development with approximately 150 ultra luxurious low-rise villas, duplexes and townhouses. Construction of the project is expected to commence in 2011.

Hotels

M&C, in which the Group holds a 54% interest, performed well in 2010, delivering a strong operating result and made good progress on its asset management initiatives. Changes that have been introduced at the operating level have enabled M&C to find ways to increase revenues whilst continuing to control costs.

M&C's management focused on driving increases in revenue per available room (RevPAR) across all regions. This was due to 2 key factors: first, the location of M&C's highest revenue-generating hotels in gateway destinations that were quickest to respond to recovery; and second, a revitalised management structure, enabling its hotel leadership teams to optimise the balance between room rate and occupancy.

M&C's management also succeeded in maintaining strict cost discipline throughout the year, enabling a high proportion of increased revenue to feed through to profits. M&C's core strategy of owning as well as managing most of its hotels gives it a considerable degree of flexibility when managing direct costs.

With this cost-focused strategy in place, 2010 was a successful year for M&C, with net profit after tax and minority interests increasing by 37.2% to £96.2 million (2009: £70.1 million).

At constant rates of exchange, average RevPAR for the year was £61.06, an increase of 10.7% over 2009. Amongst the gateway cities the strongest RevPAR improvements were in Singapore, which enjoyed a strong V-shaped recovery over the year (up 29.3%). London (up 7.9%) was more stable over the past two years, having experienced only a small drop (2.5%) in RevPAR during 2009. New York was up 8.8%, compared to 2009.

General economic recovery played a key role in M&C's improved performance. However it was also driven by a dynamic combination of local rate and occupancy strategies that varied throughout the year according to general economic conditions and local factors. On a consolidated basis, occupancy contributed 46.7% of RevPAR growth whilst rate produced 53.3%. In constant currency terms revenue increased by 10.0% to £743.7 million.

A high proportion of the cost savings achieved by M&C in anticipation of the severe downturn in 2009 was maintained during 2010, although variable costs increased as a result of greater customer demand for food and hospitality services and in rental charges in Singapore. Operating costs, including hotel fixed charges, non-hotel expenses, central costs, and excluding redundancy costs and impairment, in constant currency terms rose by 5.9% over the year to £628.7 million.

As early as a few years back, even before the financial crisis, M&C anticipated that the market may not be sustainable and could face credit constraint and it has taken the precautionary measure to pursue a debt reduction strategy which has been proven right and is well received. M&C's low gearing lends itself to a strong and flexible position to meet future challenges and take advantage of opportunities.

At 31 December 2010, M&C had cash reserves of £251.9 million (2009: £135.5 million) and total undrawn committed bank facilities of £152.4 million, most of which are unsecured. The average duration of M&C's debt is 24 months (2009: 27 months).

M&C exercised its option to increase its equity ownership in the Grand Millennium Beijing Hotel, from 30.0% to 70.0%. The acquisition was in keeping with its strategy to make selective acquisitions when favourable opportunities arise. This resulted in its net debt increasing by £75.0 million. Overall, net debt reduced over the year to £165.7 million (2009: £202.5 million). Gearing improved to 8.5% (2009: 11.6%). Net interest expense for the year was £5.9 million (2009: £7.3 million). The net book value of the Group's unencumbered assets at 31 December 2010 was £2,088.6 million (2009: £1,891.6 million) representing 88.7% (2009: 87.8%) of all fixed assets and investment properties.

M&C's asset management strategy is focused on enhancing the performance of each of its individual property assets and assessing which asset management options will deliver best value for shareholders. The focus of M&C's management is concentrated on the 20% or so of properties in the Group's portfolio that generate 80% or more of Group earnings, with a view to developing a structured and phased investment programme to enhance returns on certain prime-location assets in the portfolio.

In line with this strategy, M&C has commenced execution of detailed refurbishment plans at the Millennium Seoul Hilton and The Grand Hyatt Taipei and is drawing up plans for refurbishment of The Millennium UN Plaza. Plans are underway to re-position the Millennium Mayfair after the London Olympics in 2012. Additional projects are being considered. In each case, M&C is establishing optimal timing of refurbishment work to minimise revenue impact and capex costs. The locations of these properties are such that it expects each to attract a higher proportion of premium rate customers following refurbishment, thereby increasing hotel earnings and profitability.

As previously reported in Q3 2010, M&C entered into an agreement to sell a parcel of land adjacent to the Grand Millennium Kuala Lumpur for a consideration of RM210 million (£44.2 million). The sale is contingent on the Malaysian authorities' approval of changes to the land title on such terms and conditions that are acceptable to CDL Hotels (Malaysia) Sdn. Bhd.. The purchaser has paid CDL Hotels (Malaysia) Sdn. Bhd. a deposit amounting to 10% of the consideration price and has agreed to pay certain amounts on specified future dates with the remainder payable on completion, which is expected to occur before the end of the second quarter of 2012. M&C's carrying value of the land is RM42.8 million (£9.0 million). Based on this value, the sale is expected to result in a pre-tax profit on completion of RM164.1 million (£34.5 million) after transaction costs. Until completion, M&C's interest in the land will be held on the balance sheet at book value.

In 1H 2010, M&C had also announced the signing of a collective sales agreement ("CSA") with other unit-holders in Tanglin Shopping Centre, a shopping-cum-office development, in which it has a 34% interest in the total strata area. The CSA requirement for 80% of unit-holders to agree for the sale process to proceed was attained. However, the first open tender which carried a very high reserve price for the collective sale of the property did not receive any bids. The sales committee will assess the situation and decide the next course of action.

The launch of M&C's new Studio M brand during 2010 got off to a strong start with the first branded hotel in Singapore achieving good levels of occupancy following its official opening on 17 June 2010. The hotel was EBIDTA-positive within the first three months of operation, which is unusual for a new property in the hospitality industry. Not a typical cookie-cutter hotel, Studio M is a unique mid-range urban-inspired designer hotel with a twist that meets the needs of the modern traveller. This distinctively hip and minimalist brand concept is designed to appeal to the technologically-savvy younger generation and professionals who value contemporary accommodation with connectivity but at an affordable price tag. Since its soft-opening in March 2010, the first Studio M Hotel in Singapore has met with tremendous success and more Studio M projects are being considered.
This includes the development of a 144-room mid-range Studio M hotel in Chennai, India. The construction of the hotel has resumed during the course of the year, after plans were suspended in the wake of the 2009 recession, and the hotel is scheduled for completion in 2013. This will mark a small but significant extension of M&C's activities, being its first hotel on the fast-growing Indian sub-continent.

The China hospitality market represents a significant strategic development opportunity for M&C. M&C's first managed hotel in China, the Millennium Hongqiao in Shanghai, opened in 2006, and today M&C has 6 hotels with 2,295 rooms in the country, 5 of which are managed/franchised. The single owned hotel is the award-winning Grand Millennium Beijing, in which M&C exercised an option to increase its equity holding from 30% to 70% in November 2010 at a purchase price of £26.2 million comprising £18.4 million of cash and £7.8 million of deferred consideration.

In addition to its owned, managed and franchised hotels in China, M&C has a 41.2% effective interest in First Sponsor Capital Limited ("FSCL"). FSCL is a majority shareholder in Idea Valley Investment Holdings Ltd ("IVIHL") which conducts property and hospitality-related business in the China provinces of Guangdong and Sichuan. M&C regards FSCL as an effective and capital-efficient platform to grow its hospitality interests in China.

Development of the Cityspring project in Chengdu, Sichuan Province is progressing well. As at 27 January 2011, 5 out of 6 residential blocks had been formally launched. 569 sale and purchase agreements totalling in excess of US$80 million and 25 option agreements were signed. This represents a sale rate of approximately 98% of the 608 units formally launched. This project is expected to make significant contributions with revenue and profit recognition expected by the end of 2011. The Group, which holds an effective interest of 22% in this associated company, will similarly benefit positively. The Cityspring project is a mixed development totalling more than 80,000 sq m and includes a 124-room mid-scale hotel that is intended to be managed by M&C. The development is scheduled for completion in 2012.

For the year ended 2010, M&C's effective share of FSCL's net profit after tax and minority interest was £0.3 million.

As announced on 5 January 2011, the dispute with the former shareholder Cheung was resolved through a settlement agreement signed on 31 December 2010. Under the terms of the settlement agreement, the joint-venture agreement with Cheung would be terminated and all legal actions commenced by all parties withdrawn. The joint-venture agreement has been terminated and the parties are in the process of withdrawing all legal actions. FSCL has to date bought out Cheung's entire stake in IVIHL, thereby increasing its stake to 95.0% and regained control of 2 remaining companies previously under his control. Recovery of the Hainan hotel and another small business will not be pursued. M&C and the Board of Millennium & Copthorne Hotels New Zealand Limited consider the settlement to be a favourable outcome and in the best interests of shareholders. Most of the transactions under the settlement have been completed and those transactions to be accounted for in the 2011 financial year do not have any material adverse impact on profit and loss.

The settlement of the dispute enables FSCL to renew its focus on value creation through mixed development opportunities in China. These include the proposed acquisition of additional land in Chengdu, for which it is raising US$100.0 million of fresh capital financing.

During the year, M&C together with its New Zealand subsidiary provided US$25.0 million of new financing, primarily for the purchase of the Chengdu land, and plans to invest a further US$25.0 million. As M&C funded the portion of the cash call that the New Zealand subsidiary did not take up, M&C's effective interest in FSCL has increased from 39.8% to 41.2%.

As previously reported in 1H 2010, CDLHT, M&C's real estate investment trust associate, announced the issue of 116.96 million

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stapled securities, priced at $1.71 each, through a private placement, and raising new capital of $196.7 million ($200.0 million gross). As a result of this issuance, M&C's interest in CDLHT was diluted from 39.0% to 34.8% in 2010. M&C's share of net proceeds was greater than its share of net tangible assets diluted by the issue, resulting in a non-cash accounting gain of £7.2 million. As at 31 December 2010, M&C's interest in CDLHT was 34.9%.

CDLHT's revenue surged 33.3% in 2010 compared to a year ago due to a strong 20.2% rise in visitor arrivals in Singapore and the successful acquisition of its Australia hotels in February 2010. As a result, CDLHT achieved a record high income available for distribution per Stapled Security of 11.18 cents in 2010.

Going forward, CDLHT expects to see continued growth as it is a prime beneficiary of the structural boost in accommodation demand in Singapore driven by the opening of yet more attractions at the Marina Bay Sands and Resorts World Sentosa and the completion of the International Cruise Terminal in 2011. In addition, it will continue to actively look for opportunities to grow through acquisitions by leveraging on the extensive hospitality network of CDL and M&C, and their portfolio of quality hospitality assets. In view of the current favourable financing environment and CDLHT's current low gearing of 20.4% as at 31 December 2010, it is well positioned to facilitate the Group's expansion in the growing hospitality sector in Asia in 2011.

M&C has signed 4 management contracts in the Middle East this year. The new hotels – in Jordan, Oman, Qatar and the United Arab Emirates – will offer 993 rooms on completion between 2011 and 2012. This will bring M&C's worldwide pipeline to 25 hotels offering 7,006 rooms, which are mainly management contracts.

CURRENT YEAR PROSPECTS

Property

While 2009 would be remembered for the depth of the global downturn as well as the magnitude of the fiscal and monetary policy responses needed in the United States (US) and Europe to contain the fall-out, the year 2010 would be remembered for a stellar 14.5% surge in GDP growth rate in Singapore. While not totally unexpected given the low base in 2009, the unprecedented expansion in 1H 2010 had exceeded initial expectations. During the year, the Ministry of Trade and Industry had in fact raised its annual growth forecast a total of 3 times.

According to a Monetary Authority of Singapore (MAS) report in December 2010, the recovery of the global economy remained uneven. In numerous economies, including Asia, growth had moderated as the effects of the stimulus measures faded and exports slowed. Nonetheless, growth in Asia was forecasted to remain stronger compared to the US and Europe. Singapore's growth is forecasted to be between 4.0% and 6.0% in 2011.

Among the key growth drivers in 2011 are services linked to regional demand, such as the tourism related sectors. The Integrated Resorts and strong Asian economic growth have contributed significantly to the growth and helped Singapore set an unprecedented record of 11.6 million visitors in 2010, an increase of 20.0% from the year before. The growth is also expected to be supported by the domestic manufacturing sector.

Amidst still strong growth and tight resource utilisation, inflation pressures remain a key concern for policymakers in 2011. Singapore's inflation hit 5.5% year-on-year in January 2011, the highest since December 2008. According to MAS, the inflation forecast for 2011 is 3.0% to 4.0%.

The Government had on 13 January 2011 introduced another set of property cooling measures which were more severe. They include raising the Seller's Stamp Duty rates to 16.0%, 12.0%, 8.0% and 4.0% for properties bought on or after 14 January 2011 and sold in the first, second, third and fourth year of purchase respectively as well as reducing the loan-to-value ratio from 70.0% to 60.0% for those with an existing property loan. Previous Government measures had to some extent moderated the market, but sentiments remained buoyant. With signs of a possible bubble brewing in view of the tremendous volume of residential property transactions, the Government was prudent to introduce these new measures as a precaution.

In view of the current low interest rates environment as well as high liquidity in the financial system, the Government has signalled that it wishes to encourage greater financial prudence among property purchasers to ensure a stable and sustainable property market.

Going forward, homebuyers, sellers and developers will take time to review the impact of the latest property measures. Prices are likely to remain steady but sales volume will fall in the short term, which may be attributed partly by the seasonal slowdown during the Lunar New Year. Selectively, new projects which are well-located and with good access will still see reasonable response with the right pricing.

The URA price indices shows that the index for new projects (uncompleted) in Outside Central Region had surpassed the peak in Q2 2008 by 19.1% in Q4 2010 whereas the index for Core Central Region was still 7.1% below the peak in Q1 2008. As the drivers of Singapore's economic growth are likely to remain intact, and with employment outlook continuing to be positive, residential activity is expected to be distributed between the low to high-end sectors.

The Group is planning to launch its 521-unit new riverfront condominium at Sengkang/Fernvale. This 23-storey stunning condominium is located along the Punggol River with good waterfront views and adjoining Layar LRT station connecting the Sengkang MRT station. Awarded the Active, Beautiful and Clean (ABC) Waters certification by PUB, H_2O Residences is the first private development to integrate with the surrounding water bodies and park. It comprises a wide range of design ranging from 1 to 4-bedroom types and penthouses, capturing panoramic views of the river and the vast project landscape.

The next is at Buckley Road, located at the site of former Buckley Mansion. Strategically located at prestigious District 11, this

Riverside living at H_2O Residences, which was awarded the ABC (Active, Beautiful, Clean) Waters certification by PUB.

5-storey boutique development is just minutes from the Newton and Novena MRT stations, as well as a host of shopping and entertainment options at Novena Square and United Square. The development comprises 64 units of 2 to 4-bedroom types and comes with large expansive balconies. The highlight of conserving and restoring the existing bungalow with a classical contemporary design and converting it to house the new clubhouse presents a unique selling feature for this project.

The Group is also planning to launch the joint-venture project at 18 Anderson Road opposite the Shangri-La Hotel, Singapore. Designed by Prizker prize winner, French architect Jean Nouvel, this exclusive 156-unit, 36-storey twin-tower development contains a good mix of 2+Study, 3, 4-bedroom apartments and penthouses. Nestled along Anderson Road in the prestigious enclave of District 10, the residences is in close proximity to Orchard Road – Singapore's famous shopping belt as well as renowned institutions such as Raffles Girls' Primary School and Singapore Chinese Girls' School. Distinctly modernist, the stunning and iconic architecture presents 8 sky terraces that form a series of thematic lifestyle gardens. Construction has begun earlier and it has reached the 10th storey already.

The Group has also earmarked the EC site it acquired at Segar Road in December 2010 for launch in mid 2011. Comprising an estimated 602 units, the EC development at Bukit Panjang is conveniently located beside the Segar LRT station and near expressways connecting to the rest of the island. This project offers a breathtaking and panoramic view of the surrounding expansive greeneries in Bukit Timah Hill and is expected to be well-received.

Also in the pipeline to be launched later in the year are the development of the existing Futura and Lucky Tower sites which are well located in the sought-after Grange Road residential enclave. The third parcel at Pasir Ris, next to NV Residences and Livia is also being prepared for launch at the appropriate time.

The bumper number of 31 GLS sites for residential use being sold in 2010, including those with a stipulated minimum residential component, is likely to result in a series of residential launches in both mature and non-mature estates as the developer of a typical private residential site is stipulated a timeframe of 60 to 72 months for completion. If the economy keeps on track with the Government's 2011 growth forecast and the strong fundamentals help to bring the return of market confidence within the short to mid term, the high-end segment which is generally less affected by the recent measures, could see increased activity as current prices are still below the previous peak.

The Government had also placed 17 sites on the Confirmed List of the 1H 2011 GLS Programme. It estimated that these sites can yield about 8,100 residential units in total, comparable to the supply from the Confirmed List in 2H 2010 GLS Programme – the highest supply since the Confirmed List / Reserve List system was introduced in 2H 2001. Overall, the 1H 2011 GLS Programme has a total of 30 sites for residential development, which can generate about 14,300 private residential units.

The office sector is likely to continue to ride on its cyclical recovery which commenced from Q1 2010. The high liquidity inflows is expected to result in office rental demand remaining stable and healthy amidst the supply pressure expected in 2011 with about 3.7 million sq ft of new supply coming on-stream. Much of this space had already been pre-committed while the market will also see a number of older office buildings being taken out for redevelopment into residential use. On a medium to long-term outlook, developers will anticipate the launch for sale of commercial land sites in the vicinity of the Marina Bay area as the Government releases more land parcels to allow the seamless expansion of the CBD, in tandem with the on-going infrastructure works in the Marina Bay area, including the construction of the Downtown Line and Marina Coastal Expressway.

Hotels

The current year will present both challenges and opportunities for the hospitality sector. Though the economic outlook is more favourable than this time last year, some uncertainty remains.

However, M&C's strong balance sheet, focused management and effective owner/operator business model make it well placed to take advantage of expansion opportunities worldwide and to meet the competitive challenges of 2011.

While it is too early to predict trading performance for the current year, the opening weeks have been encouraging. In the first five weeks of trading this year, M&C's RevPAR increased by 4.5% like-for-like in spite of some significant seasonal factors adversely affecting the period.

On the management front, Richard Hartman will retire from his current role as M&C's Chief Executive Officer in 2011 upon the appointment of his successor. Thereafter, Mr Hartman will remain on the Board of M&C as a non-executive director.

GROUP PROSPECTS

Singapore's strong economic growth for 2010 is expected to continue, albeit at a more moderate pace in 2011. The positive sentiments, supported by strong regional growth, will augur well for all of the Group's business segments comprising mainly property development, hotel operations and rental properties.

Bolstered by the strength of Singapore's GDP growth coupled with the low interest rate environment and high liquidity in the

CHAIRMAN'S STATEMENT

financial system, private residential property prices rebounded robustly in 2010. This was a cause of much concern to the Government, who throughout the course of the year introduced several targeted series of measures progressively, which were aimed at ensuring a stable and sustainable property market where prices moved in tandem with economic fundamentals in the longer term perspective.

The latest set of property cooling measures, introduced in January 2011, saw the imposition of more stringent measures to further moderate the buoyant market sentiments. As the Group has always been a firm advocate that property investments should be viewed with a medium to long-term perspective, it believes that these new measures will foster greater financial prudence amongst homebuyers and investors, and moderate private residential prices to levels that are consistent with economic fundamentals. Although Asia has become immensely attractive to investors who hope to ride on the strong economic rebound in this region, a conservative approach may be more prudent given that the global outlook remains largely uncertain with troubles in the Middle East and slow economic recovery in Europe and US. Ultimately, the Government's measures would augur well to ensure stability and sustainability for the property market in the longer term. Even then, developers maintain a positive outlook in the medium to long-term, resulting in aggressive bids in recent tenders as they acted to replenish diminishing land banks.

Although homebuyers and investors are likely to adopt a more cautious approach following the implementation of the latest set of measures, the Group remains confident that new projects that are well-located in established towns and equipped with good amenities will remain sought-after by genuine buyers. With the rapid build-up in sales volume in 2010 that were the precursors to escalating prices, many buyers were hesitant and did not enter the property market. The latest measures introduced by the Government will moderate the increase in prices and place them within reach of this group of genuine buyers.

For the hospitality sector, improvements are evident across most geographical locations. Singapore has been transformed into an even more exciting and vibrant destination with the opening of the two Integrated Resorts which has increased the city's attraction, particularly amongst regional travellers. The city's success in hosting the inaugural Youth Olympic Games and the third night race as part of the Formula One Grand Prix has also boosted Singapore's image as a global city on the world stage.

According to data from the Singapore Tourism Board, hotel room revenue rose 22.0% to $1.9 billion in 2010 from a year earlier. With the number of tourist arrivals in Singapore expected to continue to grow in 2011, the Group anticipates that its Singapore hotels, with its broad range of accommodation offerings, will be well poised to benefit from the increase in leisure and business travellers.

Although the recovery of the global economy remains largely uneven, growth in advanced economies is expected to continue and hover at a moderate pace in 2011. Nonetheless, the global business climate has improved and will be supported by strong growth in the Asian region.

It is significant to note that the Government's proactive approach has ensured that Singapore remains highly sought-after as an ideal place for investments, and fluctuations in property transaction volumes are likely to be temporary and are inevitable.

The Group remains optimistic that the positive sentiments riding on a dynamic GDP growth of between 4.0% and 6.0% this year will bolster sentiment and increase confidence across all business segments. The Group is expected to remain profitable over the next 12 months.

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. My appreciation also goes out to my fellow Directors for their invaluable counsel and contributions and to the Management and staff for their unwavering dedication and commitment in the past year.

KWEK LENG BENG
Executive Chairman
24 February 2011

董事主席报告

本人谨代表董事会同仁，欣然宣布城市发展集团过去一年的业绩创下了亮丽的盈利纪录。本集团税前盈利为历年来最高，超过了10亿元，而税后可归属于股东的净利则高达7亿4900万元，不含产业公平价值收益。

集团业绩

全年截至2010年12月31日，本集团保持优越的表现，创下税后与扣除非控股股东权益之盈利达7亿4900万元（2009年为5亿9340万元），本集团每股盈利涨至80.9分（2009年为63.8分，涨幅为26.8%。

以第四季度的表现，本集团为股东取得税后盈利达2亿4920万元，与2009年的1亿7670万元,同比增长41.1%。此盈利的显著提升乃由于本集团出售了位于唐城坊（Chinatown Point）的剩余分层地契单位，以致租赁产业方面的收益大幅度上扬。

至于税前盈利，租赁产业方面的业绩超越了其他业务，领头作出贡献，分别占有本集团2010年第四季度毛利之75.4%以及全年毛利之40.9%。租赁产业所以会取得如此优异的表现，主要是因为本集团及时脱售一些非核心以及次要的产业。此外，2010年第三季度因稀释城市发展酒店服务信托(CDLHT)投资而取得的部分2550万税前盈利，亦拨入此账目的2010年全年业绩增长中。

尽管去年本集团所推出的私宅项目取得良好的销售业绩，本集团尚未能将其中的一些项目盈利登记入账，因为有些楼盘还未动工，或者建筑进度仍未达到可以纳入账目的阶段。因此，销售产业方面的业绩与去2009年第四季度乃至全年同比，业绩皆显得较低。

总的说来，本集团的资产负债表依然稳健。截至2010年12月31日，净负债与资产比率减至29.0%（截至2009年12月31日为40.0%）。不过，由于本集团采取保守的会计政策，以成本价核算其投资产业（包括合资投资以及与联营公司如CDLHT），再扣除累计折旧及减值耗损，有关净负债与资产比率并未考虑投资产业的公平价值受益。另一方面，2010年的利息偿付比率亦改善至20.7倍（2009年为14.5倍）。

基于本集团的强劲业绩表现，董事会欣然建议派息每股8分，另加派特别股息每股10分。

产业

新加坡经济于2010年第四季度同比增长了3.9%，扭转第三季度的缩减16.7%。然而，由于2010年上半年连续两个季度的强劲发展，新加坡2010全年的经济发展最终取得14.5%的增长。

此经济增长大部分归功于生物药剂制造业以及制造业。至于建筑业，尽管在2010年第三季度取得6.7%的增长，第四季度却年同比下滑2.0%，相信这是因为很多大型的私人企业楼盘都已经竣工所致。

服务业方面，2010年第四季度保持增长势头年与年同比上扬8.8%，紧接第三季度的10.2%。此增长主要受惠于金融服务业因商业银行以及外汇交易营业额较为活跃的缘故。此外，旅客大幅度增加也导致旅游及相关行业快步成长。

2010年第四季度的活跃私宅市场一反过去的季节性的年终放缓常态。市区重建局(URA)披露的统计数据显示，发展商在2010年第四季度推出销售的未竣工私宅单位共有4,522个，而第三季度只有3,501个单位。2010年第四季度的新房需求达4,241个单位，比第一至第三季度出售的单位(分别为3,638,4,033,4,380) 都要来得高。

整体而言，发展商于2010年在市场上共出售了16,292个单位，超越2009年的14,688个单位以及2007年创下的14,811个单位纪录。

市区重建局的数据显示，住宅产业价格指数也高过2010年第三季度。整体上，2010年第四季度的私宅价格季度同比上涨了2.7%，相比之下，第三季度的季度同比增长幅度为2.9%。按全年计算，2010年的价格年同比上升了17.6%，2009年的升幅只有1.8%，分别超越1996年的7.4%与2008年的9.7%高峰。

本集团于2010年10月末推出拥有150个单位的格林豪庭公寓(The Glyndebourne)楼盘。这项目是在重新发展国敦胡姬酒店(Copthorne Orchid Hotel)，原址坐落在杜尼安路(Dunearn Road)上。其所有权属于本集团的子公司千禧国敦酒店集团(M&C)，而本集团在这个项目上占有54%的权益，也代表M&C推广这个项目。到目前为止，超过93%的单位已经售出。

2010年第二季度推出的心怡苑(NV Residences)继续吸引买家，642个单位中，已经卖出超过了500个。

2010年全年，本集团以及合资联号总共售出1,560个单位，销售额达21亿1500万元，这个业绩超越了2009年的表现，去年集团出售了1,508个单位，销售额为18亿6800万元。

2010年第四季度盈利相继入账的项目包括凯林豪庭(Cliveden at Grange)，珊顿一号(One Shenton)，The Residences at W Singapore Sentosa Cove，清风雅筑(Shelford Suites)，傲翔园(Volari)以及汇吉楼(Wilkie Studio)。合资项目莉雅苑(Livia)以及The Gale的盈利也已经入账。

不过，有几个楼盘尽管已经售罄或接近售罄，其盈利还没有纳入账目。这包括西海岸的百树园(Hundred Trees，396个单位)，汤申368(368 Thomson，157个单位)，尚居(Cube 8，177个单位)以及策士纳道(Chestnut Avenue)的翠林屋(Tree House)共管公寓(429个单位)。这些项目处于建筑初期，其盈利将从2011年起，逐步纳入账目。基于同样道理，心怡苑(NV Residences)和格林豪廷两个项目的收益也将会纳入来年的账目。

在贯彻有选择性补充土地储备策略的原则下，本集团于2010年12月成功以1亿8200万元标下武吉班让诗加路(Segar Road)一块可发展执行共管公寓(EC)的224,258平方英尺地皮。

秉承本集团一贯持续检讨所拥有的产业组合，以便把握时机，及时为股东带来更多的收益的策略，2010年，本集团出售了或已经达成协议即将卖出8个非核心商业与工业产业，价值高达9亿6700万元，其中8亿元划归本集团所有。这包括唐城坊，GB大厦的4个分层地契单位，万能21(Pantech 21)以及合资项目的新科技园，有关脱售已经于2010年第四季度完成。此外，还有两个项目的脱售计划估计会分别于2011年第一和第二季度完成。这两个项目为The Corporate Office和The Corporate Building。GB大厦另外一个分层地契单位，其出售计划定2011年上半年完成。

本集团的旗舰零售产业城市广场(City Square Mall)的零售空间已经接近全面租出。该广场即将庆祝开业一周年。该广场的营业步伐稳健加速，我们有信心该广场的营业额会健全成长。未来，本集团会不断检讨该广场的零售业务组合和租金。

新加坡的办公产业市场于2010年第四季度维持上升趋势。市区重建局的统计数据显示，办公楼出租率的季度同比上升了4.7%，第三季度则为6.0%。整体上，2010年的办公楼出租率出现反弹，增幅为12.6%。可是，目前的租金水平和2008年的高峰相比，还是低了45%。实际上，去年年初开始，分析师就对办公楼市场不表乐观，认为从2011至2013年都会出现过剩现象。扭转局面的是国内生产总值的飞跃增长，2010年的办公楼市场出乎意料的一枝独秀，目前看来还有上扬的空间。非正式资料显示更多企业保留甚至发展起办公空间，因此租用率依然乐观。全岛办公楼租用率于2010年第四季度上升到87.9%，略高于同年第三季度的87.0%。本集团的办公楼方面的业绩继续表现良好，2010年年终的租用率达94%。

截至2010年12月底，办公楼的潜在供应量高达106万平方米总建筑面积，其中553,000平方米或52%的总潜在供应量预计于2012年以前可以推出。国际著名的产业咨询机构经过研究后认为尽管要在2011年完成供应大约310万平方英尺的办公楼空间似乎是个巨大的难题，实际上，近半数已经被预订了。

为了确保有足够的办公楼来应付金融和商业服务业界的增长势头，国家发展部宣布在2011年上半年的政府售地计划(GLS)中确定纳入2块商业用地。

关于集团占有三分之一权益的South Beach项目，去年已和负责安装横隔墙以及打桩的承包商签定了合约，今年三月初展开工程，不过总承包商的建筑合约则还在审核阶段，相信2011年中就能敲定。现在，这个项目预计将在2015年竣工。集团相信地理环境如此优越的综合发展项目是很难得的，尤其是这个项目的规模颇大，从长远来说，这项投资的潜在利益鉅大。

集团于2010年8月宣布为独资子公司CDL中国有限公司注入创业投资资金大约3亿元，协助拓展城市发展有限公司在中国的市场地位，并落实公司在中国各地的房地产策略。虽然竞争激烈，城市发展中国有限公司透过其在香港的独资子公司先基投资有限公司(China Venture Investments Limited)，于2010年12月15日以人民币2亿3200万元成功标下中国官地作为集团在重庆市的第一块地皮。

重庆市乃中国经济发展速度较快的三大城市之一，也是中国西部的核心城市之一。该市拥有人口3300万，2010年的国内生产总值初步估算高达17%，深具投资潜能。集团标得的黄金地段位于渝中区鹅岭半山，富有浓厚的历史气息，也是可以发展成为具有地标意义的私宅地段。整块地由两幅比邻地皮组成，总面积达2万7200平方米，总建筑面积达4万3020平方米。有关地段的地理位置优越，标志市中心的解放碑就在附近，而且因为地势高，长江美景尽入眼帘。这个千载难逢的独特地段相信将帮助本集团发展出重庆市，乃至整个中国西部最显赫耀眼的奢华住宅--集团准备建筑150个超豪华低层独立式别墅、联体别墅和连排别墅。建筑工程预计在2011年就能开展。

酒店

集团占有54%权益的千禧国敦酒店集团(M&C)于2010年表现出色，不仅营运业绩佳，资产管理的积极性也大有进展。M&C早前在营运方面进行了大刀阔斧的改革，成功开源节流。

M&C的管理方针集中在创收，要全面提高旗下酒店的客房平均销售收益(RevPAR)。达标的关键有二：M&C旗下的高收益酒店位处热门旅游点，对经济复苏的敏感度最高；其次，改革后的管理结构容许酒店负责人最优化处理客房价格和租用率的关系。

M&C管理层过去一年也成功执行严格的成本控制措施，因此收入的增长中有绝大部分回归集团的利润。成功控制成本的关键也在于M&C采取的主要策略是拥有和管理旗下大部分的酒店，因此在控制直接成本方面有更大的操作空间。

成功节流之后，2010的业绩大好，M&C的税后归股东净利猛涨37.2%，达9620万英镑(2009：7010万英镑)。按固定汇率计算，客房平均销售收益为61.06英镑，与2009年相比，提高了10.7%。热门旅游点之中，以新加坡的客房平均销售收益最高，主要是因为新加坡的经济V-型反弹，上扬了29.3%。伦敦(上升7.9%)经历了2009年客房平均销售收益微跌2.5%之后，去年表现比前两年都要稳定。纽约的表现也比2009年好，增长8.8%。

M&C能取得佳绩与经济复苏不无关系。然而，不断根据经济形势和当地因素有效操控当地房价与租用率关系也扮演了积极的角色。按合并收益算，租用率对客房平均销售收益的提高占46.7%，而房价则占53.3%。按固定兑换率算，盈利涨至7亿4370万英镑，增幅为10.0%。

2009年，M&C预见经济会严重下滑，实施节流，节省了不少成本，这个措施一直持续到2010年，然而客户对于食物和服务的要求的提高，以及新加坡租金的调高，抵消了部分的节约作用。另一方面，按固定汇率算，全年营运成本，包括酒店固定支出，非酒店开销和主要成本（不包括裁员补助与资本减损）增加了6亿2870万英镑，上扬了5.9%。

远在金融海啸还未发生的几年前，M&C就已经预见到市场形势不容乐观，很可能面对信贷难题，因此早已做好预防措施，减少负债，目前的情况证明这是有远见的，也得到大家的共鸣。由于M&C的负债比例低，所以能从容面对未来的挑战，也有能力把握时机。

截至2010年12月31日，M&C的现金盈余达2亿5190万英镑(2009:1亿3550万英镑)，而无需动用的已承诺银行备用信贷总数为1亿5240万元，大部分没有抵押。M&C的债务偿还期平均为24个月(2009:27个月)。

M&C执行其选购权，增持北京千禧大酒店(Grand Millennium Beijing Hotel)的股份，从30.0%提高到70.0%。有关收购符合该集团配合时机作策略性收购的原则。收购后，过去一年的净负债下降到1亿6570万英镑(2009:2亿250万英镑)。负债比例从2009年的11.6%改善至2010年的8.5%。2010年的利息净支出为590万英镑(2009:730万英镑)。截至2010年12月31日，集团无负担资产的账面净值为2亿886万英镑(2009:1亿8916万英镑)，占所有固定资产和投资房地产的88.7%(2009:87.8%)。

M&C的资产管理策略集中于提高个别房产的业绩表现，评估选择能给股东带来最佳利益的资产管理方案。M&C管理层集中精力管理集团旗下大约20%的产业以期为该集团带来大约80%的利润，为此，管理层采取有组织、按阶段的投资方案，利用位处黄金地段的资产来增加收益。

按上述策略，M&C已经开始落实首尔希尔顿千禧酒店(Millennium Seoul Hilton)和台北君悦大饭店(The Grand Hyatt Taipei)装修计划，并开始计划装修纽约联合国广场千禧酒店(The Millennium UN Plaza)。同时，也计划在2012年的伦敦奥运会闭幕以后重新定位伦敦梅菲尔千禧酒店(Millennium Mayfair)。还有好些计划也待审批。对于每一个项目，M&C都争取时间完成装修，减低装修工程对收入的冲击并减低资本开支。选择装修上述酒店是因为装修过后更有能力争取到更多高收入客户以提高酒店的收益和盈利。

2010年第三季度报告中提到M&C已经签署合约出售吉隆坡千禧大酒店毗邻的一块土地，售价高达马币2亿1000万(4420万英镑)。有关交易有待马来西亚当局对更名条件等细节的审批，有关条件必须符合城市发展酒店（马来西亚）(CDL Hotels (Malaysia) Sdn. Bhd.)的利益。买方已经付出合约价格的10%作为押金并同意在未来的特定日期再支付一笔款项，余款在交易正式通过后支付，估计有关交易会在2012年第二季度以前完成。有关土地的账面现行价值为马币4280万(900万英镑)。按此，这笔交易完成后的税前盈利为马币1亿6410万(3450万英镑)，M&C在这块土地上的权益会以帐面价值登入资产负债，直至交易完成。

2010年上半年，M&C也宣布与东陵购物中心的用户签署集体买卖合约(“CSA”)。M&C拥有这栋购物与办公大楼的总分层面积34%的权益。根据集体买卖合约，任何交易都必须得到80%的用户同意，然而，首度公开招标的最低价格非常高，无人竞投。销售委员会将评估形势再决定下一步的策略。

M&C于2010年在新加坡推出新精品酒店品牌Studio M，2010年6月17日正式开幕后，租用率非常高，创下当地品牌酒店的纪录。开业首三个月内，税息折旧与摊销前利润相当可观，对于新酒店来说，这是非常少见的。Studio M并非一般的酒店，而是有个性的中档富城市品味的精品酒店，符合现代旅客的需求。简约主题的设计，个性突出，很能迎合熟悉高科技的年轻一代和专业人士，这类客户追求价格合理而又能轻易上网的现代居住环境。因此酒店2010年3月在新加坡开始经营以来，广受欢迎，营业额节节上升，M&C目前正在计划落实更多的Studio M项目。

这包括在印度钦乃建拥有144房的中档Studio M酒店。有关建筑工程于2009年经济不景气时中断了，去年又重新启动，订2013年竣工。印度发展快速，这是M&C在这个次大陆的第一家酒店，也算是踏进很有意义的一个小拓展。

中国的酒店服务市场对M&C来说具有重大的战略发展意义。2006年，M&C在中国的第一家共管经营酒店于上海推出：上海千禧海鸥大酒店(Millennium Hongqiao)，至今M&C在中国拥有六家酒店，2,295间客房，其中五家为M&C参与管理或特许经营的酒店。真正拥有的就是获奖的北京千禧大酒店。M&C于2010年11月耗资2620万英镑(现金1840万英镑加780万英镑的递延付款)争持北京千禧大酒店的股份，从30%提高到70%。

除了上述在中国的酒店以外，M&C也拥有First Sponsor资本有限公司("FSCL")41.2%的经营权益。FSCL乃是Idea Valley 投资控股有限公司("IVIHL")的大股东，IVIHL在中国广东和四川省都有房产和酒店业务。M&C认为透过FSCL开展中国酒店服务业务是既有效又有资本效益的平台。

关于四川省成都市的城市春天楼盘,进展也很顺利。截至2011年1月27日，FSCL推出了6栋住宅楼中的5栋出售。销售反应良好，共签下569张买卖合约，价值超出8000万美元，另外，也签下25张购买权合同。正式推出的单位有608个，有关业绩表示98%已经有承诺买卖。我们预期这个楼盘将在2011年终结以前带来可观的收益。本集团在有关联号企业中占22%的控股权益，这也意味本集团也将从中受惠。城市春天是个综合性楼盘，总发展面积达8万平方米。发展蓝图包括一栋拥有124间客房的中档酒店，由M&C经营。整个楼盘订于2012年竣工。

截至2010年年终，M&C从FSCL的税后以及少数股东利益的净利的实际权益为30万英镑。

2011年1月5日的汇报中提及M&C与前任股东张先生的争议解决，双方于2010年12月31日签署了协议书，终止所有和张先生订下的合资项目，双方并撤销各自所提的法律诉讼。根据协议书，有关合资项目已经终止了，而双方也已经进入法律程序，申请撤消之前采取的法律行动。到目前为止，FSCL已经买下张先生在IVIHL的全部股份，进而拥有IVIHL的95%权益，并重新取得另外两家公司的控制权，这两家公司原先为张先生所控制。有关海南岛酒店以及另一家小规模的企业的所有权也不再追究。M&C以及纽西兰千禧国敦有限公司的董事局欢迎有关协议，认为这是照顾了股东的最大利益。协议涉及的大部分交易都已经完成，而划归2011年账目的交易项目不会对账目的收益与亏损起实际的负面影响。

随着纠纷得到解决，FSCL可以重新关注在中国争取综合发展项目，为股东创造利润。这包括拟议在成都多收购一块地皮，为此，公司必须筹集1亿美元的新资本。

过去一年，M&C协同其纽西兰子公司投入2500万美元的新资本来协助购买成都的土地，同时计划再注入2500万美元。由于纽西兰子公司没有实现其中一部分的现金购买权，而由M&C支付，M&C在FSCL中的控股权益从39.8%提高到41.2%。

2010年上半年的报告中也指出，城市发展酒店服务信托，亦即M&C的房地产投资信托联号，宣布私下转销1亿1696万股组合型股票，每股售价$1.71，以筹集1亿9670万新资本(总额为2亿元)。为此，M&C于2010年稀释了在该信托基金的权益，由39.0%降至34.8%。也因为资产被稀释，M&C所占的净收益要大于净固定资产，导致非现金会计收益为720万英镑。截至2010年12月31日为止，M&C占有城市发展酒店服务信托的34.9%权益。

由于新加坡游客人数强劲增长20.2%，再加上于2010年2月成功收购澳洲的酒店，城市发展酒店服务信托的收益于2010年同比猛增 33.3%。为此，能为其组合型股票派息每股11.8分。

由此展望，滨海湾金沙和圣淘沙名胜世界以及即将于2011年竣工的国际渡轮中心都从结构上刺激新加坡的客房需求，城市发展酒店信托期待从中受惠，继续成长。此外，城市发展服务信托亦会积极从城市发展有限公司以及M&C的酒店服务网络和优质酒店资产中寻找机会，参与收购。目前融资形势有利，加上截至2010年12月31日为止，公司的负债率只有20.4%，城市发展酒店服务信托可望在2011年帮助本集团拓展蓬勃的亚洲酒店服务市场。

今年，M&C也在中东地区签下了四份管理合约。四家分别位于约旦、阿曼、卡塔尔和阿拉伯酋长国的酒店将于2011至2012年间竣工，总共提供993间客房。如此，M&C在全球拥有和管理的酒店增至25家，总共管理7,006间客房。

今年展望

产业

虽然人们对于2009年的印象围绕于全球严重的经济崩溃，以致美国与欧洲都需要大幅度加强财政和货币政策的力度来力挽狂澜，但对于新加坡在2010年取得亮丽的14.5%国内生产总值增长率更印象良深。尽管一般认为新加坡会从2009年的谷底反弹，所以增长并非出乎意料，但2010年上半年的增长却是前所未有的，远远超出一般的估计。贸工部去年三度调整其预测数据就可见一斑。

2010年新加坡金融管理局的报告书指出，全球经济复苏情况并不是全面的。很多经济体，包括亚洲的多个国家，成长幅度因为援助配套的结束以及出口减少而变得缓慢。尽管如此，亚洲的增长势头依然比欧美来的强。2011年度，新加坡的增长幅度估计介于4-6%。

推动2011年增长的因素主要是与区域需求挂钩的服务业，如旅游及相关行业。大型综合度假村以及强劲的亚洲经济增长大力推动着新加坡的经济，带动2010年的游客人数，创下1160万人次的纪录，同比增长20%。国内制造业对于有关增长也将作出贡献。

增长虽然强劲，资源运用也相当紧张，然而通胀压力仍是政府在2011年着重关注的课题。2011年1月，新加坡的通胀同比上升至5.5%，乃2008年12月以来最高的通胀指数。金融管理局报告书指出，2011年的通胀估计介于3.0-4.0%。

新加坡政府于2011年1月13日推出更严厉的政策协助房地产降温。这包括提高印花税：所有在2011年1月14日或之后购入的房产如果在购买后的第一年至第四年卖出，必须分别缴付16%，12%，8%与4%的印花税。已有房贷者的贷款数额亦从70%减至60%。政府之前推出的措施已经令市场步伐有所放缓，但市场热度依然高涨。由于住宅成交量的大幅度上升显示有可能出现泡沫市场，政府为慎重起见，推出了上述新措施。

目前，利息低靡而金融市场上的资金流动性很高，政府已经提示将鼓励要买房产者必须有更谨慎的财务规划，如此将稳定房产市场，令其持续发展。

置房者，卖方以及发展上都需要时间来观察新措施对市场的冲击。短期而言，房价依然稳定而交易量或会下跌，这也可能是农历新年期间销售淡季的缘故。那些位置优越，交通便利的新楼盘，只要定价相宜依然会有合理的反应。

市区重建局的房价指标显示，市区外围的新楼盘(未竣工）的价格在2010年第四季度已经超越2008年第二季度的高峰价位，涨幅达19.1%。而市区中心得房价则比2008年第一季度的高峰价位低了7.1%。新加坡经济的驱动元素都很稳定，就业情况也乐观，相信低至高价档次的楼盘都会有需求。

本集团计划推出位于盛港/芬微(Sengkang/Fernvale)新的河畔公寓H_2O Residences。这个楼盘高23层，共有521个单位，

尽收榜俄河道的美景，附近还有轻轨衔接盛港地铁站。这个楼盘得到公共事业局颁授证书，符合"活跃、美丽、干净"水源计划的标准，成为第一个能结合周边的水源和公园来发展住宅工程的私人楼盘。这个楼盘的房型多样化，从1-4房式和顶楼套房都有，而且都有清新的河景与葱郁的园景。

其次是推出位于Buckley Road的楼盘，原址为Buckley Mansion。这个5层楼高的精品楼盘地处高尚的第11区，位于纽顿地铁站和诺维纳地铁站之间，坐拥诺维纳广场和联合广场的购物与娱乐之便。这个楼盘共有64个2-4房式单位，每个单位都有个大阳台。楼盘的卖点还包括其俱乐部，原本的一栋别墅，经改装后，既保存了现有的别墅情怀而又不失现代感。

本集团也计划推出位于香格里拉酒店对面的合资楼盘。楼盘位于第10区黄金路段，安德申路18号，由普利兹科设计奖得主法国绘测师努维尔(Jean Nouvel)亲自设计。楼高36层，拥有156个不同房型的单位。新加坡的购物天堂乌节路就在附近，此外，名校林立，如莱佛士小学、新加坡女子中学。楼盘设计独具特色，富有现代感，而最为抢眼的就是8个主题各异的空中花园，增进生活情趣。有关建筑工程已经展开，至今已完成10层楼。

集团于2010年12月买下武吉班让实加路的地皮发展执行共管公寓，这个拥有大约602个单位的楼盘准备于2011年年中推出，交通便利，就在实加轻轨站旁，附近就是高速公路，四通八达。这个楼盘坐拥武吉知马山的青葱翠绿，估计会受买家欢迎。

在本集团的计划中，2011年准备推出的还有两个重新发展，备受追捧的楼盘，即现有的Futura和Lucky Tower，都位于格兰芝路(Grange Road)。此外，还有位于巴西立，毗邻NV Residences以及莉雅苑的楼盘，也准备在时机成熟时推出。

2010年政府共有31幅土地供发展住宅用，这包括一些有最低住宅单位要求规定的土地，而发展商标下土地后都必须在60-72个月内完成发展蓝图，所以本集团估计今年无论是在成熟或未成熟的住宅区都会有项目推出。如果经济发展趋势与政府2011年的增长预测相符，而中短期内市场信心也因基础稳固而恢复，那新降温措施一般不会对高档次的楼盘造成冲击，而交易量应该会保持活跃，因为目前房价依然低于高峰期。

政府也圈定了17幅地皮，确定于2011年上半年推出。估计这些地皮可供建筑8,100个住房单位，与2010年下半年的供应相当。那是继2001年上半年推出确定/保留地制度以来最高的供应量。整体上，2011年上半年的政府供地总共有30个地段划归住宅发展，大约可以建造14,300个单位。

在办公楼方面，2010年第一季度开始复苏以来，按照规律循序渐进。2011年，资金的流入可能会帮助稳定办公楼的需求，而市场上大约会有370万平方英尺的新空间供应。这些新空间大部分已经有买主，而市场上也会有旧的办公楼重新发展成住房。从中长期看，发展商预期政府会推出更多土地发展滨海湾的商业环境，并且扩大市中心的范围，这和政府开发市中心地铁线以及滨海高速公路的计划是一致的。

酒店

酒店服务业今年既有挑战，也有机遇。尽管经济展望较去年好，却还存在一些不明朗的因素。

不过，M&C非常稳健的资产负债表，集中的管理以及有效的业者经营模式使其能及时把握全球机遇和从容面对在2011年即将面临的挑战。

现在预言来年的表现会如何还为时过早，不过开年以来的表现令人鼓舞。首5个星期M&C的客房平均销售收益提高了4.5%，抵御了季节性的低潮。

至于管理层方面，Richard Hartman即将卸下M&C总裁的职位，在觅得适当接班人后，转为普通董事。

集团前景展望

2010年新加坡经济的强力增长势头估计会延续到来年，步伐也许会稍微放缓。市场前景乐观，区域发展形势也强劲，集团有理由相信其房地产、酒店和零售产业业务会持续增长。

这是因为新加坡的国内生产总值增长强劲，而利息低，金融界体系内的资金流动率高，所以推高了2010年的私宅价格。这是政府关注的问题，所以去年不断推出降温措施，稳定房价，从长远上确保房产界稳定而可持续发展，让房价随经济基础而调整。

2011年1月最新出台的房产降温措施更为严厉，意欲使活跃的市场缓慢下来。本集团一直相信必须从中长期的发展眼光来看待房产投资，所以集团相信新措施会令置业者和投资者在财务上更为谨慎，有助于使私宅价格和经济基础的稳定性相协调。尽管亚洲的巨大潜力吸引了大量的投资者，全球经济展望依然不明朗，中东局势混乱，欧美的经济复苏缓慢，因此采取比较保守的姿态是稳健的做法。最终政府的降温措施从长期来说有助于稳定整个房产市场，使之持续发展。发展商依然保持乐观，以中长期的眼光来看待市场的发展，最近发展商竞投来补充土地储备时，不难发现投标价格回落了。

新措施可能使置业者和投资者更为谨慎，本集团继续对新的楼盘如地理位置优越，四周设施健全，能吸引真正的买家抱有信心。2010年销售量快速上升，继而推高价格，很多买家都在观望。新的措施调节了房产价格，相信这批真正的买家将有能力进场。

至于酒店服务业，横跨多数地理位置的业务增长非常明显。随着两个大型综合娱乐城的开张，新加坡已经蜕变为一个更精彩，更有活力的旅游点，吸引了不少观光客，特别是亚太区域的游客。而新加坡成功主办青奥运以及三届的F1夜间世界赛车竞标赛，有助于把新加坡置于世界舞台上，成为一个环球城市。

新加坡旅游局的数据显示，2010年的客房收益同比飙升22%达19亿。2011年的游客人数预计有增无减，集团预计其新加坡的酒店，凭借提供各档次的住宿,将能做好迎接前来休闲旅游和经商客人的准备，并从中受惠。

尽管全球经济复苏步伐不一致，发达经济体的增长在2011年依然会缓慢持续。尽管如此，全球商业环境已经好转，也有亚洲强劲发展的配合支撑。

值得注意的是新加坡政府采取主动，确保新加坡成为投资者优先考虑的理想地点，所以房产交易的一时起落是可以预见的，也是短暂的。

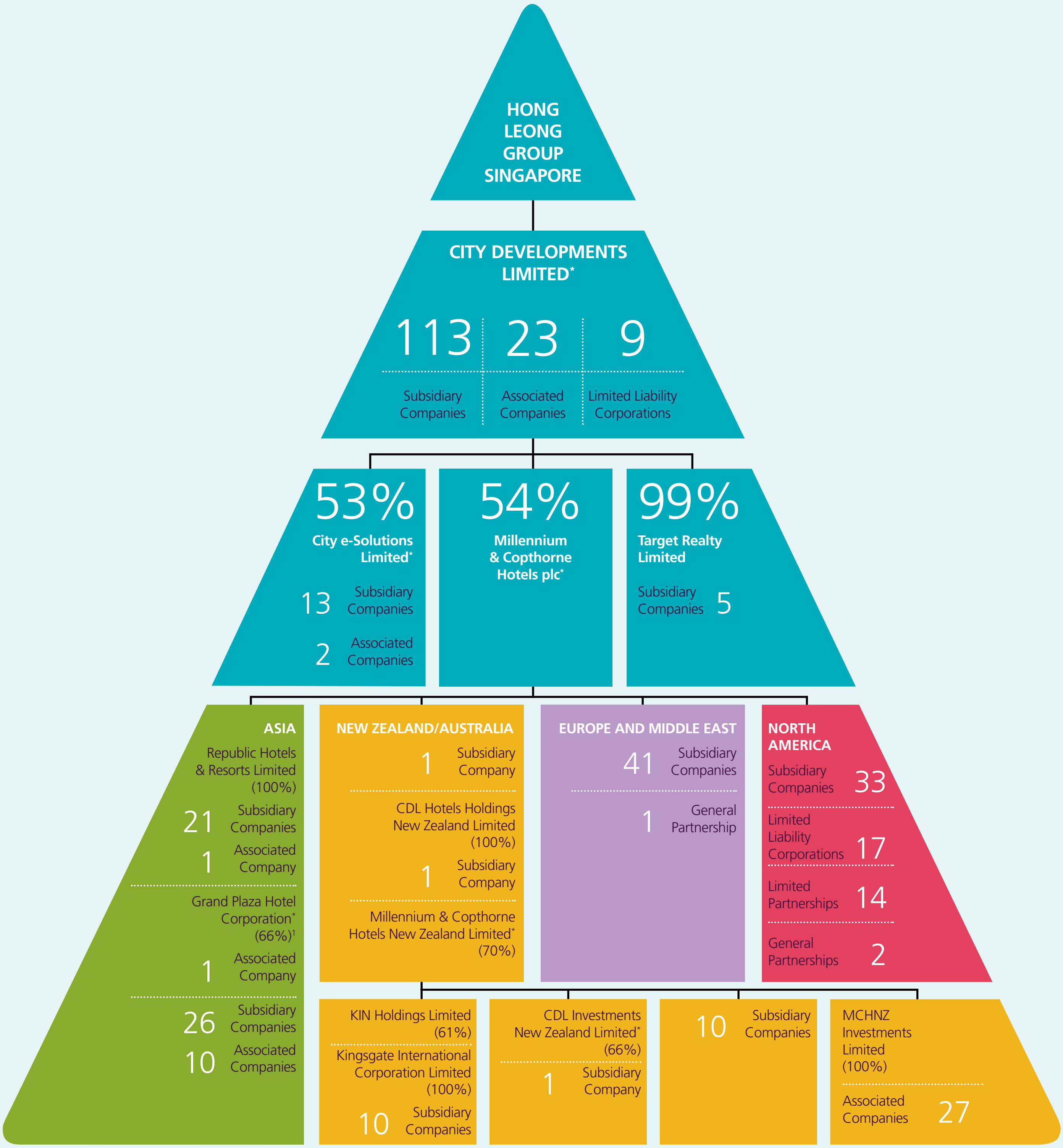
本集团抱着乐观的态度面对来年的国内生产总值增长介于4.0%-6.0%的预测。市场积极的反响将激励和加强各行业的情绪与信心。本集团预计未来12个月持续有盈利。

鸣谢

本人谨代表董事会同仁衷心感谢我们的利益相关者包括股东、客户以及商业伙伴对本集团不间断的支持。本人亦对董事会同仁所提供的宝贵意见与贡献，以及对管理层与职员一年来的忠诚与奉献精神，致以谢意。

郭令明
执行董事主席
2011年2月24日

CORPORATE STRUCTURE as at 28 February 2011



Notes:

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

* Listed Companies

BOARD OF DIRECTORS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01 MR KWEK LENG BENG, 70

Appointed as Director and Executive Chairman of City Developments Limited (CDL) since 1 October 1969 and 1 January 1995 respectively, Mr Kwek was last re-elected on 28 April 2010. He also sits on the Nominating Committee of CDL.

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).

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).

02 MR KWEK LENG JOO, 57

Appointed as Director and Managing Director of CDL since 8 February 1980 and 1 January 1995 respectively, Mr Kwek is also an Executive Director of CES and a non-executive Director of HLF and M&C.

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

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

03 MR CHEE KENG SOON, 78

Appointed a Director of CDL since 29 March 1995, Mr Chee was last re-appointed a Director on 28 April 2010 pursuant to Section 153(6) of the Companies Act, Chapter 50. He is also the Chairman of the Audit, Nominating and Remuneration Committees of CDL.

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

04 MR FOO SEE JUAN, 70

Appointed a Director of CDL since 2 June 1986, Mr Foo was last re-elected on 29 April 2009. He also sits on the Audit and Nominating Committees of CDL.

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

05 MR KWEK LENG PECK, 54

Appointed a Director of CDL since 1 August 1987, Mr Kwek was last re-elected on 29 April 2009. He is an Executive Director and is now acting Chief Executive Officer 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. In the preceding 3-year period, he was an Executive Director of CES until April 2009.

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.


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06 MR HAN VO-TA, 62

Appointed a Director of CDL since 20 September 1988, Mr Vo-Ta was last re-elected on 28 April 2010. He also sits on the Audit Committee of CDL.

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

07 MR TANG SEE CHIM, 78

Appointed a Director of CDL since 28 August 1995, Mr Tang was last re-appointed a Director on 28 April 2010 pursuant to Section 153(6) of the Companies Act, Chapter 50. He also sits on the Audit and Remuneration Committees of CDL.

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

Mr Tang also sits on the boards of G.K. Goh Holdings Limited, New Toyo International Holdings Ltd and Dutech Holdings Limited. In the last 5 years, he was the non-executive Chairman of HupSteel Limited until his retirement in October 2010. 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.

08 MR YEO LIAT KOK PHILIP, 64

Appointed a Director of CDL since 11 May 2009, Mr Yeo also sits on the Remuneration Committee of CDL.

Mr Yeo is the Special Advisor for Economic Development in the Prime Minister's Office and Chairman of SPRING Singapore, a government development agency with the mission of nurturing local enterprises especially small and medium enterprises and is recognised for his contributions to Singapore's economic development and pioneering role in promoting and developing the country's information technology, semiconductor, chemical and biomedical industries.

Mr Yeo serves as a member of the United Nations Committee of Experts in Public Administration (CEPA), established by the Economic and Social Council (ECOSOC) from 2010-2013 for the promotion and development of public administration and governance among Member States, in connection with the United Nations Development Agenda.

Mr Yeo holds a Bachelor of Applied Science (Industrial Engineering) and an honorary Doctorate in Engineering from the University of Toronto, 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, and a Doctor of Science from Imperial College, London.

His other appointments include being an independent non-executive Director of United Overseas Bank Limited and a member of its Executive, Audit and Remuneration Committees. Mr Yeo is the Chairman of Accuron Technologies, MTIC Holdings, Singapore Aerospace Manufacturing, Ascendas Property Fund Trustee, and Hexagon Development Advisors. He is also a non-executive Director of Vallar Plc.

Mr Yeo was also the former Chairman of the Agency for Science, Technology & Research ("A*STAR") and the Economic Development Board.

SENIOR MANAGEMENT

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01 MR CHIA NGIANG HONG

Group General Manager

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

02 MS 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 Certified Public Accountants of Singapore. She has also been appointed as a member of the Accounting Standards Council, the Asian Advisory Group for The Fletcher School (Tufts University Boston) and as a Board Member of the Singapore National Library Board.

03 MR TAN SENG CHEE

Chief Information Officer

Mr Tan Seng Chee was appointed as CDL's Chief Information Officer in 2000. Trained as an engineer, he has about 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) degree, 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.

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04 **MR LIM TOW FOK**
General Manager
Property & Facilities Management (PFM)
Mr Lim Tow Fok joined CDL in 2008 and has more than 20 years of experience in property and facilities management. He holds a Masters degree in Business Administration from the University of Adelaide. Trained in the field of Building Maintenance and Management, his areas of expertise include setting strategic directions on property and facilities management matters, establishing policy standards and ensuring the efficient operation of commercial, industrial and residential buildings. He is also a member of the Board of Examiners for the Building & Construction Authority Academy's Specialist Diploma in Building Cost Management Programme.

05 **MR ANTHONY CHIA**
Director (Projects)
Having directed the Design and Projects division in CDL for over 4 years, Anthony Chia has been instrumental in key projects such as South Beach, The Residence at W Singapore Sentosa Cove, in addition to other luxury residences and hotels, since he joined CDL in 2005. He also played a vital role in the Marina Bay Sands team for the Marina Integrated Resorts competition. A Harvard graduate, Anthony has extensive experience in planning, architecture and construction, in both the public and private sectors, having worked for the Urban Redevelopment Authority and the Housing and Development Board. Following his stint with the Singapore government, he was head hunted to Hong Kong for the massive Cyberport project and was also with PCCW for over 5 years.

HEADS OF DEPARTMENT

Deputy General Managers

ESTHER AN
Corporate Affairs & CSR

ALLEN ANG
Projects & Head, Green Building

ANTHONY GOH
PFM (Investment Property)

LEE MEI LING
Marketing

LIM WHEE KONG
Treasury

CATHERINE LOH
Corporate Secretarial Services

SHARIFAH SHAKILA SHAH
Legal

SIM BOON HWEE
Business Development & Asset Management

KELLY TAN
Projects (Operations)

CORINNE YAP
Leasing

Assistant General Managers

FOO CHUI MUI
Customer Service & Administration

KWEK EIK SHENG
Corporate Development (as at Jan 2011)

BELINDA LEE
Corporate Communications

ONG SIEW TOH
Group Accounts (Group Reporting & Consolidation)

TAY CHEOW CHUAN
PFM (Development Property)

SHERINE TOH
Human Resource

JENNIFER VAYDING
Internal Audit (as at Feb 2011)

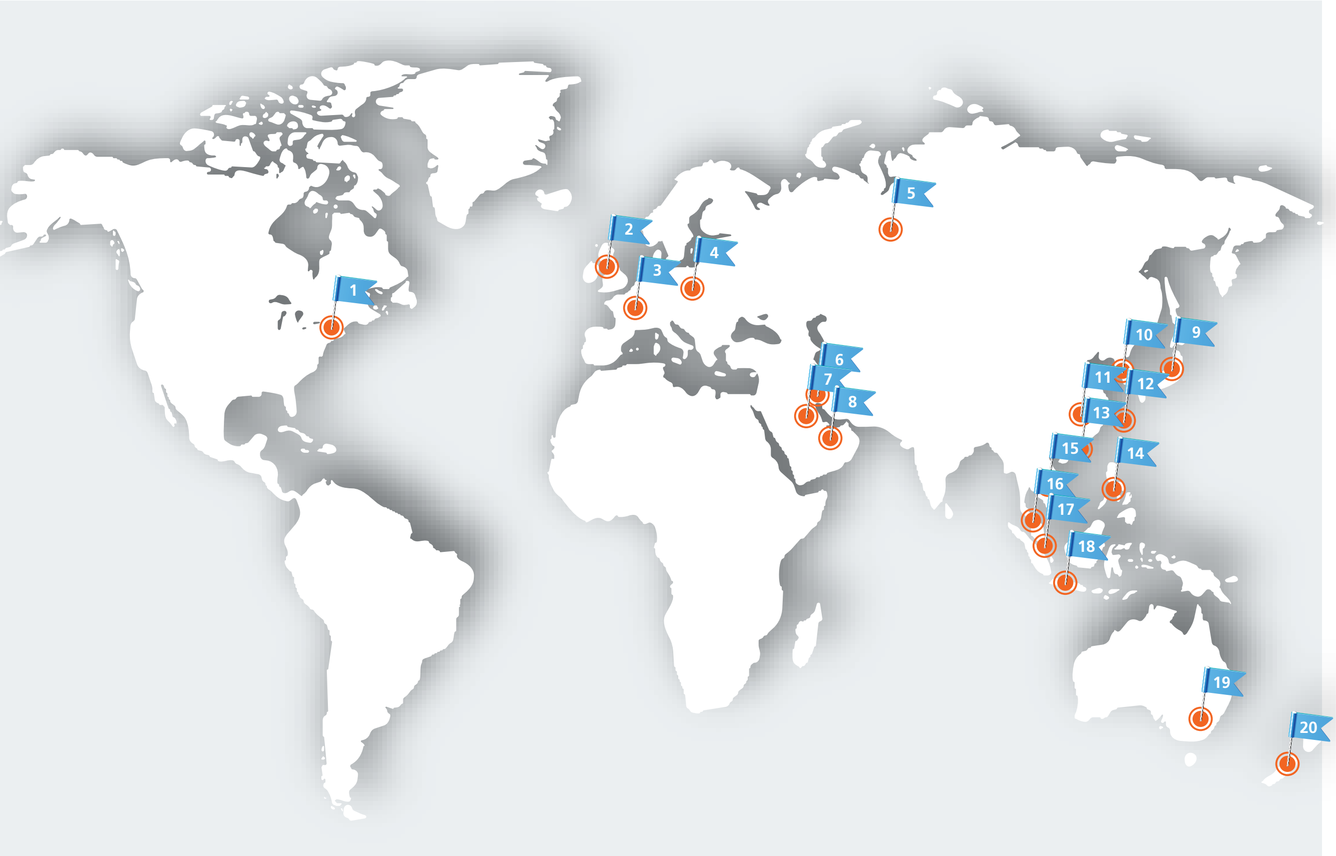
JACQUELINE WONG
PFM (Development & Investment Property)

YIONG YIM MING
Group Accounts (Group Subsidiaries & Joint Ventures)

Senior Manager

DOMINIC CHEW
Marketing Communications

CORPORATE NETWORK as at 25 February 2011



1 United States	6 Kuwait	11 China	16 Malaysia
2 United Kingdom	7 Qatar	12 Taiwan	17 Singapore
3 France	8 United Arab Emirates	13 Hong Kong	18 Indonesia
4 Germany	9 Japan	14 Philippines	19 Australia
5 Russia	10 South Korea	15 Thailand	20 New Zealand

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

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

In Singapore, CDL holds an impressive track record of over 22,000 luxurious and quality homes to its name. As one of the biggest landlords in Singapore, CDL owns over 6 million square feet of lettable office, industrial, retail and residential space across Singapore and regionally/globally. The Group also owns one of the largest land banks amongst private developers, with over 3.5 million square feet that has the potential of being developed into over 7 million square feet of gross floor area.

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

The Group's global presence is led by its diversification into hospitality management and the acquisition of hotel assets through CDL's London-listed subsidiary, Millennium & Copthorne Hotels plc (M&C). As one of the world's largest hotel groups, M&C owns, asset manages and/or operates over 100 hotels in 17 countries around the world. The Hong Kong-listed City e-Solutions Limited is another subsidiary of CDL that is dedicated towards providing management services and technology solutions for the hospitality industry.

CORPORATE DIRECTORY

BOARD OF DIRECTORS

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

Non-Executive
Chee Keng Soon, Independent
Foo See Juan, Independent
Kwek Leng Peck
Han Vo-Ta, Independent
Tang See Chim, Independent
Yeo Liat Kok Philip, Independent

BOARD COMMITTEE
Kwek Leng Beng
Kwek Leng Joo
Kwek Leng Peck
Han Vo-Ta
Tang See Chim

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

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

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

SECRETARIES
Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong

REGISTRARS AND TRANSFER OFFICE
M & C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906
Tel: +65 6227 6660
Fax: +65 6225 1452

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

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

PRINCIPAL BANKERS
Australia and New Zealand Banking Group Limited
BNP Paribas
CIMB Bank Berhad
Citibank, N.A.
Commerzbank Aktiengesellschaft
Credit Agricole Corporate & Investment Bank
DBS Bank Ltd.
Deutsche Bank AG
DZ Bank AG
Industrial and Commercial Bank of China Limited
KASIKORNBANK Public Company Limited
Malayan Banking Berhad
Mizuho Corporate Bank, Ltd.
Norddeutsche Landesbank Girozentrale
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank
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 in making the following public Statement of Support at Singapore's Inaugural Corporate Governance Week 2010 (organised by the SIAS) in October 2010:

"As a company we are committed to upholding high standards of corporate governance to provide shareholder value. Our Company will endeavour to meet expectations of all stakeholders. We believe practising good corporate governance is central to the health and stability of our financial markets and economy."

CDL has adopted a set of internal guidelines on corporate governance ("**Internal CG Guidelines**") based on the provisions of the Code of Corporate Governance 2005 (the "**CG Code**").

The following describes the Company's corporate governance policies and practices in its application of the principles as set out in the CG Code.

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 set broad policies, provide guidance on and approval of strategic direction and plans for the Company, review Management performance, establish and oversee the framework for internal controls, risk management and financial reporting, and assume responsibility for good corporate governance.

Independent Judgment

There are internal controls in place to allow for effective oversight by the Board of the Company's business and to ensure an appropriate balance of power and authority is exercisable by the Board to enable objective decision-making 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 assessment criteria used by the Company's Nominating Committee in its annual evaluation of the Directors takes into account the individual Director's objectivity, independent thinking and judgment.

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 Committee ("**AC**"), the Nominating Committee ("**NC**"), the Remuneration Committee ("**RC**"), and the City Developments Share Option Scheme 2001 Committee ("**Scheme Committee**"), all collectively referred to hereafter as the "Committees". Specific terms of reference for each of the Committees are set out and approved by the Board. The Scheme Committee ceased with effect from January 2011, following the expiry of the City Developments Share Option Scheme 2001.

The composition of each Committee can be found under the corporate directory section in this Annual Report 2010.

The delegation of authority by the Board to the Committees enables the Board to achieve operational efficiency by empowering these Committees to decide on matters within their respective written terms of reference and/or limits of delegated authority and yet maintain control over major policies and decisions. Please refer to the sections on Principles 5, 7 and 11 in this Report for further information on the activities of the NC, RC and AC.

Board Processes

Board and Committee meetings are held regularly, with the Board meeting no less than 4 times a year. The proposed meetings for each new calendar year are set out in a schedule of meetings and notified to all Board members before the start of each calendar year. Additional meetings are convened as and when circumstances warrant. Records of all such meetings including discussions on key deliberations and decisions taken are maintained. The Company's Articles of Association allow for the meetings of its Board and Committees to be held via teleconferencing. The Board and Board Committees may also make decisions by way of circulating resolutions.

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

Directors' Attendance at Board and Committee Meetings in 2010

	Board	**AC**	**NC**	**RC**
	Number of Meetings held: 5	Number of Meetings held: 7	Number of Meetings held: 1	Number of Meetings held: 2
Name of Directors	Meetings attended	Meetings attended	Meetings attended	Meetings attended
Kwek Leng Beng	5	N.A.	1	N.A.
Kwek Leng Joo	5	N.A.	N.A.	N.A.
Chee Keng Soon	5	7	1	2
Foo See Juan	5	7	1	N.A.
Kwek Leng Peck	5	N.A.	N.A.	N.A.
Han Vo-Ta	4	5	N.A.	N.A.
Tang See Chim	5	7	N.A.	2
Yeo Liat Kok Philip	5	N.A.	N.A.	2

The Scheme Committee did not schedule nor hold any meetings in 2010.

Board Approval

The BC, which comprises 5 Directors with the majority of its members being non-executive, assists the Board in the discharge of its duties by deliberating on matters requiring Board review that may arise between Board meetings. It assists the Board, in particular, in approving banking-related matters such as the opening, closing and maintenance of banking accounts of the Company and the acceptance 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.

The Board has also adopted an internal guide wherein certain key matters are specifically reserved for approval by the Board such as the setting of strategic direction or policies or financial objectives which are, 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 structuring, decisions over new borrowings or significant amendments to the terms and conditions of existing borrowings other than in the ordinary course of business, material acquisitions 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.

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 Company's business, Board processes, 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. As and when necessary, the Company will conduct an induction programme for newly appointed Directors and in respect of appointments of existing Directors to Committees, which seeks to familiarise Directors with the Group's business, the Company's board processes, accounting and governance practices.

The Directors are provided with regular updates and/or briefings from time to time by professional advisers, auditors, Management and the Company Secretaries in areas such as directors' duties and responsibilities, corporate governance practices, risk management issues and changes in financial reporting standards. The Company Secretary regularly keeps them informed of the availability of appropriate courses, conferences and seminars such as those conducted by the Singapore Institute of Directors, and the Directors are encouraged to attend such training at the Company's expense. An in-house seminar on some of the latest developments in corporate governance and the proposed amendments to the Listing Rules based on the consultation paper released by Singapore Exchange Securities Trading Limited ("**SGX-ST**") in early 2010 was conducted by invited external speakers in July 2010 for the Directors. Directors are also at liberty to approach Management should they require any further information or clarification concerning the Company's operations.

CORPORATE GOVERNANCE

Corporate Values and Conduct of Business

The Board and Senior Management are committed to conducting business with integrity and consistent with the highest standards of business ethics, and in compliance with all applicable laws and regulatory requirements. The Company has adopted an internal code of business and ethical conduct crystallising the Company's business principles and practices with respect to matters which have ethical implications. The Code provides a communicable and understandable framework for staff to observe the Company's principles such as honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of the Company's business, in their relationships with customers, suppliers, competitors and amongst employees, including situations where there are potential conflicts of interests.

Internal Code on Dealings in Securities

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

Principle 2: Board Composition and Guidance

Board Independence

The Board currently comprises 8 members. All members of the Board except for the Chairman and the Managing Director are non-executive Directors. Of the 6 non-executive Directors, the Board considers 5 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 judgment on corporate affairs of the Group. No individual or small group of individuals dominates the Board's decision making. In addition to the annual review by the NC of the Directors' independence, each independent non-executive Director also submits an annual declaration regarding his independence.

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

Board Composition and Size

The NC reviews the size and composition of the Board and Committees, and the skills and core competencies of the Board members annually. The Board comprises business leaders and professionals with real estate, financial, banking, legal and business management backgrounds. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the necessary core competencies to allow for diverse and objective perspectives on the Group's strategic direction and growth. Taking into account the scope and nature of the operations of the Group, the Board is satisfied that the current size of the Board is an appropriate size and its current composition provides for sufficient diversity and allows for effective decision making.

Non-executive Directors' Participation

Non-executive Directors of the Company are encouraged to participate actively in Board meetings in the development of the Company's strategic direction and plans, in the review and monitoring of Management's performance against targets. To facilitate this, they are kept informed of the Company's business and performance through periodic 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.

Principle 3: Chairman and Chief Executive Officer

Role of Chairman and the Chief Executive Officer

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

The Chairman of the Board, Mr Kwek Leng Beng, is also the Executive Chairman of the Company. As Chairman of the Board, Mr Kwek Leng Beng 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, 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, Mr Kwek Leng Beng is the most senior executive in the Company and provides overall leadership and strategic vision for the Group.

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

Mr Kwek Leng Beng is assisted by his brother, Mr Kwek Leng Joo, the Managing Director of the Company, in charting broad direction, strategies and policies of the Group. The Managing Director also has charge of the overall co-ordination of the Management team for the effective implementation of business strategies and policies and is supported by the Group General Manager of the Company in the management of the day to day operations of the Group.

The Group General Manager, Mr Chia Ngiang Hong, who has extensive experience in the real estate sector, has been with the Group since 1981. He is not related to the Chairman or the Managing Director.

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

Principle 4: Board Membership

NC Composition and Role

2 out of the 3 members of the NC, including the NC chairman, are independent. Please refer to the Corporate Directory section of this Annual Report 2010 for the composition of the NC.

The NC's main role as set out in its written terms of reference approved and adopted by the Board, is to recommend all Board and Committee appointments and re-appointments and determine the independence of each Director. The NC also reviews and recommends to the Board the appointment of key executive positions, including that of chief executive officer, chief operating officer, chief financial officer or other executive officers of equivalent rank. The Company Secretary maintains records of all NC meetings including records of discussions on key deliberations and decisions taken.

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 as well as their time commitment especially for Directors who have multiple board representations, and also reviews their independence.

The Articles of Association of the Company provide that at least one-third of the Directors for the time being, other than the Managing Director, shall retire as Directors at each annual general meeting of the Company ("**AGM**"). All new Directors appointed by the Board shall hold office until the next AGM, and be eligible for re-election at the said AGM. The Managing Director is appointed by the Board for such period (except that where an appointment is for a fixed term, such term shall not exceed five years) and upon such terms as the Board thinks fit.

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, and the Managing Director, the remaining Directors of the Company will retire about once in three years. In accordance with the Articles of Association of the Company, Mr Kwek Leng Peck who is retiring by rotation, has offered himself for re-election at the forthcoming AGM.

CORPORATE GOVERNANCE

Annual Review of Directors' Independence

The NC reviews the independence of Directors annually according to the criteria on independence set out in the CG Guidelines. 5 out of the current 6 non-executive Directors are considered by the NC to be independent, which is more than half of the Board, thus providing for a strong and independent element on the Board capable of exercising objective judgment on corporate affairs of the Company.

When considering the independence of the Directors, the NC also reviews the Directors' other directorships, the annual declaration by the independent non-executive Directors regarding their independence and the Directors' disclosures of interests in transactions.

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. An analysis of the directorships held by the Directors is reviewed annually by the NC. Based on the analysis and the Directors' commitment 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.

Criteria and Process for Nomination and Selection of New Directors

The NC will interview the 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 will consider: (a) the candidate's independence, in the case of the appointment of a non-executive independent director; (b) the composition requirements for the Board and Committees (if the candidate is proposed to be appointed to any of the Committees) under the Company's Internal CG Guidelines; (c) the candidate's age, track record, experience and capabilities and such other relevant factors as may be determined by the NC; and (d) any competing time commitments if the candidate has multiple board representations.

Key Information on Directors

Please refer to the 'Board of Directors' section in the Annual Report 2010 for key information on the Directors, and the Notice of AGM for information on Directors proposed for re-election and re-appointment at the forthcoming AGM.

Board Renewal

As Board renewal is a continuing process, the NC reviews annually the composition of the Board and makes recommendations as and when appropriate to the Board of any new Director appointments, whether in addition to or as replacement for retiring Board members, with a view to identifying any gaps in the Board's skills set taking into account the Company's business operations.

Principle 5: Board Performance

Board Evaluation Process

The Company has in place a formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board. The NC assesses 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 annual evaluation process for the individual Directors' performance comprises three parts: (a) background information concerning the Directors including their attendance records at the Board and Committee meetings; (b) questionnaires for completion by all individual Board members; 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 excuses himself 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 Directors' performance include their abilities and competencies, their objectivity and their level of participation at Board and Committee meetings including their 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.

Draft agendas for Board and Committee meetings are circulated to the Chairman of the Board and the chairmen of the Committees, 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 AC, NC and RC 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 assist the Board Chairman, the Board and Committees 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 ongoing basis, the Directors have separate and independent access to the Company Secretaries. The duties and responsibilities of the Company Secretaries are set out in the Company's Internal CG Guidelines.

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 3 non-executive Directors, 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 and adopted 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, including the Executive Chairman, the Managing Director and also for the Group General Manager (who is not a Board member), which covers Directors' fees, salaries, bonuses, allowances and other benefits in kind. The Company has in place principles and/or guidelines concerning the Board's remuneration. In reviewing remuneration packages, the RC also ensures that the remuneration policies are in line with the strategic objectives and corporate values of the Company. The Company Secretary maintains records of all RC meetings including records of discussions on key deliberations and decisions taken.

CORPORATE GOVERNANCE

Principle 8: Level and Mix of Remuneration

Directors' Remuneration

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

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

The remuneration of the non-executive Directors is set at a level appropriate to their degree of contribution, taking into account attendance and time spent, and their respective responsibilities. The RC also holds to the principle that non-executive Directors should not be over-compensated to the extent that their independence may be compromised. No Director is involved in deciding his own remuneration.

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

Principle 9: Disclosure of Remuneration

Disclosure of Remuneration

The total compensation packages for employees including the Executive Chairman, the Managing Director and the Group General Manager comprise a fixed component (in the form of a base salary and fixed allowances) and a variable component (which includes year-end and variable bonuses, and benefits-in-kind, where applicable), taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices. Each of the Directors receives a base Director's fee. Directors who serve on the various Committees (other than the BC and Scheme Committee) also receive additional fees in respect of each Committee that they serve on, with the chairmen of the Committees (other than the BC and Scheme Committee) also receiving a higher fee in respect of their service as chairman of the Committee.

The breakdown (in percentage terms) of the Directors' remuneration for FY 2010 is set out below.

Directors' Remuneration for FY 2010

	Base Salary* %	Variable Bonuses/ Allowances* %	Board/ Committee Fees** %	Other Benefits %	Total %
Above $9,000,000 and up to $9,250,000					
Kwek Leng Bengˆ	12	84	3	1	100
Above $8,000,000 and up to $8,250,000					
Kwek Leng Jooˆ	13	85	2	–	100
$250,000 and below					
Chee Keng Soon	–	–	100	–	100
Foo See Juanˆ	–	–	100	–	100
Kwek Leng Peckˆ	–	–	100	–	100
Han Vo-Ta	–	–	100	–	100
Tang See Chim	–	–	100	–	100
Yeo Liat Kok Philip	–	–	100	–	100

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

** These fees comprise Board and Committee fees for FY 2010, which are subject to approval by shareholders as a lump sum at the 2011 Annual General Meeting as well as Audit Committee fees for FY 2010 that have already been approved by shareholders at the previous Annual General Meeting.

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

The remuneration of the top 5 key executives (who are not Directors) is not disclosed in this Annual Report 2010 as the Company does not believe it to be in its interest to disclose the identity of the top 5 key executives within the remuneration bands of $250,000 each or to provide a breakdown of each individual's remuneration, having regard to the highly competitive human resource environment and for purposes of maintaining confidentiality of staff remuneration matters.

No options were granted by the Company to subscribe for unissued shares in the Company during FY 2010.

During FY 2010, both the Executive Chairman and the Managing Director each had an immediate family member who is an employee of the Company and whose personal annual remuneration falls within the remuneration band of $250,000 and below.

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 3 quarters are released to shareholders within 45 days of the end of each quarter whilst annual results are released within 60 days from the financial year end. In presenting the Company's annual and quarterly results, the Board aims to provide shareholders with a balanced and understandable assessment of the Company's performance and financial position with a commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which it operates. For the financial year under review, the Chief Financial Officer provided assurance to the AC on the integrity of the quarterly financial statements and the Board in turn provided a negative assurance confirmation to the shareholders in accordance with the regulatory requirements.

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

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

Principle 11: Audit Committee

Composition of the AC

The AC comprises 4 non-executive Directors, all of whom including the chairman of the AC are independent. The AC has sufficient financial management expertise and experience amongst its members to discharge its functions within its written terms of reference approved and adopted by the Board.

Powers and Duties of the AC

The AC is authorised by the Board to investigate any matters it deems appropriate within its terms of reference and has full access to and co-operation of Management. It may invite any Director, officer or employee of the Company to attend its meetings and is also authorised to seek external professional advice to enable it to discharge its functions.

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

- to review with Management and, where appropriate, with the external auditors the quarterly and full year financial statements to be issued by the Group before their submission to the Board to ensure their completeness, accuracy and fairness;
- to review, on an annual basis, the scope and results of the external audit and its cost-effectiveness and the independence and objectivity of the external auditors, and also the nature and extent of any non-audit services provided by the external auditors to the Group;
- to review the effectiveness of the internal audit ("**IA**") function;
- to review annually with Management, the internal and external auditors the results of their review on the Company's material internal controls, including financial, operational and compliance controls, and risk management policies and systems;
- 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; and
- to review interested person transactions.

CORPORATE GOVERNANCE

The AC held 7 meetings during the year and carried out its duties as set out within its terms of reference. The Company Secretary maintains records of all AC meetings including records of discussions on key deliberations and decisions taken. The AC meets with the internal and external auditors, each separately without the presence of Management, annually.

In performing its duties, the AC also took guidance from the Guidebook for Audit Committees in Singapore issued by the Audit Committee Guidance Committee in October 2008 ("**ACGC Guidebook**"). For the financial year under review, the AC conducted a self-assessment of its effectiveness in the discharge of its roles and responsibilities. To facilitate the assessment process, the AC adopted a self-assessment checklist ("**AC Self-Assessment Checklist**") based on the guidance from the ACGC Guidebook.

The AC Self-Assessment Checklist covered the AC terms of reference, memberships and appointments, meetings, training and resources, financial reporting, internal financial controls and risk management systems, internal and external audit processes, whistle-blowing, relationships with the Board, communication with shareholders and contribution of AC members to the AC deliberations and decisions.

Based on the self-assessment, the AC agreed that continuing development and improvement of the AC processes is an ongoing process and that the AC has fulfilled its responsibilities and discharged its duties as set out in its terms of reference.

External Auditors

The AC also noted and reviewed the nature and extent of the non-audit services provided to the Group by the external auditors for FY 2010, and is of the opinion that the provision of such non-audit services did not affect the independence and objectivity of the external auditors. Accordingly, the AC has recommended to the Board the nomination of KPMG LLP for re-appointment as external auditors.

Whistle-blowing Policy

CDL has in place a whistle-blowing procedure where staff of the Company can raise in confidence, whether anonymously or otherwise, concerns on possible improprieties relating to accounting, financial reporting, internal controls and auditing matters, without fear of reprisals in any form. The AC 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 staff concerned will be maintained where so requested by the staff 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.

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 28 April 2010 and given that such Interested Person Transactions are expected to occur with some degree of frequency and may arise at any time, and to allow the Group to undertake such transactions in an expeditious manner, shareholders' approval will be sought at the coming Annual General Meeting of the Company for the renewal of the IPT Mandate.

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

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

Interested Persons	Aggregate value of all interested person transactions in FY 2010 (excluding transactions less than $100,000 and transactions conducted under the IPT Mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted in FY 2010 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Hong Leong Investment Holdings Pte. Ltd. group of companies	$ 17,741,532.77*	Property-related $19,286,578.44 (a) provision to interested persons of (i) project management services; (ii) carpark management and operation; (iii) managing agent services; (iv) cleaning services; (v) security services; (vi) property management and maintenance services; (vii) marketing services; and (viii) building services; and (b) leases of premises to and from interested persons Management and Support Services $563,250.00 - provision to interested persons of (i) financial services; and (ii) accounting and administrative services General Transactions $485,000.00 - Sale of motor vehicle to interested person **Total: $20,334,828.44**
Director	$4,634,760.00**	Nil

* The figure comprises the aggregate value of shareholders' loans extended to unincorporated joint ventures and/or joint venture companies involving interested persons, and where applicable, interest accrued on shareholders' loans, in FY 2010, which were announced on 24 February 2011 pursuant to Rule 916(3). The shareholders' loans referred herein have been extended by all the joint venture parties or shareholders in proportion to their respective equity interest in the joint venture and on the same terms and conditions, including the interest rate, if any, accrued or to be accrued on the shareholders' loans.

** The figure comprises the value of transaction of the sale of a property unit in the Group's development project to a relative of a Director of the Company.

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.

Principle 12: Internal Controls

Internal Controls

The Directors recognise that they have overall responsibility to ensure accurate financial reporting for the Group and for the Group's system of internal controls, including financial, operational and compliance controls and risk management policies and systems. The AC reviewed the adequacy of internal controls annually with the assistance of the internal and external auditors and the Management.

While no system can provide absolute assurance against material loss or financial misstatement, the Group's internal financial controls are designed to provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained, and that financial information used within the business and for publication is reliable. In reviewing these controls, the Directors have had regard to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them. Based on the work performed by the internal auditors as well as the statutory audit by the external auditors, the Board, through the AC, is satisfied that the operational and compliance controls, and risk management systems, are adequate to meet the needs of the Group in its current business environment.

CORPORATE GOVERNANCE

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 AC with an administrative line of reporting to the Managing Director of the Company. The appointment, resignation and dismissal of the Head of IA is reviewed and approved by the AC. The AC also provides input on the annual performance appraisal of the Head of IA. The AC meets the Head of IA at least once annually without the presence of Management. The Head of IA has unfettered access to the AC, the Board and Management.

IA operates within the framework stated in its Internal Audit Charter which is approved by the AC. The standards of the Internal Audit Charter are consistent with the International Standards for the Professional Practice of Internal Auditing set 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 AC approves all IA plans and all IA reports are given to the AC, the Chairman of the Board, the Managing Director, Group General Manager, Chief Financial Officer, Company Secretary and the heads of the relevant departments. Processes are in place such that recommendations raised in IA reports are dealt with in a timely manner, with outstanding exceptions or recommendations being closely monitored and reported back to the AC.

Adequacy of IA Function

The Company has a well-established IA function with adequate resources and standing. Processes are in place to ensure that the professional competence of the IA staff is maintained or upgraded through training programmes. The AC reviews the adequacy of the IA function through a review of the IA activities on a quarterly basis and is satisfied that the IA function has adequate resources and appropriate standing within the Group to perform its functions properly.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Communication with Shareholders

The Company announces its quarterly and full-year results within the mandatory period. Material and price-sensitive information is publicly released via SGXNET on a timely basis. All shareholders of the Company receive the annual report of the Company and the notice of the Annual General Meeting, which notice is also advertised in the press and released via SGXNET. Shareholders and investors can access information on the Company at its website at www.cdl.com.sg which provides, *inter alia*, corporate announcements, press releases and the latest financial results as disclosed by the Company on SGXNET.

From time to time, the Company's senior management holds briefings with analysts and the media to coincide with the release of the Group's half-year and full-year results. 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.

Principle 15: Greater Shareholder Participation

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

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

The Company provides for separate resolutions at general meetings on each substantial issue. Detailed information on each item in the AGM agenda is in the explanatory notes to the Notice of the AGM in the Annual Report 2010.

Proxy votes received in connection with the resolutions set out in the notice of general meetings are also released in an announcement after the said meetings.

CALENDAR OF FINANCIAL EVENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2010

DATE	EVENT
	Announcement of Results:
12 May 2010	Announcement of First Quarter Results
12 August 2010	Announcement of Second Quarter and Half Year Results
10 November 2010	Announcement of Third Quarter and Nine-Month Results
24 February 2011	Announcement of Full Year Results
	Books Closure and Dividend Payment Dates:
11 June 2010	Books closure date for Preference Dividend^
30 June 2010	Payment of Preference Dividend^
10 December 2010	Books closure date for Preference Dividend^
31 December 2010	Payment of Preference Dividend^
6 May 2011	Books closure date for proposed 2010 Final and Special Final Ordinary Dividends*
20 May 2011	Proposed payment of 2010 Final and Special Final Ordinary Dividends*
	Shareholders' Meeting:
20 April 2011	48^{th} Annual General Meeting

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

* The declaration and payment of the 2010 Final and Special Final Ordinary Dividends is subject to approval of shareholders at the 48^{th} Annual General Meeting.

FINANCIAL YEAR ENDING 31 DECEMBER 2011

DATE	EVENT
	Announcement of Results:
May 2011	Proposed Announcement of First Quarter Results
August 2011	Proposed Announcement of Second Quarter and Half Year Results
November 2011	Proposed Announcement of Third Quarter and Nine-Month Results
February 2012	Proposed Announcement of Full Year Results
	Shareholders' Meeting:
April 2012	49^{th} Annual General Meeting

Creating Waves in the Industry

With our visionary outlook and innovative approach, CDL has been creating waves within the industry for our intelligent adoption of new technologies and eco-friendly position. Our efforts have led us to receive both local acclaim and international accolades, including the honour of receiving the Green Champion Award at the inaugural CSR Awards by Singapore Compact, the Outstanding Sustainability Award (Enterprise Green Adopter category) by Singapore Business Federation, as well as the distinction of being one of two Singapore corporations to be ranked amongst the Global 100 Most Sustainable Corporations in the World in 2010.

HIGHLIGHTS OF THE YEAR

JANUARY

- The launch of Cube 8, a 177-unit 36-storey freehold residential development in the prime District 11 along Thomson Road, was met with great enthusiasm, with about 85% of the units sold over the launch weekend.

FEBRUARY

- CDL posted exceptional core earnings for year ended 31 December 2009, achieving record revenue of $3,272.8 million and posted the second highest after-tax profit since its inception in 1963 of $593.4 million.

- In recognition of its sustained efforts in championing workplace safety and health at its worksites and support of the Workplace Safety & Health Council (WSHC)'s bizSAFE programme, CDL was presented with the bizSAFE Mentor certification – the first awarded to a developer. Since 2008, CDL has been the first developer to be certified as a bizSAFE Partner.

- Reaffirming their commitment towards Environment, Health and Safety (EHS) Excellence at CDL's project sites, the top management of 27 of CDL's builders and consultants endorsed CDL's EHS Excellence – CEO Pledge for Zero, setting a milestone for a "Safe and Green" culture.

- CDL won the bid for a 99-year leasehold, 16,998.8 square metre HDB land parcel at Sengkang West Avenue/Fernvale Link, with a tender price of $200.5 million.

The Residences at W Singapore Sentosa Cove comprises 2 to 4 bedroom apartments along with penthouses that boast spacious living spaces of between 1,227 and 6,297 square feet.

MARCH

- CDL and Starwood Hotels & Resorts Worldwide, Inc. launched The Residences at W Singapore Sentosa Cove, a collection of 228 private luxury residences at the exclusive waterfront residential enclave of Sentosa Cove – Singapore's most prestigious and affluent marina residential community. 45% of the launched units were sold over the weekend at private previews for a select group of business associates and VIP customers.

- CDL celebrated the grand opening of City Square Mall, Singapore's first eco-mall, with the achievement of the Businesses for Families Mark. Awarded to organisations that have met specific family-friendly standards relating to their strategy, services and infrastructure, the Mark is a national accreditation programme initiated by the Businesses for Family Council (BFC) and supported by the Ministry of Community Development, Youth and Sports (MCYS).

APRIL

- CDL was ranked amongst the 2010 Global 100 Most Sustainable Corporations in the World – one of two Singapore corporations listed in this international ranking. Initiated by Corporate Knights, the magazine for clean capitalism, the annual ranking identifies the top 100 publicly-traded MSCI World-listed companies relative to their industry peers, from an environmental, social and governance perspective.

- CDL's new generation green office building 7 & 9 Tampines Grande received the LEED Gold Certification from the US Green Building Council (USGBC) – making it the first completed development in Singapore to achieve the Gold rating under the Core & Shell category. This is the second highest rating awarded by LEED, an international programme for the design, construction and operation of high performance green buildings.

- Tree House, a 99-year leasehold nature-inspired residential development was warmly received when it was launched at a private preview on Earth Day. Over 85% of the 350 units launched at the preview were sold. The development is fully sold.

- In celebration of Earth Day, CDL initiated the inaugural CDL E-Generation Challenge, an eco-themed "Amazing Race" style national competition aimed at raising the level of eco-consciousness amongst youths in Singapore. Through an eco-tainment platform in the form of a green rally, the competition attracted over 260 youth participants who took on eco-challenges in various parts of the island, covering over 2,300 km using green transport.

MAY

- CDL bagged the most number of Green Mark Platinum Awards at the Building and Construction Authority (BCA) Awards 2010, reinforcing its leadership position as a Green Developer and Eco-Champion. Since the introduction of the Green Mark scheme in 2005, CDL has attained 40 BCA Green Mark Awards, of which 10 are of the highest-tier Platinum rating, representing the highest number of BCA Green Mark Awards presented to a single developer to date.

- In recognition of its sustainable business practices and green solutions, CDL was one of only two Singapore firms that clinched the first division of awards – for Outstanding Sustainability (under the Enterprise Green Adopter category) – at the inaugural Singapore Sustainability Awards 2010. Co-presented by the Singapore Business Federation with KPMG as the knowledge partner, the Outstanding Sustainability Award aims to promote excellence in sustainability among Singapore organisations and inspire more to adopt similar practices.

- The Sail @ Marina Bay, a majestic 245-metre tall architectural gem jointly developed by CDL and AIG Asian Real Estate Partners, L.P., emerged victorious in the Residential (High-Rise) Category at the FIABCI Prix d'Excellence Awards 2010.

- Tribeca obtained its Certificate of Statutory Completion (CSC).

JUNE

- The latest addition to the Millennium & Copthorne Hotels family – Studio M Hotel, designed for the stylish and trendy – officially opened its doors on 17 June. Located within the entertainment precinct of Robertson Quay in Singapore, the 360-room hotel has been boasting occupancies of about 80%, reaching full capacity in the days prior to its official opening.

- The award-winning Grand Millennium Beijing joined the ranks of international hotels to receive its official 5-star rating following a strict 10-month audit. The newest premier 5-star offering is located in Beijing's renowned Central Business District, and is one of 54 accredited 5-star hotels in the Chinese capital.

- The Arte received its Temporary Occupation Permit (TOP).

JULY

- Reinforcing its continuing efforts to provide greater credibility and assurance, CDL set a new CSR milestone as the first company in Singapore to achieve the International AA1000AS (2008) Assurance Standard for the CDL Sustainability Report 2010, raising the bar in CSR reporting in Singapore.

- A double winner, CDL clinched two out of five awards at the 2010 ASEAN Energy Awards. 7 & 9 Tampines Grande and Fuji Xerox Towers were winners of the ASEAN Best Practices for Energy Efficient Buildings Competition 2010 under the New and Existing Category and Retrofitted Category respectively.

- The launch of 368 Thomson, a signature freehold residential development located in the prime District 11, met with overwhelming response. 80% of the 120 units in the 36-storey tower launched in Phase 1 were snapped up.

- Five wholly-owned subsidiaries of CDL each entered into conditional Sale and Purchase Agreement with five wholly-owned subsidiaries of Perennial Chinatown Point LLP, for the sale of 287 strata-titled units at Chinatown Point for an aggregate sale consideration of $250.0 million. The sale was completed in October 2010.

- Wilkie Studios obtained its TOP.

- The biennial Singapore Young Photographer Award (SYPA), which aims to unearth budding young photographers and elevate photography standards in Singapore, was held for the third time on 6 July. Graced by Minister for Information, Communication and the Arts, the competition received over 1,000 submissions.

- In support of the International Year of Biodiversity, CDL participated in the Singapore Garden Festival for the third time, at the invitation of National Parks Board. CDL welcomed visitors into a realm of fantasy titled "Web of 13 Million", a nature-inspired multi-sensory experience featuring photographs of Mother Nature as captured through the eyes of CDL's Managing Director Mr Kwek Leng Joo.

Mr Kwek Leng Joo, Managing Director of CDL (middle), leading Mr Kwek Leng Beng, Executive Chairman of CDL (left) and guests to CDL's "Web of 13 Million" realm of fantasy.

AUGUST

- CDL China Limited, a wholly-owned subsidiary of CDL, was allocated initial investment funds of $300.0 million to establish CDL's presence and implement the Company's real estate strategy in various cities throughout China.

- To commemorate Singapore's hosting of the first ever Youth Olympics Games (YOG), CDL commissioned two specially-designed Olympic-themed artworks, the first public art sculptures to be showcased under the Marina Bay Public Art Programme, which were unveiled by Dr Vivian Balakrishnan, Minister for Community Development, Youth and Sports on 5 August.

- CDL, together with BCA, organised the inaugural BCA-CDL Green Sparks Competition, a first-of-its-kind initiative designed to raise awareness and engage tertiary students to partake in the greening of the built environment. The competition saw 20 teams of 152 students presented with the challenge of enhancing the environmental performance of Fuji Xerox Towers, with the possibility of implementation as part of retrofitting plans for the building.

- CDL was conferred the biennial Work-Life Excellence Award by the Ministry of Manpower for the second time by The Tripartite Committee on Work-Life Strategy. The Award reaffirms CDL's efforts in creating a positive environment that places great value in maximising employees' performance while helping them to harmonise work and personal needs.

SEPTEMBER

- CDL was once again accorded the distinguished Ministry of Manpower's Developer Award for the fourth time, having received it previously in 2006, 2008 and 2009. It is also the only private developer to be awarded this prestigious accolade.

HIGHLIGHTS OF THE YEAR

- Jointly developed by CDL, Hong Leong Holdings Limited and Hong Realty (Private) Limited, the 642-unit NV Residences enjoyed enthusiastic response during its highly anticipated private preview, with 80% of the 200 units released sold. To date, more than 500 units have been sold.

- The 5-star Grand Millennium Sukhumvit in Bangkok, Thailand was voted amongst Asia's most popular hotels at the HotelClub Awards 2010, receiving the award for Finalist – Most Popular Hotel in Asia. The annual HotelClub Hotel Awards are driven by seasoned travellers worldwide.

- CDL Hotels (Malaysia) Sdn. Bhd., a wholly-owned subsidiary of Millennium & Copthorne Hotels plc (M&C), entered into an agreement to sell a parcel of land measuring 29,127 square feet adjacent to the Grand Millennium Kuala Lumpur, for a consideration of RM210.0 million.

- Grand Hyatt Taipei marked its 20th anniversary with a cocktail reception that was well attended by over a thousand guests comprising local and international corporate owners, government officials, ambassadors and other honoured guests. The award-winning hotel has received over 200 accolades in the past two decades.

OCTOBER

- CDL was amongst 7 Singapore organisations recognised at the inaugural CSR Awards conferred by Singapore Compact for CSR. The Company received the Green Champion Award, which recognises best practices in minimising business externalities on the environment, and encourages others to benchmark against these practices.

- The Grand Millennium Al Wahda, the largest hotel in Abu Dhabi, officially opened. The hotel is M&C's second hotel in the Middle East under the flagship brand.

- Over 75% of the units released at The Glyndebourne, a distinguished 150-unit freehold luxury condominium located in the prestigious District 11 neighbourhood, were sold over the private preview weekend. To date, over 93% of the project has been sold.

- A subsidiary of CDL had contracted to sell The Corporate Office, a freehold 21-storey office building located at 138 Robinson Road, for $215.0 million, with sale completion in February 2011.

NOVEMBER

- CDL celebrated a milestone in the construction of the iconic Quayside Isle with the topping out of the new W Singapore Sentosa Cove, Singapore's only marina hotel, on 24 November. When completed in 2012, the integrated Quayside Isle will be a re-creation of the luxurious Rivera lifestyle.

- On 1 November, ISO (International Organisation for Standardisation) launched one of the most highly anticipated International Standards of recent years, ISO 26000:2010, Guidance on social responsibility. Despite ISO 26000 not being mandatory or a standard for certification, nor designed as a management system, CDL has taken the initiative and led the way by voluntarily integrating its CSR strategies based on guidelines set out in the ISO 26000 framework. The ISO 26000 principles will also be articulated in CDL's next Sustainability Report 2011, to be published in June 2011.

Celebrating a milestone in the construction of the iconic Quayside Isle with the topping out of the new W Singapore Sentosa Cove hotel.

- A wholly-owned subsidiary and a jointly-controlled entity of CDL entered into separate Purchase Agreements with HSBC Institutional Trust Services (Singapore) Limited (as trustee of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust) for the sale of the remaining leasehold interest in Pantech 21 and a 45-year lease of New Tech Park for $41.5 million and $305.9 million respectively.

DECEMBER

- Testament to the Company's strong track record of financial stewardship and profitability, CDL was accorded the 2010 Global Chinese Business 1000 – Best Performance Award and ranked one of the Top 10 Best Performance companies in Singapore. Commissioned by Yazhou Zhoukan, the Global Chinese Business 1000 is the most insightful and powerful report in which the Top 1000 listed companies owned by Chinese entrepreneurs from all over the world are selected.

- CDL China Limited acquired its first development site in Chongqing, China, at a government land auction for RMB 232.0 million. An iconic luxury villa residence will be built on this landmark site, which promises to redefine the city's skyline.

- CDL emerged top bidder for the 20,834.1 square metres, 99-year leasehold executive condominium (EC) site at Segar Road in the Bukit Panjang area.

- A subsidiary of CDL completed the sale of four separate floors of GB Building, which took place over three months, with total sale price amounting to about $30.0 million.

OPERATIONS REVIEW

7 & 9 Tampines Grande – the first completed development in Singapore to achieve the LEED Gold certification under the Core & Shell category.

2010 was a year of recovery for the global economy, although economic uncertainties still resonated across Europe and the United States. Singapore enjoyed extraordinary growth, with the economy estimated to have expanded by 14.7% in 2010. With an impressive economic performance led by strong fundamentals in the form of wage growth, high employment, increased liquidity and low interest rates, residential property became a choice investment amongst investors. Even though market sentiments were dampened as a result of a slew of property cooling measures introduced by the Government, the residential sales market performed credibly with a total of 15,832 units sold in 2010.

ROBUST PERFORMANCE LED BY STRONG ECONOMIC RECOVERY

Leveraging on its innate understanding of market sentiments and buyer appetite, CDL's performance in the property development segment remained strong, with sales volume of 1,559 private homes in 2010. This was the result of several highly successful launches which met with overwhelming market response.

CDL started the year with the launch of Cube 8, an exclusive 177-unit freehold residential development in the premium District 11. The epitome of luxuriant contemporary high-rise living and an architectural dream combining both form and functionality, Cube 8 is designed to maximise the exceptional views of the city and MacRitchie Reservoir Park, and boasts unique amenities. The launch was met with great enthusiasm, with about 85% of the units snapped up during the launch weekend. To date, the project is almost fully sold with only one penthouse remaining.

Bringing a new world-class waterfront lifestyle to Singapore and raising the benchmark for contemporary living, CDL and Starwood Hotels & Resorts Worldwide, Inc. launched The Residences at W Singapore Sentosa Cove in March. Comprising a collection of 228 private luxury residences at the exclusive waterfront residential enclave of Sentosa Cove – Singapore's most prestigious and affluent marina residential community, this ultra-luxe development is conceptualised by renowned architectural firm Wimberly Allison Tong & Goo (WATG), and targeted at discerning homebuyers seeking to be wowed by the finer things in life. 45% of the launched units were sold over the weekend at private previews for a select group of business associates and VIP customers.

In April, CDL launched Tree House, a 429-unit joint venture 99-year leasehold development nestled within the Upper Bukit Timah and Chestnut Avenue private enclave. This strategic land site was successfully tendered by the Group in 2009 as it saw great potential for a well-positioned, nature-inspired development in this tranquil estate. With its attractive pricing, unique location and thoughtfully designed features, Tree House met with overwhelming response, with over 85% of the 350 units sold during the private preview, and is now fully sold out.

Two months later, 368 Thomson, an iconic 36-storey signature freehold development located in the prime District 11 area, in close proximity to two of the Group's successful projects in the vicinity – The Arte and Cube 8, was launched. Built at the site of the former Concorde Residences, Balestier Court and Bright Building at Thomson Road, 80% of the 120 units launched in Phase 1 were snapped up. To date, only one 3-bedroom apartment remains.

The buoyant Singapore economy bolstered the local property scene and the healthy demand for private residential property was evident in CDL's launches. The 642-unit NV Residences, jointly developed by CDL, Hong Leong Holdings Limited and Hong Realty (Private) Limited, was extremely well-received during its highly anticipated private preview in September. 80% of the 200 units released at the preview were snapped up, indicating a healthy demand for a well-positioned and attractively-priced residence in the East. To date, over 500 units have been sold.

The last quarter of 2010 saw the launch of The Glyndebourne, a distinguished 150-unit freehold luxury condominium located in the prestigious District 11 neighbourhood. Redeveloped from the current site of the Copthorne Orchid Hotel, the private preview of The Glyndebourne saw 75% of the units sold that weekend.

SUSTAINING BUSINESS EXCELLENCE AND LEADERSHIP

CDL's continual pursuit of improvement in its corporate, environmental and social performance has led to awards and accolades both locally and globally.

At the Building and Construction Authority (BCA) Awards 2010, CDL reinforced its green leadership of Singapore's built environment by winning the most number of Green Mark Platinum Awards for its sustainable developments. Since the introduction of the Green Mark scheme by BCA in 2005, 40 CDL developments have been awarded the BCA Green Mark Awards, of which 10 are of the highest-tier Platinum rating. This represents the highest number of BCA Green Mark Awards presented to a single developer to date.

OPERATIONS REVIEW

Internationally, The Sail @ Marina Bay, a majestic 245-metre tall architectural gem designed by world-renowned Norwegian/American architect Peter Pran, bagged the coveted FIABCI Prix d'Excellence Award 2010 in the Residential (High-Rise) Category. Conferred by a panel comprising the world's top real estate professionals and experts, the prestigious FIABCI Prix d'Excellence Awards recognise projects of outstanding achievement and overall merit that best embody excellence in all the real estate disciplines involved in its creation.

7 & 9 Tampines Grande – CDL's award-winning new generation green office – also set a new benchmark when it became the first completed development in Singapore to achieve the LEED (Leadership in Energy and Environmental Design Rating System) Gold certification under the Core & Shell category from the US Green Building Council (USGBC). This rigorous rating system was designed to encourage and facilitate the development of more sustainable buildings. This accolade represents an affirmation that CDL's sustainable design and development methodology is in line with international best practices.

CDL was a double winner at the 2010 ASEAN Energy Awards, clinching two out of five awards accorded to Singapore companies – for 7 & 9 Tampines Grande and Fuji Xerox Towers. Both commercial buildings were winners of the ASEAN Best Practices for Energy Efficient Buildings Competition 2010 under the New and Existing Category and Retrofitted Category respectively. Established in 2000, the ASEAN Energy Awards recognise efforts by forward-looking ASEAN building owners and property developers to implement energy-efficient solutions and best practices in their buildings as well as spur energy efficiency within the ASEAN region.

Testament to CDL's strong track record of financial stewardship and profitability, CDL was accorded the 2010 Global Chinese Business 1000 – Best Performance Award and was ranked one of the Top 10 Best Performance companies in Singapore. Commissioned by Yazhou Zhoukan, the Global Chinese Business 1000 is the most insightful and powerful report in which the Top 1000 listed companies owned by Chinese entrepreneurs from all over the world are selected. The prestigious award endorses the outstanding achievement in terms of average sales, average net profit growth and innovative measures in the past 3 years.

OPPORTUNITIES FOR INVESTMENT AND GROWTH

In line with its selective land replenishment policy, CDL submitted a successful bid of $200.5 million for a 182,975 square feet condominium site at Sengkang West Avenue / Fernvale Link. The 99-year leasehold site was keenly contested with a total of 10 bids. H_2O Residences, a nature-inspired 521-unit condominium offering unobstructed views of lush surroundings and charming waterways, was launched in March 2011.

CDL, through its wholly-owned subsidiary, Grand Isle Holdings Pte. Ltd., emerged as top bidder for a 20,834.1 square metres, 99-year leasehold Executive Condominium (EC) site at Segar Road in the Bukit Panjang area. The site will be CDL's fourth EC project after The Florida, Nuovo and The Esparis.

NV Residences exudes a strong sense of style with its chic and contemporary design.

On the global front, CDL will be capitalising on the investment opportunities that are forthcoming with the regulatory tightening of China's property market through the establishment of CDL China Limited in August 2010 with an initial seed capital of $300 million. The wholly-owned subsidiary will focus on establishing CDL as a long-term property developer in China and implementing the Group's real estate strategy.

CDL China Limited made its maiden site acquisition in Chongqing, China, at a government land auction for RMB232 million. The landmark residential site comprises two adjacent plots of land totalling 27,200 square metres, where an iconic luxury villa residence will be built.

EXPANSION IN HOSPITALITY PRESENCE

The latest addition to the Millennium & Copthorne Hotels plc (M&C) family – Studio M Hotel – officially opened its doors on 17 June 2010. Operational since March 2010, the 360-room hotel, located along Mohamed Sultan Road in Singapore, is designed for the stylish and trendy, and boasted occupancies of approximately 80%, reaching full capacity in the days prior to its official opening.

M&C also announced plans to further expand its presence in China, with the aim of an annual growth of 3 to 4 hotels in China, while maintaining prudence when looking for partners.

Exemplifying M&C's commitment to hospitality excellence, Grand Millennium Beijing joined the ranks of international hotels with its official 5-star rating following a stringent audit process. The hotel is now one of just 54 accredited 5-star hotels in the Chinese capital.

Signalling a new era in hotel accommodation in Abu Dhabi, M&C opened The Grand Millennium Al Wahda, its second hotel in the Middle East under the flagship brand. With 844 rooms, Grand Millennium Ah Wahda is the largest hotel in Abu Dhabi.

HUMAN RESOURCE REVIEW

At CDL, we believe that highly qualified and motivated employees will help us scale even greater heights. This is why we are committed to cultivating and enhancing our employees, through a system of continuous training and development, rewards and engagement.

DEVELOPING OUR EMPLOYEES

CDL believes in developing our employees and helping them achieve their potential, so that they can contribute to the success of the organisation. The Company has in place policies that provide employees with opportunities for professional development and skills improvement, such as the sponsorship of full-time training courses and part-time certificated programmes, and also conducts an annual training needs analysis.

REWARDING OUR EMPLOYEES

CDL strives to be an employer of choice, attracting, developing and retaining talents with attractive career, performance and reward opportunities. Our performance management system ensures that good performers are identified and rewarded appropriately. We offer fair and competitive remuneration packages based on employees' competencies and expected roles and responsibilities. In addition, CDL continues to offer full remuneration to older employees above 60 years of age, even though the Singapore Retirement Act gives Singapore employers the discretion to reduce wages when extending employment to those beyond 60.

ENGAGING OUR EMPLOYEES

CDL recognises that engaged employees who are motivated and committed will help to move the organisation forward. A variety of employee engagement programmes help to reinforce our care, connectivity and commitment:

Promoting Well-Being Through Workplace Health & Work-Life Harmony

Over the years, CDL has initiated a range of dynamic workplace health and work-life benefits and programmes that encourage employees to adopt a healthier lifestyle and help them juggle their professional and personal commitments.

CDL's dedicated work-life committee plans and executes family-friendly and health-related programmes which include free aerobics classes, monthly Fruity or Snack Day and annual health screening. It also has in place family-friendly policies, such as flexible start-and-end work-hours options, paternity and examination leave. The availability of a nursing room for returning female employees with newborn children and our CDL Family Month (with a series of family focused programmes, such as Eat-With Your Family Day, family trips and talks) also enable employees to better manage needs and relationship with their families.

In 2010, we launched a 3-month "Treasure Your Mind" campaign (with a series of mental wellness focused activities such as Yoga breathing exercises, on-site shoulder and neck massage), a "Let's Share" contest where employees shared personal tips on coping with various mental related issues, and a "Care our Caregivers" workshop programme providing hands-on tips as caregivers. We also launched a "Health Report Card" campaign encouraging employees to participate in sports and health events organised by the company to keep fit, such as the 3-month "I Take Charge" campaign, a weight management programme which saw 68% of participants achieving a reduction in their weight and Body Mass Index (BMI) at the end of the campaign.

CDL was again conferred the Work-Life Excellence Award by The Tripartite Committee on Work-Life Strategy.

For our consistent efforts, CDL has successfully attained the biennial Work-Life Excellence Award 2008 and 2010 as well as the H.E.A.L.T.H Platinum Award in 2008 (which provides for exemption in 2010).

Bonding Through Social and Recreational Activities

CDL employees are enthusiastic in participating in the various activities organised by the staff committee "Staff Connect", comprising representatives from various departments, to foster a closely-knit workforce within the Company.

City Sunshine Club, CDL's employee volunteer club, also organised a slew of activities which provided employees with the opportunity to volunteer their time to help those in need, providing a platform for strengthening employee communication, team work and staff bonding.

The Hong Leong Olympics, organised by the Hong Leong Group Sports & Recreation Club, also saw active participation from CDL employees, and helped to reinforce their sense of belonging and nurture a strong team spirit. CDL is proud to have clinched the overall championship in this annual sports event for the 4th consecutive year.

Engaging Through Regular Communication

Apart from CDL's orientation programme, which familiarises new employees with the Company's vision, mission, corporate culture and key operations and helps them assimilate quickly into the organisation, dialogue sessions between the Managing Director, senior management and new employees also create opportunities for relationship building and establishing engagement. Internal communication channels like CDLNet, City News and newsflashes provide employees with up-to-date information concerning the organisation. Other internal platforms to encourage feedback and open communication include the VoiceBox, a suggestion forum where employees can provide feedback.

Looking to the Future

Despite the successes we have achieved, the management and staff of CDL remain committed to long-term aims. Our focus on the triple bottom line is fuelled by a collective effort towards enhancing financial, environmental and social sustainability. To this end, we seek to further our business practices and firm commitment to corporate social responsibility that will create greater value for the benefit of staff, stakeholders and the community alike.

CORPORATE SOCIAL RESPONSIBILITY REPORT

On behalf of the board, I am pleased to present CDL's Corporate Social Responsibility (CSR) Report for 2010.

Despite a backdrop of broad-based economic recovery in 2010, caution remains in the air as experts warn of downside risks as well as challenges presented by possible policy reforms by governments across the globe.

As the dust from the downturn settles, companies who have kept faithful to the policy of strategic sustainability will likely leapfrog ahead and benefit from the competitive edge, positive branding and goodwill generated at a time when other businesses were cutting back what they considered were superfluous costs.

Corporate social responsibility is the cornerstone which CDL builds its business upon. As the Singapore economy grew by 14.5% in 2010, CDL has also created new milestones and set new benchmarks in its business, environment and social performance. This was possible because CDL has kept to its commitment in putting the interests of its stakeholders first.

On the honours roll, CDL was the only Singapore company listed amongst the prestigious Global 100 Most Sustainable Corporations in the world by Corporate Knights in 2011. CDL was first inducted into the global listing in 2010. It also dramatically improved its rankings in the Asian Sustainability Rating by CSR Asia, at 4th place amongst 542 companies across 10 Asian countries and the highest ranked from Singapore.

CDL is also the first company in Singapore to achieve the international AA1000AS (2008) Assurance Standard for its

"Grow", CDL's 3rd dedicated Sustainability Report continues to be successfully checked by the Global Reporting Initiative at Level B+. The report may be viewed and downloaded at www.cdl.com.sg/sustainabilityreport2010.

3rd CDL Sustainability Report 2010. The internationally recognised Standard requires a precise audit requirement and covers CDL's overall sustainability behaviour and performance beyond the Report. Adhering to the AA1000 Accountability Principles of Inclusivity, Materiality and Responsiveness, the application of the Standard demonstrates CDL's continued efforts to improve our CSR commitment towards greater transparency and disclosure.

At the inaugural CSR Awards by Singapore Compact for CSR, CDL was accorded the Green Champion Award in recognition of its best practices in mitigating the impact of its business operations on the environment whilst encouraging other corporations to benchmark their own performance. CDL was also one of only two Singapore companies recognised for Outstanding Sustainability (under the Enterprise Green Adopter category) at the inaugural Singapore Sustainability Awards 2010 organised by Singapore Business Federation.

CDL's CSR Milestones in 2010/2011

Global 100 Most Sustainable Corporations 2010 & 2011 by Corporate Knights Magazine
- For 2011, CDL was the only company from Singapore to be listed in this prestigious global ranking announced annually at the World Economic Forum

AA1000AS (2008) Assurance Standard
- First company to externally assure its sustainability report in accordance to AA1000 Assurance Standard. The CDL Sustainability Report 2010 continued to be successfully checked at Level B+ by Global Reporting Initiative (GRI)

Asian Sustainability Rating
- In a study on CSR disclosure, CDL was the highest ranked company from Singapore – 4th amongst 542 companies across 10 countries in Asia with an improved score (66.1%: 2008, 74.5%: 2009, 84.0%: 2010)

bizSAFE Mentor Certification
- For sharing its Workplace, Safety and Health system and practices with participating small and medium enterprises. In 2008, CDL was recognised as the first developer to be a bizSAFE partner by Ministry of Manpower

Building and Construction Authority (BCA) Awards 2010
- Maintained its leadership in green building having won the most number of Green Mark Platinum Awards. With 40 CDL developments being awarded the BCA Green Mark Awards, of which 10 are of the highest-tier Platinum rating, this represents the highest number of BCA Green Mark Awards presented to a Singapore developer to date since the introduction of the Green Mark Scheme by the BCA in 2005

Friend of the Arts Award (Since 1997)
- On the honours roll for the 14th consecutive year

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

CDL's CSR Milestones in 2010/2011

Global CSR Awards 2010
- CSR Leadership Award was accorded to Mr Kwek Leng Joo, Managing Director of CDL, for his contribution to the promotion of all aspects of CSR, including the environment, sustainability, community partnerships, education and poverty alienation, amongst others
- Best Environmental Excellence Award for the successful implementation of innovative water recycling and silt water treatment at its developments

Outstanding Sustainability Award 2010
- Amongst two Singapore firms recognised for sustainable business practices and green solutions (under the Enterprise Green Adopter category)

Royal Society for the Prevention of Accidents (RoSPA)
- The only private property developer in Singapore to be conferred the RoSPA Gold Award for excellence in Occupational Health and Safety management in the workplace since 2006

Singapore Compact CSR Awards
- Accorded first-ever Green Champion Award in recognition of best practices adopted to minimise its environmental impact whilst encouraging others to benchmark against these practices

Singapore Environmental Achievement Award (SEAA)
- Won the SEAA award in 2004 and received the Merit Award in 2010

SIAS Investors' Choice Awards 2010 (Since 2000)
- Among Singapore's Most Transparent Companies (Property) in recognition of its corporate transparency based on criteria including timeliness of news release, substantiality of news release, clarity of news release, degree of media access, frequency of corporate results, availability of segmental information and communication channels

Workplace Safety and Health Awards 2010
- The first private property developer to receive the Developer Award, it was accorded the honour for the 4th time

Work-Life Excellence Award 2010
- Conferred the biennial Work-Life Excellence Award for the second time for efforts in creating a positive environment that places great value in maximising employees' performance while helping them to harmonise work and personal needs

REACHING OUT TO ITS STAKEHOLDERS

CDL believes in a proactive approach to engage its key stakeholders, including investors, the media, business peers, and the community-at-large, using both formal and informal platforms.

In 2010, the CDL management also continued to vigorously share its CSR experience and strategy at various conferences, seminars and events including the EU-ISEAS CSR Seminar, 2nd Annual Global CSR Summit 2010, PATNI-ABCC Sustainability Roundtable, Singapore WSH Conference 2010 and Global Entrepolis @ Singapore Summit amongst others. In its pursuit to further the CSR cause through education, CDL also imparted knowledge to students of tertiary institutions such as the Nanyang Business School, Singapore Management University and Networking Session for Green Club Teachers cum Training for Green Club Students for North West Community Development Council.

To promote greater action towards combating climate change amongst corporations, CDL undertook the role of carbon offset sponsor at the Eco World 2010 Conference and Singapore Sustainability Awards 2010 Gala Dinner, as well as the International Singapore Compact CSR Summit 2010. CDL worked with The CarbonNeutral Company to measure and reduce carbon emissions (from delegate travel, local transport, energy consumption, hotel catering, waste management, etc) for the events to net zero. The carbon credits that CDL purchased to offset the events helped to fund environmental projects such as the Guangdong Wind Power Project (verified under the Voluntary Carbon Standard) and Tieling Coal Mine Methane Capture Project (registered with the Clean Development Mechanism) in China.

As a responsible and prudent steward to one of Singapore's largest companies by market capitalisation, CDL strives to uphold high standards of corporate governance, transparency and disclosure. As such, the Group maintained the timely release of its financial results as well as conducted briefings for analysts and media during the half-year and full-year results announcements. There continue to be ample opportunities for dynamic engagement between investors, media and CDL's top management on various platforms including investor conferences and one-to-one meetings. In addition, shareholders have direct access to top management during the Annual General Meeting where CDL's top management presents and shares the Group's business plans for the year ahead. For convenience and easy access, these presentations may also be obtained via the SGXNET and the Group's website.

EMPOWERING ITS PEOPLE

CDL strives to be an employer of choice and create a conducive environment which empowers, nurtures and values its employees. More employee information can be obtained in the Human Resource Review on page 43.

CORPORATE SOCIAL RESPONSIBILITY REPORT

RISK MANAGEMENT

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 54 and 55.

FORGING AHEAD WITH SUSTAINABLE BUSINESS PRACTICES

Walking the talk, CDL continues to be a green leader of Singapore's built environment, winning the most number of Building and Construction Authority (BCA) Green Mark Platinum Awards for its sustainable developments. Its new generation green office, 7 & 9 Tampines Grande, is also the first local commercial development awarded the internationally acclaimed Leadership in Energy and Environment Design (LEED) Gold rating under the Core & Shell category by the United States Green Building Council.

Constantly striving to improve its environment, safety and management performance, 15 CDL commercial buildings, including Republic Plaza and City Square Mall, successfully attained the OHSAS 18001 Health and Safety Management System in Property Management certification in January 2011. OHSAS 18001 is an Occupation Health and Safety Assessment Series for health and safety management systems to help organisations control occupational health and safety risks. These 15 buildings also received the re-certification of the ISO 14001 (Environment Management System) and ISO 9001 Quality Management systems which were first awarded in 2007. In 2003, CDL set a new industry benchmark as the first private property developer to receive the ISO 14001 for Property Development and Project Management.

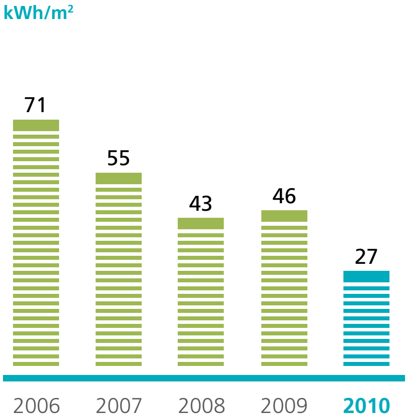
In another pioneering move, CDL formalised its Universal Design Policy in January 2011, aimed at creating an inclusive built environment that caters to the needs of all age groups and people with different abilities, allowing for them to live independently and enjoy access to facilities. Taking a holistic life-cycle approach, CDL applies these principles from ground zero during the architectural planning and carries them through the construction and building operations and maintenance phases. Although CDL has always abided by this best practice, formalising this commitment is a clear affirmation of its importance as part of our CSR endeavours.

TOWARDS CONTINUED IMPROVEMENTS IN ENVIRONMENTAL PERFORMANCE

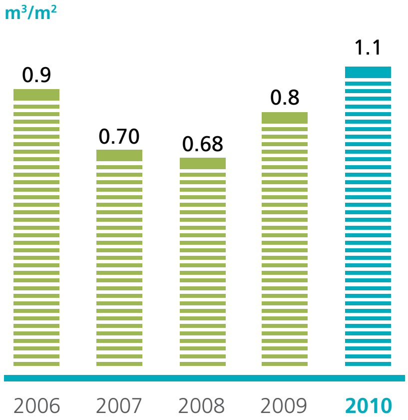
In line with CDL's Corporate Environmental, Health and Safety (EHS) Policy, CDL is committed towards mitigating the impact of its business on the environment and striving to apply environmentally-friendly practices in its operations.

Managing the environmental aspects is a key element of CDL's Environmental Management System (EMS). In 2010, CDL continued to drive improvements in its environmental performance across its work sites, investment buildings and corporate office.

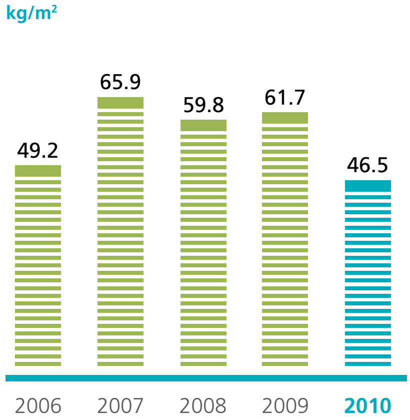
PROJECTS DIVISION



Energy

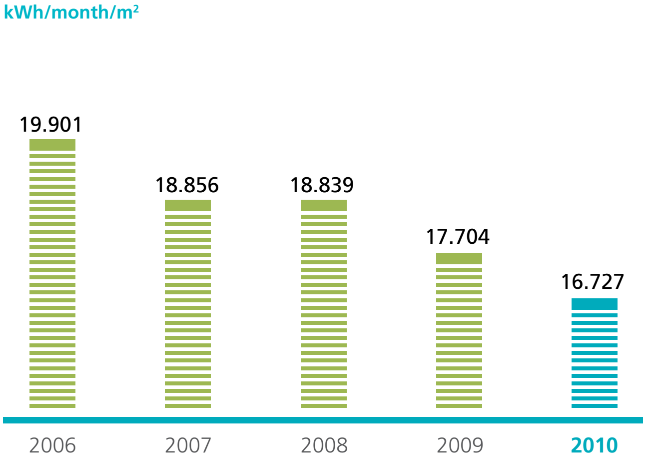


Fresh Water

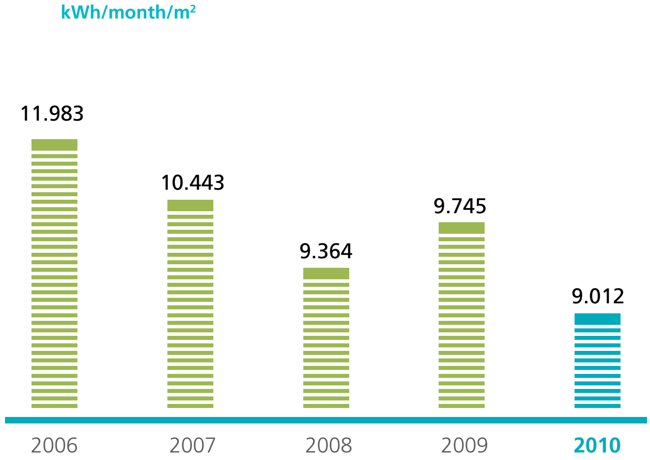


Construction Waste Generated

PROPERTY & FACILITIES MANAGEMENT DIVISION



Energy Used at CDL Commercial Buildings

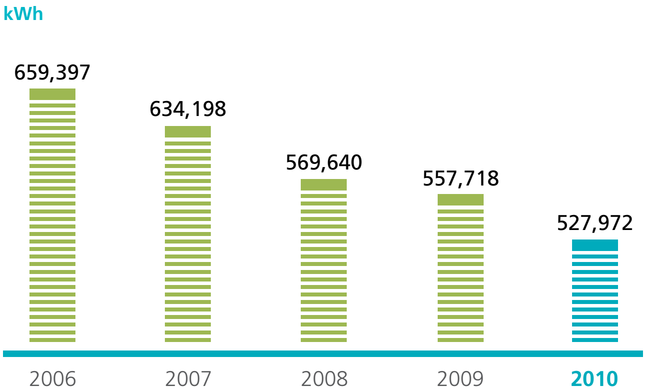


Energy Used at CDL Industrial Buildings

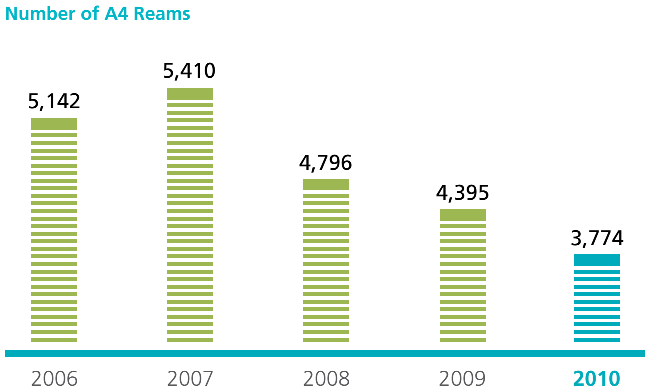
Water Used at CDL Commercial Buildings

Water Used at CDL Industrial Buildings

CORPORATE OFFICE



Energy



Paper

ACTION FOR THE COMMUNITY

In 2010, CDL maintained its focus on the four key areas of the environment, youth development, the less fortunate and the arts. Beyond sustaining established programmes and retaining active working relationships with long-term partners, CDL also identified and supported new beneficiaries and partners as well as embarked on innovative programmes for the community.

On the business level, City Square Mall, Singapore's first eco-mall, engages with the community-at-large through its dedicated space for community events. The Mall was the first corporate partner to join the Central Singapore Community Development Council's Partnership to Activate the Community to Treasure the environment or P.A.C.T. when it opened its doors in late 2009. In an affirmation of its commitment to organise and host green community events, events held in 2010 include the National Youth EnvirOlympics Challenge 2010, collaboration with radio station Class 95FM on World Environment Day, Muscular Dystrophy Association (Singapore) Eco-challenge and Project

CORPORATE SOCIAL RESPONSIBILITY REPORT

Pebbles which was jointly organised by Temasek Polytechnic student volunteers and Gardenasia to engage youths in nature-related activities.

Reflecting CDL's firm conviction that strategic efforts for the community should be more than philanthropy, employee voluntarism continued to be a key driver. Through City Sunshine Club (CSC), staff volunteer platform, employee volunteers dedicated their time aiding those in need through a myriad of community activities.

CDL's total employee volunteer manhours were 2,894 in 2010.

Inspiring Green Thought Leadership

Jointly with BCA, CDL launched the BCA-CDL Green Sparks Competition to raise awareness and engage tertiary students in the greening of the built environment. This first-of-its-kind public-private initiative provides future practitioners with a real-life scenario where best green building practices and solutions can be implemented. For the inaugural competition, students were presented with the challenge of enhancing the environmental performance of Fuji Xerox Towers, an existing 38-storey office building owned by CDL. The Competition was well-received and saw interesting submissions from 152 students, making up some 20 teams.

NUS team, "Green Wednesday", clinched the top prize at the inaugural BCA-CDL Green Sparks Competition.

To promote an interest in sustainability amongst the youth, CDL was also the Presenting Partner for the NUS Geography Challenge 2010 jointly organised by the National University of Singapore (NUS) Geographical Society and the Department of Geography. Held for the 14th year, the theme of 2010's national geography quiz for secondary school students focused on "Sustainable Development". Through the competition, students from more than 80 schools nationwide were encouraged to engage their critical thinking skills to redefine limitations faced by Singapore and the planet to promote sustainable development.

CDL was also the Corporate Partner for the NUS Chancellor's Challenge Shield 2010, one of the foremost tertiary-level Current Affairs and General Knowledge Quiz competitions in Singapore. The theme for the competition was "Singapore 2061: What do you want it to be?", crafted in consideration of the Singapore Government's upcoming Concept Plan 2011. Over 200 students participated in the competition.

Stepping Up For The Environment

As the issue of climate change grows increasingly dire, CDL expanded its environmental outreach efforts, especially targeting the youth.

In celebration of Earth Day, CDL initiated the CDL E-Generation Challenge, an eco-themed "Amazing Race" style national competition. By utilising an eco-tainment platform in the form of a fun green rally, the annual competition aimed at raising eco-consciousness amongst the youths in Singapore.

Over 260 youths came together to pit their strength and wit in overcoming green challenges focusing on green transportation and highlighted environmental issues including resource conservation, climate change and action.

The inaugural Challenge was supported by National Environment Agency and Clean and Green Singapore and event partners included innovators of green transporters in Singapore such as GoGreen Holdings, The Green Car Company, Greenlots and Hybrid Motors, along with Singapore Polytechnic, Environmental Challenge Organisation (Singapore), Singapore Motor Sports Association and City Square Mall.

Over 260 youth participants aged 15 to 25 covered 2,600 km using green transport via the inaugural CDL E-Generation Challenge 2010.

In celebration of 2010 as the International Year of Biodiversity by the United Nations, CDL held a "Biodiversity: Connecting with Nature" photo competition for its employees to raise awareness of the rich biodiversity found in Singapore. Winning photos were featured in the 14th instalment of CDL's Beauty of Nature Series Calendar 2011 titled "Celebrating Web of 13 Million". The Calendar is distributed to its business associates and employees to impart CDL's CSR philosophy.

To promote environmental conservation amongst the community-at-large, CDL also lent its support to a myriad of programmes initiated and organised by environmental organisations and government agencies.

Organisation	Initiative	Contribution
China Exploration & Research Society	Corporate Patron	▪ Sustained support for the organisation's nature and cultural conservation projects.
Environmental Challenge Organisation (ECO) Singapore	Earth Hour @ The Heartlands	▪ Eco-activities held at City Square Mall to promote community support for Earth Hour.
National Environment Agency	Corporate and School Partnership Programme (CASP) *Held in conjunction with Clean and Green Singapore (CGS), this initiative is aimed at encouraging the private sector to play an active role in grooming young leaders from educational institutions, initiating environmental programmes and transferring their technical knowledge through a mentoring system in developing the partner school's environmental projects.*	▪ CDL has been a stalwart supporter of CASP since 2005. ▪ CDL's six adopted schools, namely Maris Stella High School (Primary and Secondary), CHIJ St. Nicholas Girls' School (Primary and Secondary) and Catholic High School (Primary and Secondary) once again showcased notable environmental projects during the CGS Schools' Carnival. Catholic High School (Primary) received honours coming in third place with their submission. ▪ CDL also sponsored the Climate Change Photography Competition at the event which was attended by over 10,000 students, teachers and parents from 230 schools.
Nature Society (Singapore)	Nature Watch magazine	▪ Sustained sponsorship of the society's quarterly magazine.
Singapore Environment Council (SEC)	Singapore Green One (G1) *A Green Race aimed at raising awareness on alternative transport modes and promoting sustainable lifestyle choices.*	▪ Participated in inaugural event, with Team CDL placing third in the Buggy Race.
	Project Eco-Office *Initiated and launched jointly by CDL and SEC in June 2002, this outreach programme promotes green resource management amongst the business community in the work place.*	▪ A total of 22 offices certified with the Eco-Office Label (previously known as the Green Office Label) in 2010.
World Wildlife Fund	Earth Hour	▪ Sustained participation from 11 CDL commercial properties. ▪ Rallied support from 99% of tenants.

Supporting Youth Development

CDL continued its support of student-led environmental, social and economic developments projects both in Singapore and abroad.

Project Berbagi comprised a team of 17 SMU undergraduates from five different countries, including America, China, Indonesia, Malaysia, and Singapore who taught IT skills and English to teenagers at a local orphanage in Medan, Indonesia.

In 2010, CDL supported four student-led overseas expeditions of which three groups were students from Singapore Management University and one from National University of Singapore (NUS). The projects, based in neighbouring countries including Indonesia, Philippines and Cambodia, focused on promoting education, skills development and infrastructure. In line with CDL's commitment towards sustainable programmes, it was CDL's second year of involvement in Project Aphireak in Cambodia.

Amongst various NUS-events CDL supported was the 11th Annual NUS Youth Volunteerism Camp which was designed to promote volunteerism, nurture student participants to become better volunteers as well as to help needy beneficiaries during the four-day camp attended by 65 participants and 45 children beneficiaries.

CDL also supported the NUS Green Carnival 2010, presented by NUS environmental group Students Against Violation of the Earth (SAVE), to drive the urgent message of environmental

CORPORATE SOCIAL RESPONSIBILITY REPORT

conservation to NUS undergraduates, staff and academics, through student-initiated environmental projects that promote energy conservation, recycling and the uptake of other green habits. As a Founding Partner, CDL had been supporting the annual student-led environmental event since 2008.

Helping The Disadvantaged

2010 was a busy year for CDL volunteers as they embarked on a plethora of community activities benefiting those in need including the young, elderly and sick.

CSC also helped organise various exciting activities for its young beneficiaries throughout 2010 as part of the club's ongoing youth development activities for the less privileged youths. These include an excursion for 24 children from the Children's Aid Society (CAS) during the June school holidays to an exclusive Behind-the-Scenes tour of the Singapore Zoological Gardens. In September, over 30 children from CAS also celebrated the Mid-Autumn Festival at City Square Mall participating in fun-filled activities including an Eco-Lantern workshop, City Green Lantern Tour and story telling.

In December, excited children from Dreams @ Kolam Ayer experienced a truly unforgettable lesson in marine discovery when they embarked on a unique sleepover programme with sharks, rays and other ocean inhabitants swimming above them as they slept! The sleepover programme gave these children an opportunity to observe and learn about the ocean in the safe sanctuary of Underwater World Singapore. Over 45 volunteers from CDL participated in this one-of-a-kind activity. The same month, CSC volunteers brought a group of under-privileged children from the Family Service Centre & Student Care Centre at Jurong to City Square Mall where they enjoyed the Santa Bubbles Musical Live Show.

Over 45 CDL volunteers accompanied youths from Dreams @ Kolam Ayer at this one-of-a-kind sleepover adventure at Underwater World.

Not forgetting the elderly in our greying population, each month, CSC volunteers continue to distribute supplies to the elderly at Indus Road in its ongoing befriending programme. In June 2010, these beneficiaries received an additional bonus when they were treated to a 7-course lunch at Copthorne King's Hotel. In celebration of the Mid-Autumn Festival, CSC volunteers helped to spread the festive spirit by distributing mooncakes, in addition to the usual food supplies.

In addition, CDL also lent its support to a wide range of fund-raising activities organised by its community partners.

Organisation	Initiative	Contribution
Assisi Hospice	Assisi Hospice Charity Fun Day	▪ The event was co-organised by CDL and its subsidiary company CBM Pte Ltd. ▪ CDL, along with its sister hotels – M Hotel, Grand Copthorne Waterfront Hotel, Orchard Hotel, Copthorne Orchid Hotel and Copthorne King's Hotel – took up a 37-metre pavilion selling delicacies and hotel specialties.
Café Diplo	Asia Humanitarian Forum (AHF) *A public educational platform to promote both humanitarian and environmental causes to the community.*	▪ CDL was a Gold Sponsor of the inaugural AHF. ▪ CDL also co-presented a photography exhibition by Ernest Goh titled "Altered Land", a chronicle of black and white photographs of the destruction wrecked by the tsunami at Banda Acheh in 2004, and the reconstruction and rebuilding efforts which followed.
	"Haiti Haiti" and "Haiti Haiti 2" Charity Concerts	▪ CDL was a joint organiser and venue sponsor of two charity concerts, held at City Square Mall and Chinatown Point, aimed at raising funds towards humanitarian relief efforts in earthquake-stricken Haiti. ▪ CDL also launched a donation drive amongst employees, which was matched dollar for dollar by the company, raising a total of $30,000 for World Vision's Haiti Earthquake Relief Fund in just three days.

Organisation	Initiative	Contribution
TOUCH Community Services	shareURmeal *This novel initiative first started in the United States. The project called for the public to send in photos of their meals to generate donations for local food programmes. The project is chaired by an Singapore Management University (SMU) undergraduate.*	▪ CDL donated $3 for each submission that went towards TOUCH Community Service's Meals-on-Wheels programme which delivers meals to the elderly, especially those living alone. ▪ The project received overwhelming response, well exceeding the target of 1,000 photographs.
The Boys' Brigade (BB)	BB CARES 2010 (Community Activities to Rally Everyone to Serve) programme	▪ CDL was a Gold Sponsor for the Highlight Special held at the Sky Deck @ Singapore Flyer. ▪ Over 70 beneficiaries from the Asian Women's Welfare Association (AWWA) and Dreams @ Kolam Ayer enjoyed a scenic ride on the Singapore Flyer, followed by a mini funfair with exciting games and entertainment. 29 CSC volunteers lent their support as chaperons for the event.

CDL employees showed up in full force once again to support the Assisi Hospice Charity Fun Day, joining over 2,000 volunteers and a vast array of 210 stalls ranging from local cuisines, games and handicrafts, among others. The event raised over $800,000 for the expansion and improvement of Assisi Hospice's three core services of in-patient care, home care and day care centres.

Sustaining The Arts

2010 was a high point for CDL as it actively supported key national initiatives in promoting the arts in Singapore.

To commemorate Singapore's hosting of the first ever Youth Olympic Games (YOG), two specially-designed Olympic-themed public artworks were commissioned by CDL for installation at the Marina Bay waterfront promenade before the start of the YOG in August 2010. Both artists were exhibited open category finalists of the CDL Singapore Sculpture Award, a biennial competition held since 2003, and were amongst the 30 artists who submitted their concept proposals based on the Olympic themes of Peace and Sport, Culture and Environment.

The artworks, "Breathe" by artist Edwin Cheong (left) and "A World United" by artist Huang Yifan (right), were the first public art sculptures launched under the Marina Bay Public Art Programme.

This project is a collaboration between the Urban Redevelopment Authority, CDL and Singapore Youth Olympic Games Organising Committee.

Held for the 3rd time, the biennial Singapore Young Photographer Award (SYPA) aims to nurture young photographic talents and elevate the standard of photography in Singapore. This national photography competition was initiated by CDL in 2006, in partnership with five major photo clubs and the National Youth Achievement Award Council. The SYPA features a junior and youth category and those with a creative eye for architecture and buildings can also zoom in on the CDL Young Architectural Photographer Award.

Guest-of-Honour RADM Lui Tuck Yew, Chairman of SYPA Steering Committee Mr Kwek Leng Joo, Mr Edmund Cheng, Chairman of National Arts Council and the winners of the 3rd Singapore Young Photographer Award 2010.

LOOKING AHEAD

I trust this report clearly illustrates the importance CDL has placed and promptly acted upon matters involving environmental, social and governance concerns in 2010. For more detailed CSR information, please visit www.cdl.com.sg.

2011 will be another exciting year as CDL plans to incorporate the newly launched ISO 26000:2010 Guidance on social responsibility into its Sustainability Report to be published in June. The Standard will provide guidance on internationally accepted concepts, definitions and methods of evaluation on social responsibility. This is yet another step for CDL in our never-ending quest to further our CSR efforts to be a sustainable company for all stakeholders.

KWEK LENG JOO
Managing Director

RISK MANAGEMENT

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

To assist the Board in its risk management oversight, the Audit Committee reports to the Board on matters relating to the risk management policies and systems of the Company. A Risk Management Committee (**"RM Committee"**), whose members comprise senior management, is responsible for maintaining the processes which will provide the Board with a systematic and enterprise-wide view of the risks involved in property investment, development and management activities. The RM Committee reports quarterly to the Audit Committee on the overall strategic and operational risks positions, including mitigating measures, treatment plans and the occurrence or potential occurrence of significant risk events. These processes are put in place to manage and monitor the Company's risk management activities on a regular and timely basis.

The RM Committee had, since 2002, established a formal risk management framework to enable significant business risks to be identified, assessed, evaluated, monitored and managed. The procedures and processes within the formal risk management framework, benchmarked against other international standards and current risk management practices, enable the Company to regularly review its significant strategic business risks; consider the effectiveness of the Group's system of internal controls to limit, mitigate and monitor identified risks; and consider the implementation of further action plans to manage strategic business risks which are reflective of changes in markets, products and emerging best practices.

The following types of risks are managed within the Company's formal risk management framework:

OPERATING RISKS

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

INVESTMENT AND PORTFOLIO RISKS

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

TREASURY AND FINANCIAL RISKS

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

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

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

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

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

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

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

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

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

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

HUMAN RESOURCE RISKS

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

CRISIS RISKS

Operating in an environment with potential threats of terrorism, epidemic outbreaks and information systems failure, the management has put in place a company-wide Business Continuity Plan (**"BCP"**) to mitigate the risks of interruption and catastrophic loss to its operations and information database arising from such potential threats. The RM Committee is responsible for overseeing the maintenance of the BCP. Procedures and processes of the BCP include identification of alternate recovery centers, operational procedures to enable communication, continuity of critical business functions and recovery of database in the event of a crisis incident. Periodic incident management drills are conducted to familiarise employees with the emergency response and crisis management plans of the Company. The plans to carry out periodic tests on BCP, results of the tests, as well as recommendations and corrective actions are reviewed by the RM Committee annually and reported to the Audit Committee. Further enhancement during the year included the alignment of corporate BCP to various departments' environmental emergency procedures.

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

SINGAPORE
MARKET REVIEW

The Glyndebourne, a distinguished freehold luxury condominium located in the prestigious District 11, saw sales of over 75% during the private preview weekend.

From a negative Gross Domestic Product (GDP) growth recorded in 2009, the Singapore economy staged a dramatic rebound to achieve a record expansion of 14.5% in 2010. This was Singapore's best performance ever and earned the city-state the accolade as Asia's best performing economy in 2010.

RESIDENTIAL

Singapore's private residential market in 2010 continued to strengthen on the back of healthy demand amid a robust economy, positive job prospects and a low interest rate environment. According to the Urban Redevelopment Authority's (URA) real estate statistics, developers sold 17,344 units (including executive condominiums) of new homes in 2010, an all time high and 18.1% more than the 14,688 units sold in 2009. In 2010, prices of private residential properties increased by 17.6% as compared with 1.8% in 2009.

In 2010, prices of private apartments increased by 14.2% in the Core Central Region (CCR) while those in the Rest of Central Region (RCR) and Outside Central Region (OCR) increased by 17.6% and 15.0% respectively. 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.

Numerous new private residential project launches in 2010 witnessed healthy take-up. For example, Tree House, a 429-unit project jointly developed by CDL and Hong Realty (Private) Limited, sold over 85% of the 350 units launched during its preview in April 2010, and is now fully sold. Similarly, The Glyndebourne, a freehold luxury condominium developed by a subsidiary of CDL, met with enthusiastic response with 75% of the total 150 units snapped up during the private preview weekend in October 2010.

In view of the robust demand for private housing and buoyant conditions in the property market, the Government announced on 19 February 2010 two new measures – the introduction of a Seller's Stamp Duty (SSD) on all residential properties bought and sold within 1 year from the date of purchase and lowering the Loan to Value (LTV) limit to 80% for all housing loans. The Government further announced on 30 August 2010 that the holding period for imposition of SSD would be increased from one year to three years. For property buyers with one or more outstanding housing loans at the time of a new housing purchase, the Government also increased the minimum cash payment from 5% to 10% of the valuation limit. At the same time, the LTV limit was reduced from 80% to 70%.

To maintain a stable and sustainable property market, further measures were announced by the Government in January 2011 - the holding period for imposition of SSD would be increased from three years to four years. The SSD rates were also raised to 16.0%, 12.0%, 8.0% and 4.0% of consideration for residential properties which are bought on or after 14 January 2011, and sold in the first, second, third and fourth year of purchase respectively. Simultaneously, LTV limit for non-individuals was lowered to 50% and LTV limit for individuals with one or more outstanding housing loans at the time of new housing purchase was reduced to 60%.

The Ministry of Trade and Industry (MTI) has forecast a GDP growth of 4.0% to 6.0% in 2011. With the positive outlook in economic conditions, coupled with a low interest rate environment, substantial amount of liquidity floating in the market, sustained inflow of hot money expected from the West as well as Singapore's reputation as a world-class global city that remains attractive to professionals and high net worth individuals, demand fundamentals are expected to remain healthy for Singapore's residential property market in 2011.

According to URA real estate statistics, rentals of private residential properties rose by 17.9% in 2010. In light of increased corporate expansion and hiring activity amid a better business climate and confidence, expatriate arrivals to Singapore are expected to rise and leasing activity is likely to increase in 2011.

OFFICE

The Singapore office market witnessed a significant turnaround in 2010. As the economy expanded strongly, both leasing activity and rentals experienced strong positive growth. According to URA statistics, islandwide occupancy rates remained unchanged at 87.9% in Q4 2010 compared to a year ago. However, rentals of office space posted an impressive growth of 12.6% for the whole of 2010. Against the backdrop of an astounding economic rebound, Grade A office space turned in a sterling performance in 2010. According to a CB Richard Ellis (CBRE) market report, Grade A office space rents in the Central Business District (CBD) posted an increase of 22.2% year-on-year to $9.90 per square per month in Q4 2010.

Amid soaring business confidence, the office market saw heightened leasing activity levels. Financial institutions, insurance firms, and professional services companies took advantage of the availability of large contiguous space offered by new office developments, or in older buildings where firms have relocated to newer outfits, to consolidate and expand their operations ahead of a pick-up in rents. The office sector capped off a great year with a positive take up of about 1.13% (70,000 square metres) in Q4 2010.

According to a CBRE market report, about 8.2 million square feet of new supply of office space is expected between 2011 and 2015, with about 3.0 million of new schemes slated for completion in 2011. Notwithstanding this impending supply in 2011, almost half of this has already been pre-committed. Key developments scheduled to complete in 2011 include Asia Square Tower 1, Ocean Financial Centre and OUE Bayfront, all of which have reported pre-commitment rates ranging from 50% to 63%. In addition, relief to supply will also come in the form of removal of stock from the market for redevelopment.

In 2011, business sentiment and confidence is likely to continue to strengthen. The financial services sector could get a lift from the huge capital inflow that the second set of quantitative easing (QE2) measures in the United States is expected to trigger. In their effort to curb "hot money" inflows, regulatory tightening in many Asian economies could potentially encourage financial services firms to relocate some operations to Singapore, which remains a largely free economy. In addition, Singapore's travel, financial and transport services are set to benefit from the gradual full operation of the two Integrated Resorts (IRs), as well as the growing affluence in Asian communities. All these factors bode well for the office market as more firms will be looking to expand their operations and new regional setups coming into Singapore, resulting in increased demand for office space.

RETAIL

2010 was an eventful year where retailers and consumers experienced significant events such as the inaugural Youth Olympic Games, the opening of the two Integrated Resorts (IRs) and the annual Great Singapore Sale and Formula One night races. Consumers enjoyed more shopping choices with several new and prominent retail malls completed in 2010, including nex, The Shoppes at Marina Bay Sands, Bedok Point and Marina Bay Link Mall.

The opening of the two IRs at Marina Bay and Sentosa not only introduced many new-to-market labels, F&B offerings and entertainment concepts locally, but also enriched the local retail arena by providing a multifaceted retail experience and setting new benchmarks in shopping expectations. Existing malls like Raffles City Shopping Centre also underwent renovation works to stay abreast with changing retail landscape and trends.

According to figures compiled by the Singapore Department of Statistics, the retail sales index (excluding motor vehicles, at constant prices) – which indicates the health of the retail industry – posted its 13th consecutive month of positive growth in November 2010, rising 3.9% year-on-year.

According to URA statistics, vacancy rate islandwide was at 5.8% as at 4Q 2010 and overall rentals for shop space had increased by 2.9% year-on-year, with median rental for retail space in Orchard Planning Area reaching $10.43 per square foot per month. A separate report by Colliers International indicated that the average monthly gross rents for prime retail space in Orchard was about $38.50 per square foot at the end of 2010.

With rising employment and wage increases, 2011 is expected to be a good year for Singapore's retail property market. Retailers are likely to continue to open new outlets and source for more business opportunities. The enhanced tourist traffic generated by the two IRs, the rejuvenation of Orchard Road and the expended suite of retail offering have strengthened Singapore's attractiveness as an investment destination for both new-to-market and established brands, some of which are also using Singapore as a springboard into the region. According to a market report by Colliers International, the quantum of new retail space completing in 2011 is projected to be around 1.0 million square feet and this includes Scotts Square (91,400 square feet), Gardens by the Bay (103,300 square feet), and Clementi Mall (190,000 square feet).

HOTEL

The Singapore tourism industry recorded a stellar performance in 2010, on the back of an Asia-led global economic recovery. The Singapore Tourism Board (STB) celebrated a major milestone in inbound tourism arrivals in July 2010 when Singapore achieved its first one-million visitor arrivals in a single month. According to STB statistics, visitor arrivals to Singapore in 2010 totalled 11.6 million, an increment of about 20.2% when compared to 2009, with December being the 13th consecutive month of record visitor arrivals.

STB's hotel statistics showed that hotel average daily room rate in 2010 was about $212, registering an increment of about 12.2% when compared to 2009. Average occupancy rate also increased to 86.0% in 2010, compared to 76.0% in 2009.

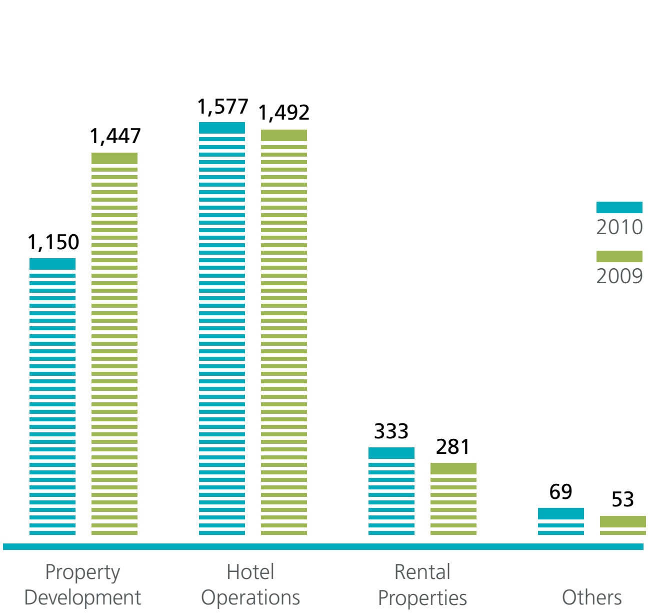
Looking ahead, tourism product offerings in the pipeline include the new International Cruise Terminal in Marina South, Gardens by the Bay, the National Arts Gallery and the River Safari in Mandai. These projects will augment Singapore's exciting repertoire of attractions and leisure precincts, thereby drawing new and repeat visitors.

The Monetary Authority of Singapore (MAS) recently highlighted that the services sector could potentially account for up to two-thirds of Singapore's GDP growth in 2011, up from around 50% in 2010. Hence, hotel and tourism-related sector are likely to see stronger growth in 2011.

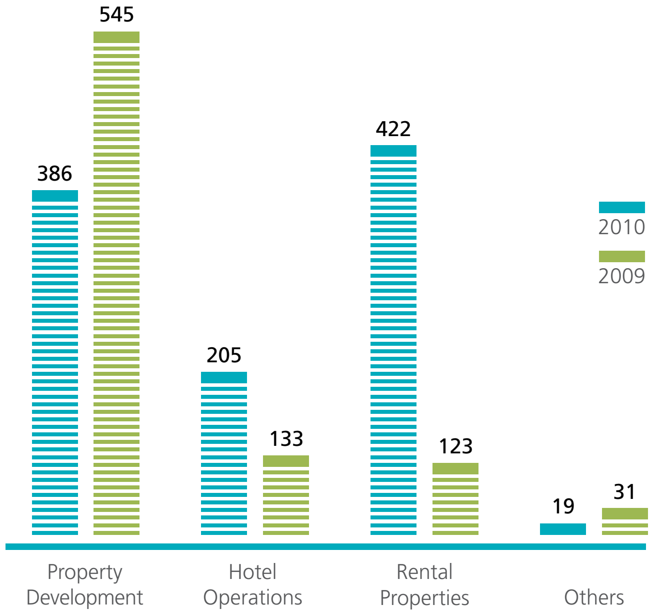
The nature-inspired Tree House derives its name from the eponymous Chestnut Tree Houses located at the heart of the estate.

FINANCIAL REVIEW

REVENUE BY ACTIVITY



PROFIT BEFORE INCOME TAX BY ACTIVITY*



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

PROPERTY DEVELOPMENT

Revenue decreased by $297.0 million to $1,150.0 million (FY 2009: $1,447.0 million) for FY 2010 whilst pre-tax profit decreased by $158.8 million to $385.9 million (FY 2009: $544.7 million) for FY 2010.

The decrease in revenue for FY 2010 was due to completion of several projects like City Square Residences, Botannia, Tribeca, The Arte and The Solitaire. This was partially mitigated by increased contributions from Cliveden At Grange, Livia, Shelford Suites as well as commencement of contribution from Volari and Residences at W Singapore Sentosa Cove in 2010. In accordance to the Group's policy of equity accounting for the results of its jointly-controlled entities, whilst revenue from The Gale, The Oceanfront @ Sentosa Cove and St Regis Residences, had not been consolidated into the Group's total revenue, the Group's share of profits arising from these joint venture developments had been included in pre-tax profit.

The decrease in pre-tax profit for FY 2010 was in tandem with the decrease in revenue. In addition, the completion of The Oceanfront @ Sentosa Cove in Q1 2010 had also attributed to the decline.

HOTEL OPERATIONS

Revenue increased by $85.4 million to $1,577.4 million (FY 2009: $1,492.0 million) for FY 2010, backed by strong recovery from the hospitality market, improving the Group's RevPAR across all regions particularly in Singapore.

In tandem with the improvement of revenue, pre-tax profit for FY 2010 increased by $71.6 million to $204.7 million (FY 2009: $133.1 million). This was partially mitigated by higher impairment losses of $30.8 million (FY 2009: $2.1 million) made in relation to 6 hotels each in United Kingdom and United States of Amercia.

RENTAL PROPERTIES

Revenue increased by $51.7 million to $332.5 million (FY 2009: $280.8 million) for FY 2010 due to higher contributions from Tampines Grande and City Square Mall following their commencement of operations in Q2 2009 and Q3 2009 respectively.

Pre-tax profit surged by $299.5 million to $422.5 million (FY 2009: $123.0 million) for FY 2010. Other than the higher rental income earned from the two aforesaid investment properties, the significant increase was due to gains recognised from sale of all strata units in Chinatown Point, Pantech 21, several strata units in GB Building and New Tech Park held by a jointly-controlled entity in Q4 2010. Included in pre-tax profit for FY 2010 were also gains recognised on sale of North Bridge Commercial Complex and The Office Chamber in 1H 2010 as well as a gain on dilution of investment in CDL Hospitality Trusts (CDLHT) following a CDLHT private placement issue in Q3 2010. This was however partially offset by the higher impairment losses of $23.9 million (FY 2009: $8.3 million) made in Q4 2010 on properties in Japan and United States of America.

OTHERS

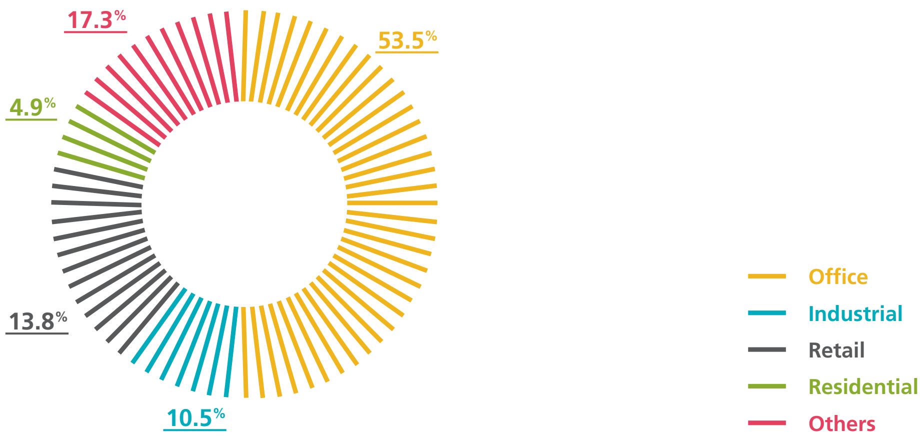
Revenue, comprising mainly income from building maintenance contracts, project management fee, hospitality related services, club operations and dividend income, increased by $15.7 million to $68.7 million (FY 2009: $53.0 million) for FY 2010 on account of higher dividend income received as well as increased income earned from project management and building maintenance contracts. In spite of the improvement in revenue for FY 2010, pre-tax profit decreased by $11.6 million to $19.2 million (FY 2009: $30.8 million) due to lower fair value gains recognised on financial assets, higher professional fees incurred and share of loss in First Sponsor Capital Limited this year vis-à-vis share of profit in 2009.

PROPERTY PORTFOLIO ANALYSIS

Investment Properties as at 1 January 2011

Analysis by Sector

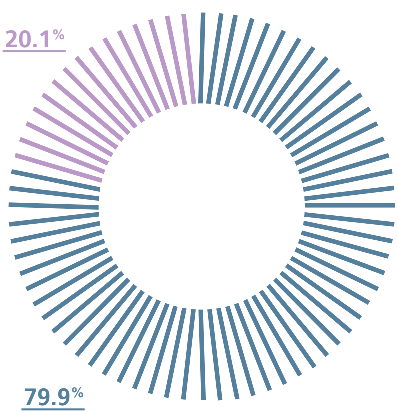
Total lettable: 6.4 million square feet



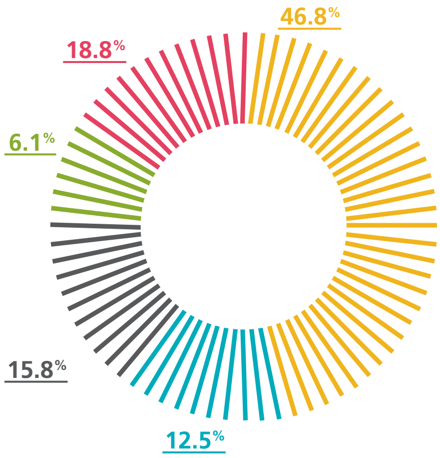
Analysis by Tenure

Total lettable 6.4 million square feet

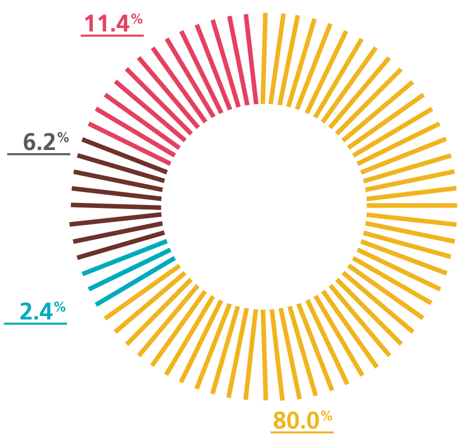
99-year Leasehold & below



FH/999-year Leasehold



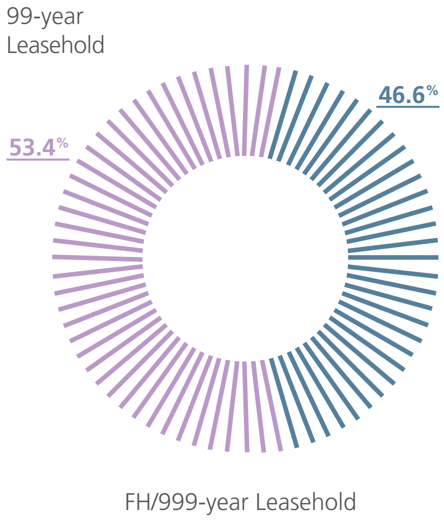
FH/999-year Leasehold
Breakdown by Sector
Total lettable area:
5.1 million square feet



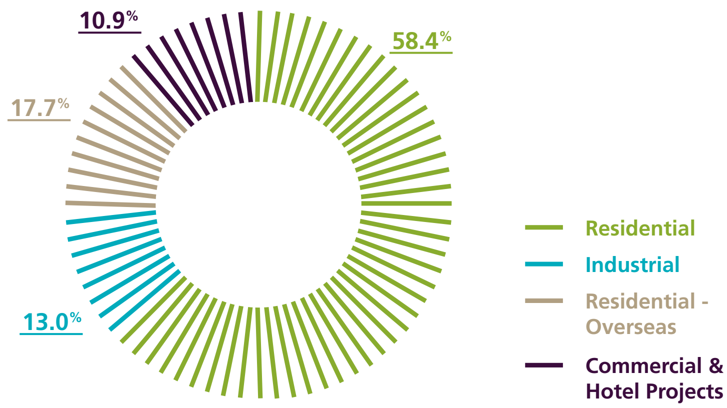
99-year Leasehold & below
Breakdown by Sector
Total lettable area:
1.3 million square feet

PROPERTY PORTFOLIO ANALYSIS Land Bank as at 1 January 2011

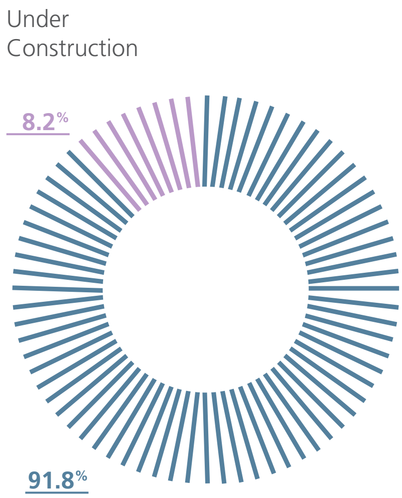
Analysis by Tenure
Total: 3.6 million square feet



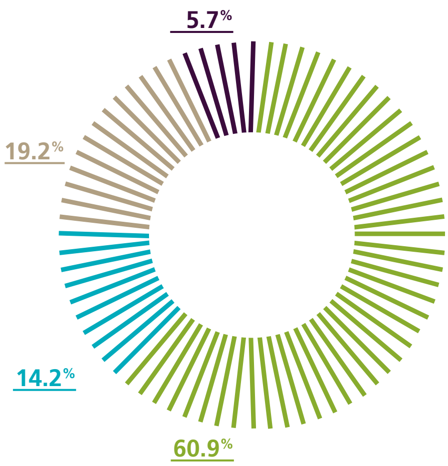
Analysis by Sector
Total: 3.6 million square feet



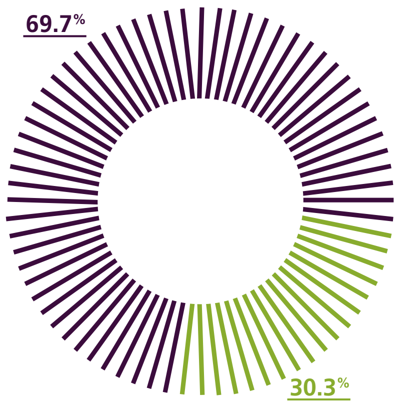
Analysis by Development Stage
Total: 3.6 million square feet



Planning Stage



Planning Stage
Breakdown by Sector
Total: 3.3 million square feet



Under Construction
Breakdown by Sector
Total: 0.3 million square feet

MAJOR PROPERTIES

COMMERCIAL PROPERTIES	TENURE	SITE AREA (SQ. METRES)	APPROXIMATE LETTABLE/ STRATA/ GROSS FLOOR AREA (SQ. METRES)	EFFECTIVE GROUP INTEREST (%)
Republic Plaza the flagship of CDL, is a 66-storey state-of-the-art intelligent office tower at Raffles Place, in the heart of Singapore's financial district.	999-year lease	6,765	73,143	100
Central Mall comprises a cluster of conservation shophouses at Havelock Road/Magazine Road.	99-year lease wef 15.05.1993	4,806	5,103	100
Central Mall (Office Tower) is a 7-storey office-cum-retail building located at Havelock Road/Magazine Road.	Freehold	2,828	12,206	100
New Tech Park is a high-technology industrial park at Lorong Chuan, off Braddell Road	999-year lease*	39,798	56,230	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 Road.	Freehold	14,920	41,240	100
Fuji Xerox Towers is a part 15-storey/ part 38-storey commercial office building situated at the intersection of Anson Road, Keppel Road, Tanjong Pagar Road and Bernam Street, near the western fringe of the Central Business District.	Freehold	5,394	33,126	100
Plaza-By-The-Park is an 11-storey commercial building located at 51 Bras Basah Road.	999-year lease	4,972	22,387	100
Palais Renaissance is a 16-storey retail-cum-office complex with 3 basements located at Orchard Road.	Freehold	2,709	10,302	100
GB Building is a 28-storey office building located at 143 Cecil Street. The Group owns 9 strata-titled units.	99-year lease wef 12.10.1982	2,583	5,654	100
Delfi Orchard is an 11-storey commercial-cum-residential complex located at Orchard Road. The Group owns 124 strata-titled units.	Freehold	1,882	6,621	100

* The Group has freehold reversionary interest of the property at the expiry of the 45-year lease sold to third party.

MAJOR PROPERTIES

COMMERCIAL PROPERTIES	TENURE	SITE AREA (SQ. METRES)	APPROXIMATE LETTABLE/ STRATA/ GROSS FLOOR AREA (SQ. METRES)	EFFECTIVE GROUP INTEREST (%)
Citilink Warehouse Complex is an 8-storey warehouse located at Pasir Panjang Road.The Group owns 62 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	12,483	100
City Industrial Building is an 11-storey flatted factory building at Tannery Lane.	Freehold	3,150	11,841	100
Tanglin Shopping Centre is a shopping-cum-office complex situated at Tanglin Road within the Orchard Road tourist district. The Group owns 83 strata-titled units and 325 car park lots.	Freehold	6,365	6,285	54
The Arcade is a 20-storey office-cum-shopping complex situated at Collyer Quay within the Central Business District. The Group owns 19 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 strata-titled units and 323 car park lots.	Freehold	8,167	8,280	100
Tagore 23 Warehouse is a 4-storey warehouse located at Tagore Lane.	Freehold	7,418	12,066	100
King's Centre is an 8-storey office-cum-retail waterfront development located at Havelock Road, along the Singapore River.	99-year lease wef 09.02.1984	5,186	8,341	100
The Corporate Office is a 21-storey office building situated at the junction of Robinson Road and McCallum Street, within the Central Business District. (Property was sold with sale completion in February 2011)	Freehold	1,490	10,210	99
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	26,933	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	9,785	100

COMMERCIAL PROPERTIES	TENURE	SITE AREA (SQ. METRES)	APPROXIMATE LETTABLE/ STRATA/ GROSS FLOOR AREA (SQ. METRES)	EFFECTIVE GROUP INTEREST (%)
HOTELS				
Grand Copthorne Waterfront is a 30-storey, 574-room hotel-cum-retail waterfront development, located at Havelock/Kim Seng Road, along the Singapore River.	Freehold (Retail) Freehold reversionary interest (Hotel)	10,860	2,835 (Retail) 46,169 (Hotel)	100
The St. Regis Singapore is a 20-storey 299-room luxury hotel that is located at Tanglin Road/Tomlinson Road.	999 years	6,677	30,844	33
SERVICED APARTMENTS				
Le Grove is the Group's first serviced apartments project located at Orange Grove Road, off Orchard Road.	Freehold	8,012	8,921	100
OVERSEAS PROPERTIES				
Umeda Pacific Building is an 11-storey commercial building located in the prime business district of Osaka, Japan.	Freehold	887	6,396	100
Millennium Hilton Bangkok is a 32-storey 544-room hotel-cum-retail waterfront development located at Charoen Nakorn Road, along the Chao Phraya River in Bangkok, Thailand.	Freehold	10,104	78,345	17
Exchange Tower is a 42-storey retail-cum-office building located in the prime business district at Sukhumvit Road, Bangkok, Thailand.	Freehold	6,464	40,909	39
Tianjin City Tower is a 36-storey office building located at Junyi Road, Tianjin, China.	50 years	4,678	35,485	100

MAJOR PROPERTIES

COMMERCIAL PROPERTIES	TENURE	SITE AREA (SQ. METRES)	APPROXIMATE LETTABLE/ STRATA/ GROSS FLOOR AREA (SQ. METRES)	EFFECTIVE GROUP INTEREST (%)
Iris Congress Hotel comprises a 8-storey 211-room hotel and a 9-storey 44-unit apartment building located at Korovinskoe Chausee, Moscow, Russia.	49 years	26,714	27,254	50
The Biltmore Court & Tower is situated at 500/520 South Grand Avenue, Los Angeles, CA 90071. Comprising the Court which has 21,133 square metres of Class "B" lettable office space within the Biltmore hotel structure and the Tower which has 12,156 square metres of Class "A" office space. 299 car park spaces are allocated to the two office spaces.	Freehold	4,951	34,289	54
Humen International Cloth Centre is located in Boyong Village, Guangdong, China, comprising 145 commercial units and 11 serviced apartments.	Leasehold to year 2063	42,293	3,466	21
Fuogang City Spring is located in Shijiao District, Guangdong, China, comprising 2 blocks of commercial buildings.	Leasehold to year 2075	54,357	25,005	15
Chengdu City Spring is located in Chengdu Hi-Tech Industrial Development Zone, Sichuan Province, China, comprising 2 blocks of commercial buildings with SOHOs, a 124-room hotel and retail shops.	Leasehold to year 2049	27,807	233,183 (including underground basement)	21

MAJOR PROPERTIES for Development and/or Resale

DESCRIPTION & LOCATION	SITE AREA (SQ. METRES)	TENURE	EFFECTIVE GROUP INTEREST (%)
RESIDENTIAL			
Buckley Mansion/9 Buckley Road	6,671	Freehold	100
Executive Condominium Site at Segar Road	20,834	99 years	100
Futura	8,086	Freehold	100
Land Parcel at Sengkang West Ave/Fernvale Link	16,999	99 years	100
Lucky Tower	15,718	Freehold	100
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
Pasir Ris Land Parcels 4 and 5	84,132	99 years	51
15, 19 & 21 Swiss Club Road	19,842	Freehold	100
Tampines Road/Upper Changi Road North	58,245	Freehold	33
Upper Changi Road North/Flora Drive	30,679	99 years	33
Chongqing Yuzhong District, Eling Shan	27,200	50 years	100
INDUSTRIAL			
Jalan Lam Huat	15,564	Freehold	100
100F Pasir Panjang Road	2,900	Freehold	100
100G Pasir Panjang Road	11,219	Freehold	99
421 Tagore Avenue	13,314	Freehold	100
COMMERCIAL/HOTEL			
Sentosa Quayside Isle (Retail)	8,332	99 years	100
MIXED DEVELOPMENT			
South Beach Project	34,959	99 years	33

MAJOR PROPERTIES in the Course of Development

DESCRIPTION	LOCATION	SITE AREA (SQ. METRES)	GROSS FLOOR AREA (SQ. METRES)	TENURE	EFFECTIVE GROUP INTEREST (%)	APPROXIMATE PERCENTAGE COMPLETION (%)	EXPECTED COMPLETION DATE
RESIDENTIAL							
Cliveden at Grange	Grange Road/ Jalan Arnap	12,857	27,000	Freehold	100	94	2011
Livia	Pasir Ris Drive 1	41,581	87,244	99 years	51	89	2011
One Shenton	Shenton Way	3,875	47,644	99 years	100	93	2011
Shelford Suites	Shelford Road	7,113	9,958	Freehold	100	86	2011
The Residences at W Singapore Sentosa Cove	Oceanway	23,263	37,221	99 years	100	95	2011
The Gale	Flora Road	25,004	35,005	Freehold	33	28	2013
Volari	Balmoral Road	9,493	15,189	Freehold	100	16	2013
Hundred Trees	West Coast Drive	24,860	43,730	956 years	100	*	2014
NV Residences	Pasir Ris Drive 1	30,493	64,036	99 years	51	*	2014
Tree House	Chestnut Avenue	22,700	47,670	99 years	60	*	2013
Cube 8	Thomson Road	6,745	18,891	Freehold	100	*	2014
368 Thomson	Thomson Road	5,625	15,750	Freehold	100	*	2014
Anderson 18	Anderson Road	10,414	29,160	Freehold	50	13	2012
COMMERCIAL/HOTEL							
W Singapore Sentosa Cove	Oceanway	17,016	23,805	99 years	100	29	2012
MIXED DEVELOPMENT							
Boulevard Hotel Site	Cuscaden Road/ Orchard Boulevard	12,127	56,050	Freehold	40	*	2014

* work less than 10% completed

MAJOR PROPERTIES

HOTELS*	TENURE	APPROXIMATE SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
ASIA				
Grand Millennium Beijing Fortune Plaza, 7 Dongsanhuan Middle Road, Chaoyang District, Beijing 100020 PRC	Leasehold to year 2046 (hotel) Leasehold to year 2056 (underground car park)	9,268	502	38
Grand Millennium Kuala Lumpur 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia	Freehold	7,620	459	54
Hotel Nikko Hong Kong 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong	75-year term from 28.11.1984 and may be renewable for a further term of 75 years	2,850	463	26
JW Marriott Hotel, Hong Kong Pacific Place, 88 Queensway, Hong Kong	75-year term from 18.04.1985 and may be renewable for a further term of 75 years	10,690	602	13
Millennium Hotel Sirih Jakarta Jalan Fachrudin 3, Jakarta 10250, Indonesia	The title is held under a Hak Guna Bangunan (i.e. Right to Build) and a 40-year lease wef 14.04.1984 and 22.01.1986 for approximate site area of 7,137 sq metres and 212 sq. metres respectively	7,349	400	43
Millennium Seoul Hilton 395 Namdaemun-ro 5-Ga, Chung-gu, Seoul, South Korea	Freehold	18,760	681	54
Copthorne Orchid Hotel Penang Tanjung Bungah, 11200 Penang, Malaysia	Freehold	10,329	307	54
The Heritage Hotel Manila Roxas Boulevard at corner of EDSA Pasay City, Metropolitan Manila, Philippines	Fee Simple	9,888	450	35
Copthorne Orchid Hotel Singapore 214 Dunearn Road, Singapore (Hotel to be closed for redevelopment after March 2011)	Freehold	16,629	440	54
Studio M Hotel Singapore 3 Nanson Road, Singapore	99-year lease commencing February 2007	2,932	360	54
Grand Hyatt Taipei Taipei World Trade Centre, Sung Shou Road, Taipei, Taiwan	50-year term extendable to 80-year term wef 07.03.1990	14,317	856	44
Grand Millennium Sukhumvit Bangkok Sukhumvit Soi 21, Asoke Road, Bangkok, Thailand	30-year term from 02.02.2005 with option to renew for a further term of 30 years	5,053	325	27

* Hotel information as at 31 December 2010

MAJOR PROPERTIES

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	45
Copthorne Hotel Birmingham Paradise Circus, Birmingham B3 3HJ, England	Freehold	2,188	211	54
Copthorne Hotel Cardiff-Caerdydd Copthorne Way, Culverhouse Cross, Cardiff CF5 6DH, Wales	Freehold	26,305	135	54
Copthorne Hotel Effingham Gatwick West Park Road, Copthorne, West Sussex RH10 3EU, England	Freehold	161,878	122	54
Copthorne Hotel London Gatwick Copthorne Way, Copthorne, West Sussex RH10 3PG, England	Freehold	404,694	227	54
Copthorne Hotel Hannover Würzburger Strasse 21, 30800 Hannover-Laatzen, Germany	Short Leasehold to year 2014	13,165	222	54
Copthorne Hotel Manchester Clippers Quay, Salford Quays, Manchester M50 3SN, England	Leasehold to year 2135	9,800	166	54
Copthorne Hotel Merry Hill-Dudley The Waterfront, Level Street, Brierley Hill, Dudley, West Midlands DY5 1UR, England	Freehold	13,734	138	54
Copthorne Hotel Newcastle The Close, Quayside, Newcastle upon Tyne NE1 3RT, England	Freehold	9,200	156	51
Copthorne Hotel Plymouth Armada Way, Plymouth PL1 1AR, England	Leasehold to year 2110	1,853	135	54
Copthorne Hotel Slough-Windsor Cippenham Lane, Slough, Berkshire SL1 2YE, England	Freehold	6,880	219	54
Copthorne Tara Hotel London Kensington Scarsdale Place, Kensington, London W8 5SR, England	Freehold	7,535	833	54
Millennium Bailey's Hotel London Kensington 140 Gloucester Road, London SW7 4QH, England	Freehold	1,923	211	54
Millennium Gloucester Hotel & Conference Center London Kensington Harrington Gardens London SW7 4LH, England	Freehold	6,348	610	54
Millennium Hotel Glasgow George Square, Glasgow G2 1DS, Scotland	Leasehold to year 2109	9,398	117	54

* Hotel information as at 31 December 2010

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	54
Millennium Hotel London Mayfair Grosvenor Square, Mayfair, London W1K 2HP, England	Leasehold to year 2096	4,260	336	54
Millennium Hotel Paris Opéra 12 Boulevard Haussmann, 75009 Paris, France	Freehold	1,093	163	54
Millennium Hotel Paris Charles de Gaulle Zone Hoteliere, Allée du Verger, 95700 Roissy-en-France, France	Freehold	11,657	239	54
Millennium Hotel & Resort Stuttgart Plieninger Strasse 100, 70567 Stuttgart, Germany	Short Leasehold to year 2011	39,094	450	54
NORTH AMERICA				
Millennium Alaskan Hotel Anchorage 4800 Spenard Road, Anchorage, AK 99517, USA	Freehold	20,639	248	54
Millennium Biltmore Hotel Los Angeles 506 South Grand Avenue, Los Angeles, CA 90071, USA	Freehold	11,331	683	54
Millennium Bostonian Hotel Boston 26 North Street, At Faneuil Hall Marketplace, Boston, MA 02109, USA	Freehold	2,796	201	54
Millennium Harvest House Boulder 1345 28th Street, Boulder, CO 80302, USA	Freehold	64,019	269	54
Millennium Hotel Buffalo 2040 Walden Avenue, Buffalo, NY 14225, USA	Leased to year 2012 (with two 10-year options)	31,726	300	54
Millennium Knickerbocker Hotel Chicago 163 East Walton Place, Chicago, IL 60611, USA	Freehold	2,007	306	54
Millennium Hotel Cincinnati 150 West Fifth Street, Cincinnati, OH 45202, USA	Freehold	6,839	872	54
Millennium Hotel Durham 2800 Campus Walk Avenue, Durham, NC 27705, USA	Freehold	42,814	316	54

* Hotel information as at 31 December 2010

MAJOR PROPERTIES

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	54
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	54
Millennium Broadway Hotel New York 145 West 44th Street, New York, NY 10036, USA	Freehold	2,122	750	54
Millennium UN Plaza Hotel 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	436	54
Millennium Hotel St. Louis 200 South 4th Street, St. Louis, MO 63102-1804, USA	Freehold	17,033	780	54
Millennium Resort Scottsdale McCormick Ranch 7401 North Scottsdale Road, Scottsdale, AZ 85208, USA	Leased to year 2033 (with two 10-year options)	32,819	125	54
Millenium Hilton 55 Church Street, New York, NY 10007, USA	Freehold	1,680	569	54
Best Western Lakeside 7769 W Irlo Bronson Memorial Highway, Kissimmee, FL 34747, USA	Freehold	93,796	475	54
Comfort Inn Vail Beaver Creek 161 West Beaver Creek Boulevard, Avon, CO 81620, USA	Freehold	11,209	146	54
Eldorado Hotel & Spa 309 West San Francisco Street, Santa Fe, NM 87501, USA	Indirect Interest	7,349	219	11
Pine Lake Trout Club 17021 Chillicothe Road, Chagrin Falls, OH 44023, USA	Freehold	331,121	6	54

* Hotel information as at 31 December 2010

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	27
Copthorne Hotel Auckland Harbour City 196-200 Quay Street, Auckland, New Zealand	Freehold	2,407	187	38
Copthorne Hotel Christchurch Central 776 Colombo Street, Christchurch, New Zealand	Freehold	2,154	142	38
Copthorne Hotel Christchurch City Corner Durham & Kilmore Streets, Christchurch, New Zealand	Leasehold to year 2015	1,734	161	27
Copthorne Hotel & Resort Bay of Islands Tau Henare Drive, Paihia, New Zealand	Leasehold to year 2021 (with a 30-year option)	62,834	180	19
Copthorne Hotel & Resort Queenstown Lakefront Corner Adelaide Street & Frankton Road, Queenstown, New Zealand	Freehold	18,709	241	38
Copthorne Hotel Wellington Oriental Bay 100 Oriental Parade, Wellington, New Zealand	Freehold	3,904	118	27
Kingsgate Hotel Dunedin 10 Smith Street, Dunedin, New Zealand	Freehold	2,193	55	27
Kingsgate Hotel Greymouth 32 Mawhera Quay, Greymouth, New Zealand	Freehold/ Perpetual leasehold land	2,807	98	38
Kingsgate Hotel Palmerston North 110 Fitzherbert Avenue, Palmerston North, New Zealand	Freehold	15,514	151	27
Kingsgate Hotel Parnell Auckland 92-102 Gladstone Road, Parnell, Auckland, New Zealand	Leasehold to year 2012	7,650	114	27
Kingsgate Hotel Rotorua Fenton Street, Rotorua, New Zealand	Freehold	35,935	136	27
Kingsgate Hotel Terraces Queenstown 88 Frankton Road, Queenstown, New Zealand	Freehold	4,713	85	27
Kingsgate Hotel Te Anau 20 Lakefront Drive, Te Anau, New Zealand	Freehold	8,819	94	38
Millennium Hotel Christchurch 14 Cathedral Square, Christchurch, New Zealand	Leasehold to year 2015	1,417	179	38
Millennium Hotel Queenstown Corner Frankton Road & Stanley St., Queenstown, New Zealand	Freehold	7,453	220	27
Millennium Hotel Rotorua Corner Eruera & Hinemaru Streets, Rotorua, New Zealand	Freehold/ Perpetual leasehold land	10,109	227	38

* Hotel information as at 31 December 2010

MAJOR PROPERTIES

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	Fee Simple	4,925.25	279	26
OWNED BY CDL HOSPITALITY TRUSTS**				
ASIA				
Copthorne King's Hotel Singapore 403 Havelock Road, Singapore	99-year leasehold interest commencing from 01.02.1968	5,637	310	19
Grand Copthorne Waterfront Hotel Singapore# 392 Havelock Road, Singapore	75-year leasehold interest commencing from 19.07.2006	10,860	574	19
M Hotel Singapore# 81 Anson Road, Singapore	75-year leasehold interest commencing from 19.07.2006	2,134	413	19
Novotel Singapore Clarke Quay 177A River Valley Road, Singapore	97 years and 30 days leasehold interest commencing from 02.04.1980	12,925	401	19
Orchard Hotel Singapore# 442 Orchard Road, Singapore	75-year leasehold interest commencing from 19.07.2006	8,588@	653	19
Orchard Hotel Shopping Arcade Singapore# 442 Orchard Road, Singapore	75-year leasehold interest commencing from 19.07.2006	5,956 (nett lettable area)	N.A.	19
AUSTRALIA				
Novotel Hotel Brisbane 200 Creek Street, Brisbane, Queensland	Volumetric freehold	1,956	296	19
Mercure & Ibis Hotel Brisbane 85-87 North Quay/27-35 Turbot Street Brisbane, Queensland	Interconnected at ground level, situated on one freehold title	3,845	412	19
Mercure Hotel Perth 10 Irwin Street, Perth, Western Australia	Strata freehold	757	239	19
Ibis Hotel Perth 334 Murray Street, Perth, Western Australia	Freehold	1,480	192	19
NEW ZEALAND				
Rendezvous Hotel Auckland 71-87 Mayoral Drive, Auckland, New Zealand	Freehold	5,910	452	19

* Hotel information as at 31 December 2010
** Hotel information as at 18 February 2011
# The Group has freehold reversionary interest of the property at the expiry of the 75-year lease
@ Including Orchard Hotel Shopping Arcade

FINANCIAL CONTENTS

Statutory Reports and Accounts

DIRECTORS' REPORT

We are pleased to submit this report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2010.

DIRECTORS

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

Kwek Leng Beng	(Executive Chairman)
Kwek Leng Joo	(Managing Director)
Chee Keng Soon	
Foo See Juan	
Kwek Leng Peck	
Han Vo-Ta	
Tang See Chim	
Yeo Liat Kok Philip	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

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

	Holdings in which the director, his spouse and infant children have a direct interest	
	At beginning of the year	**At end of the year**
The Company		
Ordinary Shares		
Kwek Leng Beng	397,226	397,226
Kwek Leng Joo	65,461	65,461
Kwek Leng Peck	43,758	43,758
Tang See Chim	11,000	11,000
Preference Shares		
Kwek Leng Beng	144,445	144,445
Kwek Leng Joo	100,000	100,000
Tang See Chim	4,000	4,000

DIRECTORS' REPORT

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**
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
Millennium & Copthorne Hotels New Zealand Limited Ordinary Shares		
Kwek Leng Beng	3,000,000	3,000,000
Related Corporations		
Hong Leong Finance Limited Ordinary Shares		
Kwek Leng Beng	4,603,567	4,603,567
Kwek Leng Joo	703,610	703,610
Kwek Leng Peck	517,359	517,359
Foo See Juan	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	3,160,000	3,560,000
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

DIRECTORS' REPORT

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.		
Ordinary Shares		
Kwek Leng Beng	660,000	660,000
Kwek Leng Peck	1,430,000	1,430,000
Foo See Juan	50,000	40,000
Options to subscribe for the following number of ordinary shares under the Hong Leong Asia Share Option Scheme 2000		
Kwek Leng Peck	420,000	420,000
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 2011.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS

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

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

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

SHARE OPTIONS

By the Company

The City Developments Share Option Scheme 2001, which was approved by shareholders of the Company on 30 January 2001, lapsed on 30 January 2011.

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 Schemes 1996 and 2006; and
(iii) Millennium & Copthorne Hotels 2006 Long Term Incentive Plan

The Millennium & Copthorne Hotels Executive Share Option Scheme which is divided into two parts, Part A which was approved by the United Kingdom Inland Revenue under Schedule 9 of the United Kingdom Income and Corporation Taxes Act 1988 on 12 April 1996 and Part B, which was an unapproved executive share option scheme designed for the United Kingdom (UK) and non-UK executives of M&C, expired in 2006. Options which remained exercisable under the scheme beyond the expiry date lapsed on 15 March 2009.

(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 Connal Rankin (Chairman), Christopher Keljik, His Excellency Shaukat Aziz, Alexander Waugh and Nicholas George.

DIRECTORS' REPORT

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)

(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) 73,469 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.

DIRECTORS' REPORT

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 389,841 unissued shares under options pursuant to the M&C 2003 Scheme. Details of the options to subscribe for ordinary shares of £0.30 each in M&C are set out below:

Date granted	Balance at beginning of year	Exercised during the year	Cancelled/ Lapsed/ Forfeited during the year	Balance at end of year	Exercise price per share £	Exercise period
Part I						
10.03.2003	10,708	–	–	10,708	1.9350	10.03.2006 – 09.03.2013
16.03.2004	10,285	–	–	10,285	2.9167	16.03.2007 – 15.03.2014
24.03.2005	15,058	–	–	15,058	3.9842	24.03.2008 – 23.03.2015
Part II						
10.03.2003	177,711	(53,680)	–	124,031	1.9350	10.03.2006 – 09.03.2013
16.03.2004	59,558	(5,144)	–	54,414	2.9167	16.03.2007 – 15.03.2014
24.03.2005	189,990	(14,645)	–	175,345	3.9842	24.03.2008 – 23.03.2015
	463,310	(73,469)	–	389,841		

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

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

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

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

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

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

(f) During the financial year under review, (i) 65,113 options were granted to subscribe for ordinary shares of £0.30 each in M&C; and (ii) 5,658 ordinary shares of £0.30 each in M&C were issued following the exercise of the subscription rights set out in the M&C Sharesave Schemes.

DIRECTORS' REPORT

SHARE OPTIONS (CONT'D)

By Subsidiaries (cont'd)

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

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

As at the end of the financial year, there were 343,182 unissued shares under options pursuant to the M&C Sharesave Schemes. Details of the options to subscribe for ordinary shares of £0.30 each in M&C are set out below:

Date granted	Balance at beginning of year	Granted during the year	Exercised during the year	Cancelled/ Lapsed/ Forfeited during the year	Balance at end of year	Exercise price per share £	Exercise period
23.03.2005	11,155	–	(4,503)	(1,073)	5,579	3.0800	01.07.2010 – 31.12.2010
19.06.2006	19,839	–	–	(19,839)	–	3.2500	01.08.2009 – 31.01.2010
19.06.2006	22,382	–	–	(3,169)	19,213	3.2500	01.08.2011 – 31.01.2012
26.03.2007	9,184	–	(581)	(726)	7,877	5.2000	01.07.2010 – 31.12.2010
26.03.2007	6,798	–	–	–	6,798	5.2000	01.07.2012 – 31.12.2012
20.03.2008	36,976	–	–	(7,372)	29,604	3.2800	01.07.2011 – 31.12.2011
20.03.2008	6,143	–	–	(614)	5,529	3.2800	01.07.2013 – 31.12.2013
01.04.2009	181,179	–	(423)	(8,130)	172,626	1.5400	01.08.2012 – 31.01.2013
01.04.2009	59,950	–	–	(8,535)	51,415	1.5400	01.08.2014 – 31.01.2015
01.04.2010	–	47,025	(151)	(10,904)	35,970	3.3000	01.08.2013 – 31.01.2014
01.04.2010	–	18,088	–	(9,517)	8,571	3.3000	01.08.2015 – 31.01.2016
	353,606	65,113	(5,658)	69,879	343,182		

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

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

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

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

DIRECTORS' REPORT

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 700,212 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
27.03.2007	105,057	–	–	(105,057)	–	27.03.2010
18.09.2007	28,675	–	–	(28,675)	–	18.09.2010
25.06.2008	588,344	–	–	(80,758)	507,586	25.06.2011
30.03.2009	1,497,206	–	–	(288,399)	1,208,807	30.03.2012
16.09.2010	–	700,212	–	(45,170)	655,042	16.09.2013
	2,219,282	700,212	–	(548,059)	2,371,435	

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.

DIRECTORS' REPORT

AUDIT COMMITTEE

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

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

The Audit Committee met 7 times during the financial year ended 31 December 2010 and performed the functions set out in Section 201B(5) of the Companies Act, Chapter 50. In performing its functions, the Audit Committee reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Group's system of internal controls. The Audit Committee also reviewed the consolidated financial statements and the financial statements of the Company for the financial year ended 31 December 2010 as well as the auditors' report thereon.

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

AUDITORS

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

On behalf of the Board of Directors

Kwek Leng Beng
Executive Chairman

Kwek Leng Joo
Managing Director

Singapore
9 March 2011

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 85 to 183 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 2010 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
Managing Director

Singapore
9 March 2011

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 2010, 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 85 to 183.

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 2010 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
Certified Public Accountants

Singapore
9 March 2011

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2010

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Non-current assets					
Property, plant and equipment	3	**3,410,448**	3,616,768	**8,695**	8,010
Investment properties	4	**2,784,907**	3,063,766	**530,908**	540,212
Investments in:					
- subsidiaries	5	**–**	–	**2,262,806**	2,259,199
- associates	6	**398,367**	345,725	**–**	–
- jointly-controlled entities	7	**537,110**	675,702	**36,360**	36,360
Lease premium prepayment		**88,079**	–	**–**	–
Financial assets	8	**379,900**	393,660	**32,353**	33,543
Other non-current assets	9	**172,465**	121,243	**415,871**	638,260
		7,771,276	8,216,864	**3,286,993**	3,515,584
Current assets					
Lease premium prepayment		**2,493**	–	**–**	–
Development properties	10	**3,470,992**	3,278,635	**1,214,471**	1,157,075
Consumable stocks		**9,552**	10,143	**77**	–
Financial assets	8	**35,885**	32,671	**–**	–
Assets classified as held for sale	11	**81,972**	14,782	**–**	–
Trade and other receivables	12	**876,592**	757,820	**3,574,406**	2,592,156
Cash and cash equivalents	15	**1,873,826**	981,486	**981,090**	407,571
		6,351,312	5,075,537	**5,770,044**	4,156,802
Total assets		**14,122,588**	13,292,401	**9,057,037**	7,672,386
Equity attributable to owners of the Company					
Share capital	16	**1,991,397**	1,991,397	**1,991,397**	1,991,397
Reserves	17	**4,404,866**	3,981,077	**2,904,095**	2,622,005
		6,396,263	5,972,474	**4,895,492**	4,613,402
Non-controlling interests		**1,717,749**	1,691,707	**–**	–
Total equity		**8,114,012**	7,664,181	**4,895,492**	4,613,402
Non-current liabilities					
Interest-bearing borrowings	19	**3,425,299**	3,197,816	**2,270,778**	1,753,286
Employee benefits	23	**33,201**	40,682	**–**	–
Other liabilities	24	**76,880**	89,301	**171,203**	92,542
Provisions	25	**4,249**	1,818	**–**	–
Deferred tax liabilities	26	**449,158**	433,797	**103,190**	81,889
		3,988,787	3,763,414	**2,545,171**	1,927,717
Current liabilities					
Trade and other payables	27	**943,850**	795,599	**1,241,212**	777,938
Interest-bearing borrowings	19	**780,002**	818,312	**277,404**	244,962
Employee benefits	23	**14,895**	15,383	**2,097**	2,067
Other liabilities	24	**135**	75	**–**	–
Provision for taxation		**264,357**	230,528	**95,661**	106,300
Provisions	25	**14,895**	4,335	**–**	–
Liabilities classified as held for sale	11	**1,655**	574	**–**	–
		2,019,789	1,864,806	**1,616,374**	1,131,267
Total liabilities		**6,008,576**	5,628,220	**4,161,545**	3,058,984
Total equity and liabilities		**14,122,588**	13,292,401	**9,057,037**	7,672,386

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

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2010

	Note	Group 2010 $'000	Group 2009 $'000
Revenue	28	**3,128,580**	3,272,825
Cost of sales		**(1,473,167)**	(1,637,637)
Gross profit		**1,655,413**	1,635,188
Other operating income	29	**291,314**	7,896
Administrative expenses		**(484,035)**	(460,566)
Other operating expenses		**(469,865)**	(375,612)
Profit from operating activities		**992,827**	806,906
Finance income		**35,640**	31,844
Finance costs		**(68,708)**	(70,077)
Net finance costs	29	**(33,068)**	(38,233)
Share of after-tax profit of associates		**17,112**	17,437
Share of after-tax profit of jointly-controlled entities		**55,436**	45,478
Profit before income tax		**1,032,307**	831,588
Income tax expense	30	**(201,933)**	(160,956)
Profit for the year	29	**830,374**	670,632
Attributable to owners of the Company:			
- Ordinary shareholders		**736,070**	580,517
- Preference shareholders		**12,904**	12,904
		748,974	593,421
Non-controlling interests		**81,400**	77,211
Profit for the year		**830,374**	670,632
Earnings per share			
- Basic	31	**80.9 cents**	63.8 cents
- Diluted	31	**78.5 cents**	61.6 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Year ended 31 December 2010

	Group	
	2010 $'000	2009 $'000
Profit for the year	**830,374**	670,632
Other comprehensive income		
Actuarial gains/(losses) on defined benefit plans	**1,208**	(10,892)
Change in fair value of equity investments available for sale	**(1,868)**	17,567
Effective portion of changes in fair value of cash flow hedges	**(2,246)**	–
Exchange differences on hedges of net investment in foreign entities	**(34,028)**	(21,964)
Exchange differences on monetary items forming part of net investment in foreign entities	**(26,218)**	920
Exchange differences realised on dilution of investment in an associate	**487**	–
Exchange differences realised on disposal of a jointly-controlled entity and an associate	**980**	96
Realisation of share of other reserve of an associate on dilution of investment in the associate	**1,032**	–
Share of other reserve movements of associates	**–**	11
Translation differences arising on consolidation of foreign entities	**(246,240)**	74,297
Other comprehensive income for the year, net of income tax	**(306,893)**	60,035
Total comprehensive income for the year	**523,481**	730,667
Attributable to:		
Owners of the Company	**507,841**	613,057
Non-controlling interests	**15,640**	117,610
Total comprehensive income for the year	**523,481**	730,667

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY Year ended 31 December 2010

	Share capital $'000	Capital reserve $'000	Hedging reserve $'000	Fair value reserve $'000
Group				
At 1 January 2010	1,991,397	147,589	–	17,548
Total comprehensive income for the year				
Profit for the year	–	–	–	–
Other comprehensive income				
Actuarial gains on defined benefit plans	–	–	–	–
Change in fair value of equity investments available for sale	–	–	–	(1,868)
Effective portion of changes in fair value of cash flow hedges	–	–	(1,201)	–
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 dilution of investment in an associate	–	–	–	–
Exchange differences realised on disposal of a jointly-controlled entity	–	–	–	–
Realisation of share of other reserve of an associate on dilution of investment in the associate	–	551	–	–
Translation differences arising on consolidation of foreign entities	–	–	–	–
Total other comprehensive income	–	551	(1,201)	(1,868)
Total comprehensive income for the year	–	551	(1,201)	(1,868)
Transactions with owners, recorded directly in equity				
Acquisition of a subsidiary (Note 35)	–	–	–	–
Dividends (Note 32)	–	–	–	–
Net capital contribution from non-controlling interests	–	–	–	–
Share-based payment transactions	–	–	–	–
Total transactions with owners	–	–	–	–
At 31 December 2010	1,991,397	148,140	(1,201)	15,680

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY Year ended 31 December 2010

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
(268)	8,096	(83,089)	3,891,201	5,972,474	1,691,707	7,664,181
–	–	–	748,974	748,974	81,400	830,374
–	–	–	752	752	456	1,208
–	–	–	–	(1,868)	–	(1,868)
–	–	–	–	(1,201)	(1,045)	(2,246)
–	–	(18,188)	–	(18,188)	(15,840)	(34,028)
–	–	(22,828)	–	(22,828)	(3,390)	(26,218)
–	–	261	–	261	226	487
–	–	980	–	980	–	980
–	–	–	–	551	481	1,032
–	–	(199,592)	–	(199,592)	(46,648)	(246,240)
–	–	(239,367)	752	(241,133)	(65,760)	(306,893)
–	–	(239,367)	749,726	507,841	15,640	523,481
–	–	–	–	–	22,817	22,817
–	–	–	(85,649)	(85,649)	(14,225)	(99,874)
–	–	–	–	–	420	420
–	1,597	–	–	1,597	1,390	2,987
–	1,597	–	(85,649)	(84,052)	10,402	(73,650)
(268)	9,693	(322,456)	4,555,278	6,396,263	1,717,749	8,114,012

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2010

	Share capital $'000	Capital reserve $'000	Hedging reserve $'000	Fair value reserve $'000
Group				
At 1 January 2009	1,991,397	148,679	(368)	(19)
Total comprehensive income for the year				
Profit for the year	–	–	–	–
Other comprehensive income				
Actuarial losses on defined benefit plans	–	–	–	–
Change in fair value of equity investments available for sale	–	–	–	17,567
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 a jointly-controlled entity and an associate	–	–	–	–
Share of other reserve movements of associates	–	–	374	–
Translation differences arising on consolidation of foreign entities	–	–	–	–
Total other comprehensive income	–	–	374	17,567
Total comprehensive income for the year	–	–	374	17,567
Transactions with owners, recorded directly in equity				
Change of interest in subsidiaries	–	(1,090)	(6)	–
Dividends (Note 32)	–	–	–	–
Net capital contribution from non-controlling interests	–	–	–	–
Share-based payment transactions	–	–	–	–
Total transactions with owners	–	(1,090)	(6)	–
At 31 December 2009	1,991,397	147,589	–	17,548

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY Year ended 31 December 2010

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
–	4,313	(93,744)	3,379,450	5,429,708	1,592,609	7,022,317
–	–	–	593,421	593,421	77,211	670,632
–	–	–	(5,821)	(5,821)	(5,071)	(10,892)
–	–	–	–	17,567	–	17,567
–	–	(11,740)	–	(11,740)	(10,224)	(21,964)
–	–	(2,070)	–	(2,070)	2,990	920
–	–	50	–	50	46	96
(268)	–	–	–	106	(95)	11
–	–	21,544	–	21,544	52,753	74,297
(268)	–	7,784	(5,821)	19,636	40,399	60,035
(268)	–	7,784	587,600	613,057	117,610	730,667
–	75	2,871	5,253	7,103	(7,103)	–
–	–	–	(81,102)	(81,102)	(15,352)	(96,454)
–	–	–	–	–	583	583
–	3,708	–	–	3,708	3,360	7,068
–	3,783	2,871	(75,849)	(70,291)	(18,512)	(88,803)
(268)	8,096	(83,089)	3,891,201	5,972,474	1,691,707	7,664,181

CONSOLIDATED STATEMENT OF CASH FLOWS Year ended 31 December 2010

	Group	
	2010	2009
	$'000	$'000
Cash flows from operating activities		
Profit for the year	**830,374**	670,632
Adjustments for:		
Depreciation and amortisation	**140,666**	134,362
Dividend income	**(14,060)**	(9,042)
Equity settled share-based transactions	**(1,716)**	3,674
Finance costs	**68,708**	70,077
Finance income	**(35,640)**	(31,844)
Gain arising in respect of step up acquisition of a jointly-controlled entity	**(17,662)**	–
Gain on dilution of investment in an associate	**(25,470)**	–
Goodwill written off in respect of additional interest acquired in a jointly-controlled entity to become a subsidiary	**17,042**	–
Impairment losses on amounts owing by a jointly-controlled entity	**1,188**	3,016
Impairment losses on investment properties and property, plant and equipment	**54,703**	10,470
Income tax expense	**201,933**	160,956
Net loss/(gain) on disposal and liquidation of jointly-controlled entities and an associate	**678**	(1,126)
Profit on sale of investments	**(380)**	–
(Profit)/Loss on sale of property, plant and equipment and investment properties	**(240,665)**	590
Property, plant and equipment and investment properties written off	**286**	478
Share of after-tax profit of associates	**(17,112)**	(17,437)
Share of after-tax profit of jointly-controlled entities	**(55,436)**	(45,478)
Units in an associate received and receivable in lieu of fee income	**(7,938)**	(6,456)
Operating profit before working capital changes	**899,499**	942,872
Changes in working capital:		
Development properties	**(135,334)**	20,453
Stocks, trade and other receivables	**(220,481)**	(31,896)
Trade and other payables	**81,513**	119,102
Employee benefits	**(7,234)**	7,884
Cash generated from operations	**617,963**	1,058,415
Income tax paid	**(105,910)**	(72,399)
Net cash from operating activities carried forward	**512,053**	986,016

CONSOLIDATED STATEMENT OF CASH FLOWS Year ended 31 December 2010

	Note	Group 2010 $'000	Group 2009 $'000
Net cash from operating activities brought forward		**512,053**	986,016
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired)	35	**(9,129)**	(35,043)
Capital expenditure on investment properties		**(42,349)**	(241,943)
Decrease/(Increase) of investments in jointly-controlled entities		**2,839**	(98)
Disposal/(Purchase) of financial assets		**8,652**	(215,961)
Dividends received:			
- an associate		**31,851**	28,033
- financial investments		**8,036**	9,042
- jointly-controlled entities		**104,116**	248,850
Interest received		**11,598**	8,143
Increase of investments in an associate		**(34,720)**	–
Purchase of property, plant and equipment		**(86,624)**	(62,158)
Proceeds from liquidation and disposal of jointly-controlled entities and an associate		**966**	6,680
Proceeds from sale of property, plant and equipment and investment properties		**375,762**	690
Net cash from/(used in) investing activities		**370,998**	(253,765)
Cash flows from financing activities			
Capital contribution from non-controlling interests		**420**	583
Dividends paid		**(99,874)**	(96,454)
Finance lease payments		**(4)**	(7)
Interest paid (including amounts capitalised as property, plant and equipment, investment properties and development properties)		**(84,215)**	(94,799)
Net repayment by/advances from related parties		**121,323**	35,965
Net repayment of revolving credit facilities and short-term bank borrowings		**(434,580)**	(142,799)
Payment of financing transaction costs		**(6,812)**	(15,054)
Proceeds from bank borrowings		**318,080**	311,246
Proceeds from issuance of bonds and notes		**1,159,869**	400,000
Repayment of bank borrowings		**(311,794)**	(382,085)
Repayment of bonds and notes		**(627,543)**	(542,155)
Repayment of other long-term liabilities		**(290)**	(2,482)
Net cash from/(used in) financing activities		**34,580**	(528,041)
Net increase in cash and cash equivalents		**917,631**	204,210
Cash and cash equivalents at beginning of the year		**980,134**	769,859
Effect of exchange rate changes on balances held in foreign currencies		**(24,791)**	6,065
Cash and cash equivalents at end of the year	15	**1,872,974**	980,134

CONSOLIDATED STATEMENT OF CASH FLOWS Year ended 31 December 2010

Significant non-cash transactions

(i) Management fee income of $7,938,000 (2009: $6,456,000) is received and receivable by the Group in the form of units in an associate.

(ii) Dividends amounting to $10,297,000 (2009: $10,929,000) were paid by a subsidiary to its non-controlling interests in the form of scrip dividends.

(iii) In 2009, an amount owing from a jointly-controlled entity totalling $223,029,000 was capitalised as part of Group's cost in investment in that entity.

(iv) In 2010, dividends amounting to $5,700,000 were received by a subsidiary in the form of scrip dividends from its investments in equity investments.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 9 March 2011.

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 2010 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 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.

In particular, information about significant areas of estimation uncertainty and 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 notes:

Note 2.2	Assessment of ability to control or exert significant influence over partly-owned investments
Note 2.18	Measurement of profit attributable to properties under development
Note 2.21	Estimation of provisions for current and deferred taxation
Note 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 employee obligations
Note 37	Valuation of financial instruments that are not actively traded

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Changes in accounting policies

(i) *Accounting for business combinations*

From 1 January 2010, the Group has applied FRS 103 *Business Combinations* (2009) in accounting for business combinations. Business combinations are now accounted for using the acquisition method as at the acquisition date (see note 2.2).

Previously, business combinations were accounted for under the purchase method. The cost of an acquisition was measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition was credited to income statement in the period of the acquisition. For business acquisitions that were achieved in stages, any existing equity interests in the acquiree were not re-measured to their fair value. Contingent consideration was recognised as an adjustment to the cost of acquisition only when it was probable and can be measured reliably.

The change in accounting policy has been applied prospectively to new business combinations occurring on or after 1 January 2010 and has no material impact on earnings per share.

(ii) *Accounting for acquisitions of non-controlling interests*

From 1 January 2010, the Group has applied FRS 27 *Consolidated and Separate Financial Statements* (2009) in accounting for acquisitions of non-controlling interests. See note 2.2 for the new accounting policy.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

The change in accounting policy has been applied prospectively and has no impact on earnings per share.

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 above.

2.2 Basis of Consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. 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 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 income statement.

When share-based payment awards (replacement awards) are required to be 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Associates and jointly-controlled entities

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

Associates and jointly-controlled entities are accounted for using the equity method 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 assets

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

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

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

Acquisitions of 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

2.3 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are 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.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, 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 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 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 joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to 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 foreign currency translation reserve is transferred to 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 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.

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.

2.5 Intangible assets

Goodwill

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

Acquisitions prior to 1 January 2001

Goodwill 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 2.12). Negative goodwill is recognised immediately in the income statement.

Acquisition 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.

When the excess is negative, a bargain purchase gain is recognised immediately in 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 are amortised in the income statement on a straight-line basis over their estimated useful lives of 15 years, from the date on which they are available for use.

2.6 Investment properties

Investment properties are properties held either to earn rental income or capital appreciation or 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Transfers

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

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

2.7 Leased assets

Leases in 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 is 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.

2.8 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 other non-current assets excluding deferred tax assets 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.

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. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 2.12) and foreign currency differences on available-for-sale monetary items (see note 2.3), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is 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 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 or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a 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 liabilities: borrowings, other liabilities and trade and other payables excluding deferred income.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash flow hedges

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

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

2.9 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.

2.10 Development properties

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

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

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Impairment

Impairment of 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Non-current assets 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 first is allocated to goodwill, and then to remaining assets and liabilities on *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.

2.14 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.

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.

2.15 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in 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 calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 related 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.

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.

2.16 Provisions

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

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Rental guarantee

A provision for rental guarantee is recognised for the Group's contractual obligation to compensate the buyer for any shortfall in net rental income under the sale and purchase agreement for the sales of the Group's investment properties.

2.17 Financial guarantee contracts

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

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

2.18 Revenue recognition

Development properties for sale

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

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

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

	Group	
	2010	**2009**
	$'000	**$'000**
Decrease in revenue	**214,996**	613,299
(Increase)/Decrease in profit for the year	**(15,207)**	198,267
Decrease in opening accumulated profits	**682,316**	484,049
Decrease in development properties as at 1 January	**701,737**	422,313
Decrease in development properties as at 31 December	**861,958**	701,737
Decrease in investments in jointly-controlled entities as at 1 January	**83,927**	133,009
(Increase)/Decrease in investments in jointly-controlled entities as at 31 December	**(77,812)**	83,927

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

2.19 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.

2.20 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 and gain on hedging instruments that are recognised in the income statement. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise mainly interest expense on borrowings, amortisation of transactions costs capitalised, mark-to-market loss on financial assets at fair value through the 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.

2.21 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 receivables 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 and jointly-controlled entities 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Income tax (cont'd)

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.

2.22 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 period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise non-redeemable convertible non-cumulative preference shares and unquoted convertible notes issued by a jointly-controlled entity.

2.23 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

3 PROPERTY, PLANT AND EQUIPMENT

	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 2009	3,049,211	723,734	651,629	985,797	3,200	5,413,571
Transfers to investment properties on the adoption of *Amendments to FRS 40*	–	(10,299)	(564,573)	–	–	(574,872)
Additions	3,020	436	36,689	14,818	3,190	58,153
Disposals	(485)	(144)	–	(40,239)	–	(40,868)
Written off during the year	(38)	–	–	(2,787)	–	(2,825)
Reclassifications and transfers	6,967	(203)	(1,298)	(965)	(4,501)	–
Translation differences on consolidation	20,389	33,600	(48)	21,418	132	75,491
At 31 December 2009	3,079,064	747,124	122,399	978,042	2,021	4,928,650
Acquisition through business combination (Note 35)	–	93,079	–	35,575	–	128,654
Additions	1,089	13,492	36,890	26,583	8,917	86,971
Disposals	(13)	–	(378)	(26,154)	–	(26,545)
Written off during the year	–	(8)	–	(2,548)	–	(2,556)
Reclassifications and transfers	434	21,510	(40,326)	22,585	(4,203)	–
Translation differences on consolidation	(270,762)	(59,801)	(822)	(56,058)	(222)	(387,665)
At 31 December 2010	2,809,812	815,396	117,763	978,025	6,513	4,727,509
Accumulated depreciation and impairment losses						
At 1 January 2009	388,098	152,108	15,868	695,970	–	1,252,044
Transfers to investment properties on the adoption of *Amendments to FRS 40*	–	(596)	(11,901)	–	–	(12,497)
Charge for the year	18,654	6,613	–	53,626	–	78,893
Disposals	(138)	–	–	(39,450)	–	(39,588)
Written off during the year	–	–	–	(2,560)	–	(2,560)
Impairment losses	2,124	–	–	–	–	2,124
Reclassifications	1,483	(79)	–	(1,404)	–	–
Translation differences on consolidation	11,918	83	(106)	21,571	–	33,466
At 31 December 2009	422,139	158,129	3,861	727,753	–	1,311,882
Charge for the year	19,637	7,513	–	51,779	–	78,929
Disposals	–	(6)	–	(25,954)	–	(25,960)
Written off during the year	–	(8)	–	(2,409)	–	(2,417)
Impairment losses	30,414	426	–	–	–	30,840
Translation differences on consolidation	(21,675)	3,957	(314)	(58,181)	–	(76,213)
At 31 December 2010	450,515	170,011	3,547	692,988	–	1,317,061
Carrying amount						
At 1 January 2009	2,661,113	571,626	635,761	289,827	3,200	4,161,527
At 31 December 2009	2,656,925	588,995	118,538	250,289	2,021	3,616,768
At 31 December 2010	2,359,297	645,385	114,216	285,037	6,513	3,410,448

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land and buildings $'000	Freehold properties under development $'000	Furniture, fittings and equipments $'000	Total $'000
Company				
Cost				
At 1 January 2009	2,570	159,373	23,517	185,460
Transfers to investment properties on the adoption of *Amendments to FRS 40*	–	(158,149)	–	(158,149)
Additions	–	–	1,422	1,422
Disposals	–	–	(259)	(259)
Written off during the year	–	–	(292)	(292)
Reclassification	1,224	(1,224)	–	–
At 31 December 2009	3,794	–	24,388	28,182
Additions	–	–	2,827	2,827
Disposals	–	–	(1,431)	(1,431)
Written off during the year	–	–	(659)	(659)
At 31 December 2010	3,794	–	25,125	28,919
Accumulated depreciation				
At 1 January 2009	–	–	18,515	18,515
Charge for the year	–	–	2,025	2,025
Disposals	–	–	(259)	(259)
Written off during the year	–	–	(109)	(109)
At 31 December 2009	–	–	20,172	20,172
Charge for the year	–	–	2,142	2,142
Disposals	–	–	(1,431)	(1,431)
Written off during the year	–	–	(659)	(659)
At 31 December 2010	–	–	20,224	20,224
Carrying amount				
At 1 January 2009	2,570	159,373	5,002	166,945
At 31 December 2009	3,794	–	4,216	8,010
At 31 December 2010	3,794	–	4,901	8,695

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

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Furniture, fittings and equipment	–	4	–	3

In 2010, upon the Group assessing the carrying value of its property, plant and equipment for indications of impairment, the carrying amounts of certain property, plant and equipment were written down by $30,840,000 (2009: $2,124,000). The impairment losses were included in "other operating expenses".

The impairment losses of $30,840,000 were recognised in respect of six hotels each in United States of America and United Kingdom, held by a subsidiary. The estimates of recoverable amounts were based on the value-in-use of the said properties determined by either professional valuers or management of the subsidiary using discount rates ranging from 10.25% to 14.00%.

In 2009, an impairment loss of $2,124,000 was recognised on a piece of freehold land located in India held by a subsidiary. The estimate of the recoverable amount was based on the prevailing market value of the land determined by a professional valuer.

Included in property, plant and equipment are certain hotel properties of the Group with carrying value totalling $286,950,000 (2009: $523,836,000) which are mortgaged to certain financial institutions to secure credit facilities (refer to Notes 20 and 21 for more details of the facilities).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

4 INVESTMENT PROPERTIES

	Group $'000	Company $'000
Cost		
At 1 January 2009	2,978,407	337,563
Transfers from property, plant and equipment on adoption of *Amendments to FRS 40*	574,872	158,149
Additions	272,657	111,856
Transfers to assets classified as held for sale	(16,348)	–
Written off during the year	(436)	(7)
Translation differences on consolidation	(6,613)	–
At 31 December 2009	3,802,539	607,561
Additions	13,733	972
Disposals	(183,257)	–
Transfers to assets classified as held for sale	(86,808)	–
Written off during the year	(470)	(195)
Translation differences on consolidation	(5,899)	–
At 31 December 2010	3,539,838	608,338
Accumulated depreciation and impairment losses		
At 1 January 2009	665,732	60,448
Transfers from property, plant and equipment on adoption of *Amendments to FRS 40*	12,497	–
Charge for the year	55,457	6,908
Transfers to assets classified as held for sale	(1,566)	–
Written off during the year	(223)	(7)
Impairment losses	8,346	–
Translation differences on consolidation	(1,470)	–
At 31 December 2009	738,773	67,349
Charge for the year	61,725	10,150
Disposals	(63,527)	–
Transfers to assets classified as held for sale	(4,836)	–
Written off during the year	(323)	(69)
Impairment losses	23,863	–
Translation differences on consolidation	(744)	–
At 31 December 2010	754,931	77,430
Carrying amount		
At 1 January 2009	2,312,675	277,115
At 31 December 2009	3,063,766	540,212
At 31 December 2010	2,784,907	530,908
Fair value		
At 31 December 2009	6,651,673	1,096,013
At 31 December 2010	6,213,907	1,104,553

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

4 INVESTMENT PROPERTIES (CONT'D)

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

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.

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.

In 2010, upon the Group and the Company identifying indications of impairment and thereafter assessing the carrying values of their investment properties, the Group recognised impairment losses of $23,863,000 on three properties located overseas.

Impairment losses of $10,964,000 (2009: $Nil) were recognised in respect of two properties in United States of America. The estimate of recoverable amount of one of them was based on value-in-use of the property which comprised two blocks of office buildings, determined by professional appraiser using discount rate of 8.5% to 9.5% per annum. For the other property, which is a freehold land, its estimate of recoverable amount was based on direct comparison to recent land sales of similar locations.

The remaining impairment loss of $12,899,000 (2009: $8,346,000) 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 $336,081,000 (2009: $1,186,859,000) are mortgaged to certain financial institutions to secure credit facilities (refer to Notes 20 and 21 for more details of the facilities).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

5 INVESTMENTS IN AND BALANCES WITH SUBSIDIARIES

	Note	Company 2010 $'000	Company 2009 $'000
Investments in subsidiaries			
Unquoted shares, at cost		**2,262,257**	2,259,512
Discount implicit in non-current inter-company balances		**7,095**	7,095
Impairment losses		**(6,546)**	(7,408)
		2,262,806	2,259,199
Balances with subsidiaries			
Amounts owing by subsidiaries			
- trade, interest-free		**3,300**	2,703
- non-trade, interest-free		**1,191,145**	1,015,436
- non-trade, interest-bearing		**2,555,600**	1,813,122
		3,750,045	2,831,261
Impairment losses		**(55,647)**	(44,363)
		3,694,398	2,786,898
Receivable within 1 year	12	**3,278,527**	2,148,638
Receivable after 1 year	9	**415,871**	638,260
		3,694,398	2,786,898
Amounts owing to subsidiaries			
- trade, interest-free		**1,353**	637
- non-trade, interest-free		**993,742**	391,876
- non-trade, interest-bearing		**150,304**	229,454
		1,145,399	621,967
Repayable within 1 year	27	**995,399**	560,843
Repayable after 1 year	24	**150,000**	61,124
		1,145,399	621,967

During the year, the Company assessed the carrying amount of its investment in subsidiaries for indications of impairment. Based on this assessment, the Company reversed impairment loss of $862,000 (2009: $Nil) on its investment in a subsidiary which had disposed off a strata-unit in Chinatown Point and recognised a profit from the sale. Accordingly, the impairment loss previously provided on the investment in this subsidiary, now deemed not necessary, 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 13.00% (2009: 0.61% to 13.00%) and at 1.34% to 3.57% (2009: 0.35% to 3.57%) per annum respectively. The balances with subsidiaries that are presented as receivable or repayable within one year are receivable or repayable on demand.

Included in amounts owing by subsidiaries receivable after one year are loans to subsidiaries with carrying amounts of $397,167,000 (2009: $607,819,000) for which settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are in substance a part of the Company's net investment in subsidiaries, they are stated at cost less accumulated impairment losses. The remaining non-current receivables from subsidiaries are not expected to be repaid within the next one year.

Impairment losses

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

	Company 2010 $'000	Company 2009 $'000
At 1 January	**44,363**	36,822
Charge of impairment losses	**11,284**	7,541
At 31 December	**55,647**	44,363

Further details regarding subsidiaries are set out in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

6 INVESTMENTS IN AND BALANCES WITH ASSOCIATES

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Investments in associates		**398,367**	345,725	**–**	–
Balances with associates					
Amounts owing by associates					
- trade		**506**	410	**–**	–
- non-trade		**20**	135	**–**	–
		526	545	**–**	–
Receivable within 1 year	12	**526**	545	**–**	–
Amounts owing to an associate payable within 1 year					
- trade	27	**6,443**	6,143	**10**	10

The non-trade amounts owing by associates are unsecured and interest-free.

The non-trade amounts presented as receivable within 1 year are receivable on demand.

Included in the Group's investments in associates is an investment in the quoted equity of an associate with a carrying value of $304,333,000 (2009: $278,546,000) and whose fair value as at the reporting date based on published price quotations is $695,556,000 (2009: $567,975,000).

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

	2010 $'000	2009 $'000
Total assets	**1,723,628**	1,333,332
Total liabilities	**588,932**	413,168
Revenue	**165,506**	136,632
Profit after tax	**48,724**	44,209

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

7 INVESTMENTS IN AND BALANCES WITH JOINTLY-CONTROLLED ENTITIES

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Investments in jointly-controlled entities					
Investments in jointly-controlled entities		**537,110**	675,702	**37,360**	37,360
Impairment losses		**–**	–	**(1,000)**	(1,000)
		537,110	675,702	**36,360**	36,360
Balances with jointly-controlled entities					
Amounts owing by jointly-controlled entities					
- trade, interest-free		**1,660**	1,679	**207**	798
- non-trade, interest-bearing		**462,197**	532,227	**179,495**	296,961
- non-trade, interest-free		**11,594**	24,403	**–**	–
		475,451	558,309	**179,702**	297,759
Impairment losses		**(35,740)**	(71,610)	**(15,174)**	(46,797)
		439,711	486,699	**164,528**	250,962
Receivable:					
- Within 1 year	12	**330,199**	394,927	**164,528**	250,962
- After 1 year	9	**109,512**	91,772	**–**	–
		439,711	486,699	**164,528**	250,962
Amounts owing to jointly-controlled entities payable within 1 year					
- non-trade, interest-free	27	**18,661**	20,301	**–**	–

The non-trade amounts owing by and to jointly-controlled entities are unsecured. In respect of interest-bearing amounts, interest at rates ranging from 0.75% to 4.75% (2009: 0.75% to 4.75%) per annum and 1.50% to 2.50% (2009: 1.50% to 2.50%) per annum were charged by the Group and the Company respectively.

The non-trade amounts presented as receivable or repayable within 1 year are receivable or repayable on demand. Included in non-current amounts owing by jointly-controlled entities are loans to jointly-controlled entities with carrying amounts of $57,172,000 (2009: $62,512,000) for which settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are in substance a part of the Group's net investment in the entities, they are stated at cost less accumulated impairment losses.

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

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
At 1 January	**71,610**	65,765	**46,797**	50,001
Charge/(Write-back) of impairment losses	**1,188**	3,016	**(31,060)**	(3,189)
Reversal of impairment losses against investments in jointly-controlled entities	**(31,060)**	–	**–**	–
Impairment losses utilised	**(4,349)**	–	**–**	–
Translation differences on consolidation	**(1,649)**	2,829	**(563)**	(15)
At 31 December	**35,740**	71,610	**15,174**	46,797

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

7 INVESTMENTS IN AND BALANCES WITH JOINTLY-CONTROLLED ENTITIES (CONT'D)

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

	2010 $'000	2009 $'000
Results		
Revenue and other operating income	**217,765**	287,187
Cost of sales and other expenses	**(145,676)**	(221,360)
Profit before income tax	**72,089**	65,827
Income tax expense	**(8,728)**	(14,952)
Non-controlling interests	**(7,925)**	(5,397)
Profit for the year	**55,436**	45,478
Assets and liabilities		
Non-current assets	**390,394**	587,185
Current assets	**1,614,098**	1,719,912
Total assets	**2,004,492**	2,307,097
Current liabilities	**(544,246)**	(423,233)
Non-current liabilities	**(923,136)**	(1,208,162)
Total liabilities	**(1,467,382)**	(1,631,395)
Commitments		
Development expenditure contracted but not provided for in the financial statements	**116,363**	60,388
Capital expenditure contracted but not provided for in the financial statements	**317**	2,965
Non-cancellable operating lease payables	**29,817**	7,613
Non-cancellable operating lease receivables	**14,546**	12,608

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

8 FINANCIAL ASSETS

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Non-current financial assets				
Unquoted equity investments available for sale				
- fellow subsidiaries	**3,363**	3,365	**3,290**	3,290
- non-related companies	**114,760**	140,873	**1,340**	1,340
Impairment losses	**(3,366)**	(5,204)	**–**	–
	114,757	139,034	**4,630**	4,630
Financial assets designated at fair value through profit or loss				
- unquoted convertible notes of a jointly-controlled entity	**211,379**	198,697	**–**	–
	326,136	337,731	**4,630**	4,630
Quoted equity investments available for sale				
- fellow subsidiaries	**32,970**	34,385	**27,723**	28,913
- non-related companies	**20,794**	21,544	**–**	–
	53,764	55,929	**27,723**	28,913
Total	**379,900**	393,660	**32,353**	33,543

	Group 2010 $'000	Group 2009 $'000
Current financial assets		
Equity investments held for trading		
- quoted	**33,872**	26,003
- unquoted	**2,013**	6,668
	35,885	32,671

Included in quoted equity investments held for trading are investments in shares of listed subsidiaries with a total carrying value of $13,516,000 (2009: $9,603,000) which are held by the Group for trading purposes.

Included in unquoted investments available for sale are investments with a total carrying amount of $105,616,000 (2009: $129,192,000) which are measured at cost less 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

The change in impairment losses in respect of non-current financial assets during the year is as follows:

	Group 2010 $'000	Group 2009 $'000
At 1 January	**5,204**	5,254
Impairment losses utilised	**(1,688)**	–
Translation differences on consolidation	**(150)**	(50)
At 31 December	**3,366**	5,204

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

9 OTHER NON-CURRENT ASSETS

		Group		Company	
	Note	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Amounts owing by:					
- subsidiaries	5	**–**	–	**415,871**	638,260
- jointly-controlled entities	7	**109,512**	91,772	**–**	–
Deferred tax assets	26	**3,392**	2,339	**–**	–
Deposits		**4,721**	4,551	**–**	–
Intangible assets		**7**	19	**–**	–
Interest receivables		**50,093**	17,309	**–**	–
Other receivables		**4,740**	5,253	**–**	–
		172,465	121,243	**415,871**	638,260

10 DEVELOPMENT PROPERTIES

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Properties in the course of development, at cost	**3,326,857**	3,382,141	**1,080,365**	1,347,312
Attributable profit	**748,679**	649,031	**440,077**	306,954
	4,075,536	4,031,172	**1,520,442**	1,654,266
Progress billings	**(1,279,098)**	(1,181,969)	**(724,287)**	(728,866)
	2,796,438	2,849,203	**796,155**	925,400
Properties for development and resale representing mainly land, at cost	**135,827**	123,406	**–**	–
Completed units, at cost	**300,062**	238,830	**102,732**	87,551
	3,232,327	3,211,439	**898,887**	1,012,951
Allowance for foreseeable losses	**(77,201)**	(76,919)	**(282)**	–
	3,155,126	3,134,520	**898,605**	1,012,951
Share of jointly-controlled assets				
Properties in the course of development, at cost	**474,080**	161,448	**474,080**	161,448
Attributable profit	**57,391**	16,965	**57,391**	16,965
	531,471	178,413	**531,471**	178,413
Progress billings	**(215,605)**	(95,995)	**(215,605)**	(95,995)
	315,866	82,418	**315,866**	82,418
Properties for development and resale representing mainly land, at cost	**–**	57,936	**–**	57,936
Completed units, at cost	**–**	3,761	**–**	3,770
	315,866	144,115	**315,866**	144,124
Total development properties	**3,470,992**	3,278,635	**1,214,471**	1,157,075

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

10 DEVELOPMENT PROPERTIES (CONT'D)

The Group uses the percentage of completion method to recognise revenue on its development projects in Singapore. The impact on the financial statements, had revenue on the Singapore development projects been recognised using the completion of construction method, is set out in Note 2.18.

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 a carrying amount of $1,110,039,000 (2009: $923,051,000) and $315,867,000 (2009: $134,905,000) are mortgaged to financial institutions to secure credit facilities (refer to Note 20).

11 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

During the year, the Group entered into sale and purchase contracts to sell two of its investment properties and a strata-unit of an investment property. The transactions for one of the investment properties and the strata-unit were completed subsequent to the reporting date. The transaction for the other investment property is expected to be completed within 6 months from the reporting date. The investment properties relate to the rental properties segment.

At 31 December 2010, the assets and liabilities associated with the above investment properties of the Group have been presented in the statement of financial position as "Assets classified as held for sale" and "Liabilities classified as held for sale".

In 2009, the assets and liabilities classified as held for sale relate to the sale transactions of two investment properties that were completed in year 2010.

	Group	
	2010	**2009**
	$'000	**$'000**
Assets classified as held for sale		
Investment properties	**81,972**	14,782
Liabilities classified as held for sale		
Rental and other deposits	**1,655**	574

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

12 TRADE AND OTHER RECEIVABLES

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Trade receivables		**189,562**	150,140	**90,364**	62,626
Impairment losses		**(2,372)**	(3,060)	**(41)**	(16)
		187,190	147,080	**90,323**	62,610
Other receivables		**184,667**	17,458	**2,632**	2,149
Impairment losses		**(1,406)**	(802)	**(1,751)**	(1,695)
		183,261	16,656	**881**	454
Deposits and prepayments		**112,103**	47,985	**445**	455
Tax recoverable		**6,257**	15,120	**–**	–
Accrued receivables	13	**56,987**	135,421	**39,690**	129,028
Amounts owing by:					
- subsidiaries	5	**–**	–	**3,278,527**	2,148,638
- associates	6	**526**	545	**–**	–
- jointly-controlled entities	7	**330,199**	394,927	**164,528**	250,962
- fellow subsidiaries	14	**69**	86	**12**	9
		876,592	757,820	**3,574,406**	2,592,156

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

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Property development	**615,955**	572,274	**2,483,970**	1,699,142
Hotel operations	**96,628**	94,441	**–**	–
Rental properties	**25,686**	13,788	**744,634**	617,252
Others	**19,963**	14,212	**345,357**	275,307
	758,232	694,715	**3,573,961**	2,591,701

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

12 TRADE AND OTHER RECEIVABLES (CONT'D)

Impairment losses

The aging of trade receivables at the reporting date is:

	Gross 2010 $'000	Impairment losses 2010 $'000	Gross 2009 $'000	Impairment losses 2009 $'000
Group				
Not past due	**134,942**	**36**	76,922	146
Past due 0 – 30 days	**26,870**	**20**	34,365	28
Past due 31 – 60 days	**9,714**	**531**	10,655	690
Past due 61 – 90 days	**2,976**	**743**	4,249	794
More than 90 days	**15,060**	**1,042**	23,949	1,402
	189,562	**2,372**	150,140	3,060
Company				
Not past due	**76,598**	**–**	38,032	–
Past due 0 – 30 days	**1,202**	**2**	7,371	–
Past due 31 – 60 days	**670**	**–**	1,225	–
Past due 61 – 90 days	**161**	**–**	2,314	–
More than 90 days	**11,733**	**39**	13,684	16
	90,364	**41**	62,626	16

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

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
At 1 January	**3,862**	4,877	**1,711**	1,715
Charge of impairment losses	**290**	466	**50**	12
Impairment losses utilised	**(6)**	(1,533)	**–**	–
Translation differences on consolidation	**(368)**	52	**31**	(16)
At 31 December	**3,778**	3,862	**1,792**	1,711

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 the progress of the construction work. Upon receipt of the Temporary Occupation Permit, the balance of sales consideration to be billed is included as accrued receivables.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

14 AMOUNTS OWING BY AND TO FELLOW SUBSIDIARIES

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Amounts owing by fellow subsidiaries:					
- trade, interest-free	12	**69**	86	**12**	9
Amounts owing to fellow subsidiaries:					
- trade, interest-free		**7**	13	**19**	13
- non-trade, interest-free		**177**	177	**–**	–
- non-trade, interest-bearing		**28,359**	24,242	**–**	–
	27	**28,543**	24,432	**19**	13

Fellow subsidiaries are subsidiaries of the immediate holding company which are subject to common control. The amounts owing by and to fellow subsidiaries are unsecured. In respect of interest-bearing amounts, interest is charged at 2.50% (2009: 2.50%) per annum.

15 CASH AND CASH EQUIVALENTS

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Amounts held under the Singapore development project rules, withdrawals from which are restricted to project-related payments		**351,900**	293,703	**219,501**	213,897
Fixed deposits placed with financial institutions which are:					
- fellow subsidiaries		**33,510**	10,441	**–**	–
- others		**1,195,335**	476,560	**757,398**	190,733
		1,228,845	487,001	**757,398**	190,733
Cash at banks and in hand		**293,081**	200,782	**4,191**	2,941
Cash and cash equivalents		**1,873,826**	981,486	**981,090**	407,571
Bank overdrafts	19	**(852)**	(1,352)		
Cash and cash equivalents in the consolidated statement of cash flows		**1,872,974**	980,134		

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

16 SHARE CAPITAL

	Company			
	2010		2009	
	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 2010, a maximum number of 44,998,898 (2009: 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).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

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	
	2010	**2009**
	$'000	**$'000**
Gross borrowings	**4,219,929**	4,034,228
Cash and cash equivalents	**(1,873,826)**	(981,486)
Net debt	**2,346,103**	3,052,742
Total capital employed	**8,114,012**	7,664,181
Net debt equity ratio	**0.29**	0.40

No changes were made to the above objectives, policies and process during the years ended 31 December 2009 and 2010.

17 RESERVES

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Capital reserve	**148,140**	147,589	**63,743**	63,743
Hedging reserve	**(1,201)**	–	**–**	–
Fair value reserve	**15,680**	17,548	**13,948**	14,936
Other reserve	**(268)**	(268)	**–**	–
Share option reserve	**9,693**	8,096	**–**	–
Foreign currency translation reserve	**(322,456)**	(83,089)	**–**	–
Accumulated profits	**4,555,278**	3,891,201	**2,826,404**	2,543,326
	4,404,866	3,981,077	**2,904,095**	2,622,005

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 hedge transactions that have not yet occurred.

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

Other reserve comprises the share of other reserves of an associate.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

17 RESERVES (CONT'D)

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 $150,426,000 (2009: $202,816,000) attributable to associates and jointly-controlled entities.

18 EQUITY COMPENSATION BENEFITS

By the Company

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

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

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

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

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

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

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

The CDL Scheme has lapsed on 30 January 2011.

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 Schemes 1996 and 2006; and

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

The Millennium & Copthorne Hotels Executive Share Option Scheme which is divided into two parts, Part A which was approved by the United Kingdom Inland Revenue under Schedule 9 of the United Kingdom Income and Corporation Taxes Act 1988 on 12 April 1996 and Part B, which was an unapproved executive share option scheme designed for the United Kingdom (UK) and non-UK executives of M&C, expired in 2006. Options which remained exercisable under the scheme beyond the expiry date lapsed on 15 March 2009.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

18 EQUITY COMPENSATION BENEFITS (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 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.

(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 Schemes 1996 and 2006

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

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

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

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

City e-Solutions Limited

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

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

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

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

(iii) the nominal value of a CES share.

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

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

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

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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 2009	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 2009	Options exercisable as at 31 December 2009	Exercise period
2009									
Part I									
10.03.2003	1.9350	12,000	–	(1,292)	–	–	10,708	10,708	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	15,058	–	–	–	–	15,058	15,058	24.03.2008 – 23.03.2015
Part II									
10.03.2003	1.9350	223,867	–	(16,299)	–	(29,857)	177,711	177,711	10.03.2006 – 09.03.2013
16.03.2004	2.9167	59,558	–	–	–	–	59,558	59,558	16.03.2007 – 15.03.2014
24.03.2005	3.9842	189,990	–	–	–	–	189,990	189,990	24.03.2008 – 23.03.2015
		510,758	–	(17,591)	–	(29,857)	463,310	463,310	

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2010	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 2010	Options exercisable as at 31 December 2010	Exercise period
2010									
Part I									
10.03.2003	1.9350	10,708	–	–	–	–	10,708	10,708	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	15,058	–	–	–	–	15,058	15,058	24.03.2008 – 23.03.2015
Part II									
10.03.2003	1.9350	177,711	–	(53,680)	–	–	124,031	124,031	10.03.2006 – 09.03.2013
16.03.2004	2.9167	59,558	–	(5,144)	–	–	54,414	54,414	16.03.2007 – 15.03.2014
24.03.2005	3.9842	189,990	–	(14,645)	–	–	175,345	175,345	24.03.2008 – 23.03.2015
		463,310	–	(73,469)	–	–	389,841	389,841	

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Year ended 31 December 2010

18 EQUITY COMPENSATION BENEFITS (CONT'D)

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

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2009	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 2009	Options exercisable as at 31 December 2009	Exercise period
2009									
20.04.2004	2.3400	25,427	–	(9,500)	–	(2,794)	13,133	13,133	01.07.2009 – 31.12.2009
23.03.2005	3.0800	10,885	–	–	–	(10,885)	–	–	01.07.2008 – 31.12.2008
23.03.2005	3.0800	23,600	–	–	(10,836)	(1,609)	11,155	–	01.07.2010 – 31.12.2010
19.06.2006	3.2500	31,516	–	(7,191)	(3,336)	(1,150)	19,839	19,839	01.08.2009 – 31.01.2010
19.06.2006	3.2500	26,837	–	–	(2,772)	(1,683)	22,382	–	01.08.2011 – 31.01.2012
26.03.2007	5.2000	15,866	–	–	(5,120)	(1,562)	9,184	–	01.07.2010 – 31.12.2010
26.03.2007	5.2000	10,760	–	–	(2,013)	(1,949)	6,798	–	01.07.2012 – 31.12.2012
20.03.2008	3.2800	63,540	–	(434)	(24,668)	(1,462)	36,976	–	01.07.2011 – 31.12.2011
20.03.2008	3.2800	34,512	–	–	(20,995)	(7,374)	6,143	–	01.07.2013 – 31.12.2013
01.04.2009	1.5400	–	210,168	(32)	(28,957)	–	181,179	–	01.08.2012 – 31.01.2013
01.04.2009	1.5400	–	61,575	–	(1,625)	–	59,950	–	01.08.2014 – 31.01.2015
		242,943	271,743	(17,157)	(100,322)	(30,468)	366,739	32,972	

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18 EQUITY COMPENSATION BENEFITS (CONT'D)

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

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January 2010	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 2010	Options exercisable as at 31 December 2010	Exercise period
2010									
20.04.2004	2.3400	13,133	–	–	–	(13,133)	–	–	01.07.2009 – 31.12.2009
23.03.2005	3.0800	11,155	–	(4,503)	(1,073)	–	5,579	5,579	01.07.2010 – 31.12.2010
19.06.2006	3.2500	19,839	–	–	–	(19,839)	–	–	01.08.2009 – 31.01.2010
19.06.2006	3.2500	22,382	–	–	(1,188)	(1,981)	19,213	–	01.08.2011 – 31.01.2012
26.03.2007	5.2000	9,184	–	(581)	–	(726)	7,877	7,877	01.07.2010 – 31.12.2010
26.03.2007	5.2000	6,798	–	–	–	–	6,798	–	01.07.2012 – 31.12.2012
20.03.2008	3.2800	36,976	–	–	(7,372)	–	29,604	–	01.07.2011 – 31.12.2011
20.03.2008	3.2800	6,143	–	–	(614)	–	5,529	–	01.07.2013 – 31.12.2013
01.04.2009	1.5400	181,179	–	(423)	(7,365)	(765)	172,626	–	01.08.2012 – 31.01.2013
01.04.2009	1.5400	59,950	–	–	(8,535)	–	51,415	–	01.08.2014 – 31.01.2015
01.04.2010	3.3000	–	47,025	(151)	(8,305)	(2,599)	35,970	–	01.08.2013 – 31.01.2014
01.04.2010	3.3000	–	18,088	–	(9,517)	–	8,571	–	01.08.2015 – 31.01.2016
		366,739	65,113	(5,658)	(43,969)	(39,043)	343,182	13,456	

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Year ended 31 December 2010

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
2009							
01.09.2006	162,722	–	(158,482)	(4,240)	–	–	01.09.2009
27.03.2007	142,887	–	(36,577)	(1,253)	–	105,057	27.03.2010
18.09.2007	54,222	–	–	(25,547)	–	28,675	18.09.2010
25.06.2008	717,772	–	–	(129,428)	–	588,344	25.06.2011
30.03.2009	–	1,603,727	–	(106,521)	–	1,497,206	30.03.2012
	1,077,603	1,603,727	(195,059)	(266,989)	–	2,219,282	
2010							
27.03.2007	105,057	–	–	(105,057)	–	–	27.03.2010
18.09.2007	28,675	–	–	(28,675)	–	–	18.09.2010
25.06.2008	588,344	–	–	(80,758)	–	507,586	25.06.2011
30.03.2009	1,497,206	–	–	(288,399)	–	1,208,807	30.03.2012
16.09.2010	–	700,212	–	(45,170)	–	655,042	16.09.2013
	2,219,282	700,212	–	(548,059)	–	2,371,435	

For options exercised during 2010, the weighted average share price at the date of exercise is £4.65 (2009: £3.46). Options were exercised on a regular basis throughout the year. The options outstanding as at 31 December 2010 had an exercise price in the range of £1.54 to £5.20 and a weighted average contractual life of 1.82 years (2009: 3 years).

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a stochastic model.

The share option pricing model involves six variables, namely the exercise price, share price at grant date, expected life of option, expected volatility of share price, risk free interest rate and expected dividend yield.

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
2009									
LTIP (directors)	30.03.2009	653,120	1.70	–	1.52	3.00	–	3.69%	–
LTIP (non-directors)	30.03.2009	950,607	1.70	–	1.52	3.00	–	3.69%	–
Sharesave Scheme (3 year)	01.04.2009	210,168	1.81	1.54	0.55	3.25	43.3%	3.45%	1.73%
Sharesave Scheme (5 year)	01.04.2009	61,575	1.81	1.54	0.54	5.25	36.0%	3.45%	2.34%
2010									
LTIP (directors)	16.09.2010	56,936	5.25	–	5.07	3.00	–	1.19%	–
LTIP (non-directors)	16.09.2010	643,276	5.25	–	5.07	3.00	–	1.19%	–
Sharesave Scheme (3 year)	01.04.2010	47,025	4.90	3.30	2.24	3.25	48.0%	1.27%	1.91%
Sharesave Scheme (5 year)	01.04.2010	18,088	4.90	3.30	2.33	5.25	39.8%	1.27%	2.76%

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

19 INTEREST-BEARING BORROWINGS

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Term loans	20	**2,105,129**	2,489,926	**1,403,901**	1,468,984
Finance lease creditors		**–**	4	**–**	3
Bonds and notes	21	**2,031,553**	1,524,846	**1,096,745**	529,261
Bank loans	22	**67,767**	–	**47,536**	–
Bank overdrafts	15	**852**	1,352	**–**	–
		4,205,301	4,016,128	**2,548,182**	1,998,248
Repayable:					
- Within 1 year		**780,002**	818,312	**277,404**	244,962
- After 1 year but within 5 years		**3,325,965**	3,197,816	**2,270,778**	1,753,286
- After 5 years		**99,334**	–	**–**	–
		4,205,301	4,016,128	**2,548,182**	1,998,248

20 TERM LOANS

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Secured		**727,977**	880,794	**232,535**	92,155
Unsecured		**1,377,152**	1,609,132	**1,171,366**	1,376,829
	19	**2,105,129**	2,489,926	**1,403,901**	1,468,984
Repayable:					
- Within 1 year		**392,642**	298,891	**229,868**	84,969
- After 1 year but within 5 years		**1,613,153**	2,191,035	**1,174,033**	1,384,015
- After 5 years		**99,334**	–	**–**	–
		2,105,129	2,489,926	**1,403,901**	1,468,984

The term loans are obtained from banks and financial institutions.

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Secured term loans				
Repayable:				
- Within 1 year	**135,686**	88,120	**–**	–
- After 1 year but within 5 years	**492,957**	792,674	**232,535**	92,155
- After 5 years	**99,334**	–	**–**	–
	727,977	880,794	**232,535**	92,155

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

20 TERM LOANS (CONT'D)

The secured term loans are generally secured by:

- a mortgage on a development property of the Company;
- mortgages on the borrowing subsidiaries' hotel, 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 hotel, investment and development properties.

The Group's secured term loans bear interest at rates ranging from 0.60% to 7.72% (2009: 0.69% to 6.51%) per annum during the year. The Company's secured term loan bears interest at rates ranging from 0.60% to 1.48% (2009: 0.79% to 1.97%) per annum during the year.

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Unsecured term loans				
Repayable:				
- Within 1 year	**256,956**	210,771	**229,868**	84,969
- After 1 year but within 5 years	**1,120,196**	1,398,361	**941,498**	1,291,860
	1,377,152	1,609,132	**1,171,366**	1,376,829

The Group's unsecured term loans bear interest at rates ranging from 0.52% to 5.87% (2009: 0.26% to 6.17%) per annum during the year. The Company's unsecured term loans bear interest at rates ranging from 0.52% to 2.71% (2009: 0.66% to 2.71%) per annum during the year.

21 BONDS AND NOTES

		Group		Company	
	Note	**2010**	**2009**	**2010**	**2009**
		$'000	**$'000**	**$'000**	**$'000**
Secured		**299,784**	408,154	**–**	–
Unsecured		**1,731,769**	1,116,692	**1,096,745**	529,261
	19	**2,031,553**	1,524,846	**1,096,745**	529,261
Repayable:					
- Within 1 year		**318,741**	518,065	**–**	159,990
- After 1 year but within 5 years		**1,712,812**	1,006,781	**1,096,745**	369,271
		2,031,553	1,524,846	**1,096,745**	529,261

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

21 BONDS AND NOTES (CONT'D)

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Secured bonds and notes				
Repayable:				
- Within 1 year	**199,968**	208,279	**–**	–
- After 1 year but within 5 years	**99,816**	199,875	**–**	–
	299,784	408,154	**–**	–

Secured bonds and notes comprise the following:

(i) $58 million non-guaranteed secured notes (Notes) issued by a subsidiary bearing interest at rates ranging from 3.30% to 3.40% (2009: 2.96% to 6.05%) per annum were redeemed at their principal amounts in February 2010. They were secured by a mortgage on the land and hotel building of a subsidiary and an assignment of insurance proceeds in respect of insurance over the said property; and

(ii) $300 million (2009: $350 million) medium term notes (MTNs) which comprise 3 series (2009: 4 series) of notes issued by a subsidiary as part of a $700 million secured MTN programme established in 2001. The MTNs bear interest at rates ranging from 2.95% to 3.88% (2009: 2.95% to 3.88%) per annum and are secured by a mortgage over the commercial building and land jointly owned by two subsidiaries, as well as rental and insurance proceeds to be derived from the said properties. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from January 2011 to June 2015 (2009: March 2010 to October 2011).

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Unsecured bonds and notes				
Repayable:				
- Within 1 year	**118,773**	309,786	**–**	159,990
- After 1 year but within 5 years	**1,612,996**	806,906	**1,096,745**	369,271
	1,731,769	1,116,692	**1,096,745**	529,261

Unsecured bonds and notes comprise the following:

(i) $1,100 million (2009: $530 million) MTNs which comprise 9 series (2009: 8 series) of notes issued by the Company at various interest rates as part of a $1,500 million (2009: $1,500 million) unsecured MTN programme established in 1999. The MTNs bear interest at rates ranging from 2.48% to 5.50% (2009: 3.10% to 5.50%) per annum. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from April 2012 to September 2015 (2009: February 2010 to November 2014);

(ii) $488 million (2009: $441 million) MTNs which comprise 9 series (2009: 8 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 0.73% to 1.25% (2009: 0.94% to 5.16%) per annum. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from April 2011 to December 2013 (2009: May 2010 to July 2013); and

(iii) $150 million (2009: $150 million) Islamic Trust Certificates (Certificates) which comprise 3 series (2009: 2 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 expense in the income statement.

The Certificates bear coupon rates ranging from 1.34% to 3.57% (2009: 3.25% 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 June 2012 to December 2013 (2009: July 2010 to December 2013).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

22 BANK LOANS

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Bank loans repayable within 1 year					
- secured		**20,231**	–	**–**	–
- unsecured		**47,536**	–	**47,536**	–
	19	**67,767**	–	**47,536**	–

The Group's secured bank loans bear interest at rates ranging from 5.95% to 6.65% (2009: Nil%) per annum during the year. The Group's and Company's unsecured bank loans bear interest at rates ranging from 0.52% to 1.25% (2009: 1.05% to 2.71%) per annum during the year.

23 EMPLOYEE BENEFITS

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Net liability for:				
- defined benefit obligations	**33,201**	40,682	**–**	–
- short-term accumulating compensated absences	**14,439**	14,894	**2,097**	2,067
- long service leave	**456**	489	**–**	–
	48,096	56,065	**2,097**	2,067
Repayable:				
- Within 1 year	**14,895**	15,383	**2,097**	2,067
- After 1 year	**33,201**	40,682	**–**	–
	48,096	56,065	**2,097**	2,067

	Group 2010 $'000	Group 2009 $'000
Net liability for defined benefit obligations		
Present value of unfunded obligations	**14,397**	13,247
Present value of funded obligations	**88,216**	94,788
Fair value of plan assets	**(69,412)**	(67,353)
Liability for defined benefit obligations	**33,201**	40,682
Changes in the present value of defined benefit obligations		
Defined benefit obligations as at 1 January	**108,035**	86,554
Actuarial losses	**2,484**	16,414
Benefits paid	**(6,876)**	(7,956)
Interest cost	**5,219**	5,209
Service cost	**3,868**	3,840
Translation differences on consolidation	**(10,117)**	3,974
Defined benefit obligations at 31 December	**102,613**	108,035

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

23 EMPLOYEE BENEFITS (CONT'D)

	Group	
	2010	**2009**
	$'000	**$'000**
Changes in the fair value of plan assets		
Fair value of plan assets at 1 January	**67,353**	59,290
Expected return	**3,865**	4,069
Actuarial gains	**4,713**	1,970
Contributions by employees	**211**	226
Contributions by employer	**7,497**	7,021
Benefits paid	**(6,876)**	(7,956)
Translation differences on consolidation	**(7,351)**	2,733
Fair value of plan assets at 31 December	**69,412**	67,353
The fair values of plan assets in each category are as follows:		
Equity	**37,325**	36,293
Bonds	**14,277**	13,365
Cash	**17,810**	17,695
Fair value of plan assets	**69,412**	67,353
Expense recognised in income statement		
Current service costs	**3,868**	3,840
Interest on obligations	**5,219**	5,209
Expected return on plan assets	**(3,865)**	(4,069)
Defined benefit obligation expenses	**5,222**	4,980
The expense is recognised in the following line items in the income statement:		
Cost of sales	**2,123**	2,460
Administrative expenses	**2,646**	1,992
Other operating expenses	**453**	528
Defined benefit obligation expenses	**5,222**	4,980
Actual return on plan assets	**8,578**	6,039
Actuarial losses recognised in other comprehensive income		
Cumulative amount at 1 January	**32,225**	17,781
Recognised during the year	**(2,229)**	14,444
Cumulative amount at 31 December	**29,996**	32,225

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

23 EMPLOYEE BENEFITS (CONT'D)

The Group operates various funded pension schemes which are established in accordance with local conditions and practices within the countries concerned. The most significant funds are described below:

United Kingdom (UK)

The Group makes contributions to a pension scheme (the Millennium & Copthorne Pension Plan) for its UK employees, which was set up in 1993. The scheme is a funded defined benefit arrangement with different categories of membership. The Trustees of the Plan have appointed Newton Investment Management Limited, Legal and General Investment Management Limited and Ignis Asset Management Limited as the investment managers of the Millennium & Copthorne Pension Plan. The assets of the Millennium & Copthorne Pension Plan are held separately from those of the Group.

The contributions required are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 6 April 2008 and this has been updated on an approximate basis to 31 December 2010. The contributions of the Group during the year were 21.6% (2009: 21.6%) of pensionable salary, plus enhanced contributions of $3.2 million (£1.4 million) per annum to remove the Plan's deficit.

As the defined benefit section is closed to new entrants, the current service cost, as a percentage of pensionable payroll is likely to increase as the membership ages, although it will be applied to a decreasing pensionable payroll. The assumptions which have the most significant effect on the results of the valuation are those relating to mortality, the discount rate and the rates of increase in salaries and pensions.

Korea

The Group makes contributions to a defined benefit pension plan for its employees in Korea. The contributions required are determined by an external qualified actuary using the projected unit credit method. The most recent valuation was carried out on 31 December 2010. The contributions of the Group were 9.9% (2009: 5.2%) of the employees' earnings. The assumptions which have the most significant effect on the results of the valuations are those relating to the discount rate and the rate of increase in salaries.

Taiwan

The Group makes contributions to a defined benefit pension plan for its employees in Taiwan. The contributions required are determined by an external qualified actuary using the projected unit credit method. The most recent valuation was carried out on 31 December 2010. The contributions of the Group were 6% (2009: 6%) of the employees' earnings. The assumptions which have the most significant effect on the results of the valuations are those relating to the discount rate and the rate of increase in salaries.

The assets of each scheme have been taken at market value and the liabilities have been calculated using the following principal assumptions:

	2010 UK	2010 Korea	2010 Taiwan	2009 UK	2009 Korea	2009 Taiwan
Inflation rate	3.60%	–	–	3.70%	–	–
Discount rate*	5.40%	5.00%	1.75%	5.70%	6.00%	2.25%
Rate of salary increase	4.10%	4.00%	2.50%	4.20%	4.00%	2.50%
Rate of pension increase	3.60%	–	–	3.70%	–	–
Annual expected return on plan assets	6.40%	5.00%	1.75%	6.70%	5.00%	2.25%

* The discount rate used in respect of the UK pension scheme of 5.4% (2009: 5.7%) was based on the yield of the Merrill Lynch over-15 year AA rated corporate bond index.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

23 EMPLOYEE BENEFITS (CONT'D)

The life expectancies underlying the value of the accrued liabilities for the Millennium & Copthorne Pension Plan, based on retirement age of 65, are as follows:

	2010 Years	2009 Years
Males	**25**	25
Females	**28**	28

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered, may not be necessarily borne out in practice. The present values of the schemes' liabilities are derived from cash flow projections over long periods and are inherently uncertain. The expected annual return on UK plan assets for 2010 of 6.4% (2009: 6.7%) has been calculated using a 6.8% (2009: 7.1%) return on equity representing 72.0% (2009: 73.0%) of plan assets and a 5.4% (2009: 5.7%) return on bonds representing 28.0% (2009: 27.0%) of plan assets.

Historical information

Trend analysis

Amounts for the current and previous four periods are as follows:

	2010 $'000	2009 $'000	2008 $'000	2007 $'000	2006 $'000
Present value of defined benefit obligations	(102,613)	(108,035)	(86,554)	(125,680)	(132,219)
Fair value of plan assets	69,412	67,353	59,290	88,895	87,041
Deficit in the plan	(33,201)	(40,682)	(27,264)	(36,785)	(45,178)
Experience adjustments on plan liabilities	1,401	(1,125)	3,347	(1,871)	2,158
Changes in assumptions underlying the present value of plan liabilities	(3,885)	(15,289)	15,357	5,574	(7,741)
Actual return less expected return on plan assets	4,713	1,970	(16,297)	(1,716)	1,131

24 OTHER LIABILITIES

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Miscellaneous (principally deposits received and payables)		**9,760**	10,582	**–**	–
Rental deposits		**43,651**	46,413	**10,963**	12,118
Non-current retention sums payable		**23,604**	32,381	**10,240**	19,300
Amount owing to a subsidiary	5	**–**	–	**150,000**	61,124
		77,015	89,376	**171,203**	92,542
Repayable:					
- Within 1 year		**135**	75	**–**	–
- After 1 year		**76,880**	89,301	**171,203**	92,542
		77,015	89,376	**171,203**	92,542

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

25 PROVISIONS

	Onerous contracts $'000	Capital expenditure $'000	Rental guarantee $'000	Total $'000
Group				
At 1 January 2010	1,947	4,206	–	6,153
Provisions made	–	11,199	5,017	16,216
Provisions utilised	(503)	(2,445)	(98)	(3,046)
Translation differences on consolidation	(190)	11	–	(179)
At 31 December 2010	1,254	12,971	4,919	19,144
Current				14,895
Non-current				4,249
				19,144

The onerous contracts relate to an onerous lease and the balance will be released over the life of the lease until 2014.

The provisions for capital expenditure relate to the Group's obligations to incur capital expenditure under the terms of certain hotel operating agreements.

The provision for rental guarantee was made in conjunction with the sale of an investment property by a subsidiary during the year. Under the sale and purchase agreement, the Group is obliged to compensate the buyer for any shortfall in net rental income over a period of 3 years from November 2010.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

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 2009 $'000	Recognised in income statement (Note 30) $'000	Recognised in statement of comprehensive income (Note 30) $'000	Recognised directly in equity $'000	Translation differences on consolidation $'000	At 31 December 2009 $'000
Group						
Deferred tax liabilities						
Property, plant and equipment	331,232	(9,459)	–	–	(779)	320,994
Investment properties	30,805	(435)	–	–	213	30,583
Financial assets	1,411	–	2,184	–	–	3,595
Development properties	83,157	43,345	–	–	–	126,502
Others	2,969	(1,097)	–	–	–	1,872
	449,574	32,354	2,184	–	(566)	483,546
Deferred tax assets						
Property, plant and equipment	(373)	(203)	–	–	17	(559)
Tax losses	(20,593)	(3,340)	–	–	471	(23,462)
Employee benefits	(5,085)	(1,093)	(3,673)	(3,395)	(1,015)	(14,261)
Others	(15,334)	1,558	–	–	(30)	(13,806)
	(41,385)	(3,078)	(3,673)	(3,395)	(557)	(52,088)
	408,189	29,276	(1,489)	(3,395)	(1,123)	431,458

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

26 DEFERRED TAX LIABILITIES (CONT'D)

	At 1 January 2010 $'000	Recognised in income statement (Note 30) $'000	Recognised in statement of comprehensive income (Note 30) $'000	Recognised directly in equity $'000	Acquisition of a subsidiary (Note 35) $'000	Translation differences on consolidation $'000	At 31 December 2010 $'000
Group							
Deferred tax liabilities							
Property, plant and equipment	320,994	19,796	–	–	7,921	(25,890)	322,821
Investment properties	30,583	(2,051)	–	–	–	(469)	28,063
Financial assets	3,595	–	(381)	–	–	–	3,214
Development properties	126,502	8,931	–	–	–	–	135,433
Others	1,872	3,259	–	–	–	–	5,131
	483,546	29,935	(381)	–	7,921	(26,359)	494,662
Deferred tax assets							
Property, plant and equipment	(559)	(527)	–	–	–	73	(1,013)
Tax losses	(23,462)	(8,020)	–	–	–	2,897	(28,585)
Employee benefits	(14,261)	186	1,021	(4,703)	–	1,887	(15,870)
Others	(13,806)	7,054	556	–	–	2,768	(3,428)
	(52,088)	(1,307)	1,577	(4,703)	–	7,625	(48,896)
	431,458	28,628	1,196	(4,703)	7,921	(18,734)	445,766

Deferred tax liabilities of the Company are attributable to the following:

	Company 2010 $'000	Company 2009 $'000
Deferred tax liabilities		
Property, plant and equipment	**9**	228
Investment properties	**2,542**	2,631
Financial assets	**2,858**	3,060
Development properties	**94,424**	74,132
Others	**3,357**	1,838
	103,190	81,889

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

26 DEFERRED TAX LIABILITIES (CONT'D)

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	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Deferred tax assets	9	**3,392**	2,339	**–**	–
Deferred tax liabilities		**(449,158)**	(433,797)	**(103,190)**	(81,889)
		(445,766)	(431,458)	**(103,190)**	(81,889)

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	
	2010 $'000	2009 $'000
Deductible temporary differences	**85,020**	76,562
Tax losses	**174,176**	147,196
	259,196	223,758

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	
	2010 $'000	2009 $'000
Expiry dates		
- Within 1 to 5 years	**35,408**	5,011
- After 5 years	**3,952**	–
	39,360	5,011

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

27 TRADE AND OTHER PAYABLES

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Trade payables		**101,167**	111,207	**11,064**	13,031
Accruals		**556,130**	471,283	**197,568**	175,760
Deferred income		**87,775**	50,787	**43**	–
Other payables		**41,746**	25,887	**776**	923
Rental and other deposits		**59,747**	48,650	**9,745**	5,350
Retention sums payable		**40,953**	36,909	**26,588**	22,008
Derivative financial liabilities		**2,685**	–	**–**	–
Amounts owing to:					
- subsidiaries	5	**–**	–	**995,399**	560,843
- an associate	6	**6,443**	6,143	**10**	10
- jointly-controlled entities	7	**18,661**	20,301	**–**	–
- fellow subsidiaries	14	**28,543**	24,432	**19**	13
		943,850	795,599	**1,241,212**	777,938

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 2010 $'000	Group 2009 $'000
Dividends from investments:		
- fellow subsidiaries		
- quoted	**1,243**	217
- unquoted	**9,816**	1,688
- others		
- quoted equity investments	**2,734**	5,106
- unquoted equity investments	**267**	2,031
Hotel operations	**1,577,419**	1,491,998
Property development	**1,149,958**	1,447,014
Rental and car park income from investment properties	**332,495**	280,808
Others	**54,648**	43,963
	3,128,580	3,272,825

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

29 PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

	Group	
	2010	2009
	$'000	$'000
Other operating income		
Gain arising in respect of step up acquisition of a jointly-controlled entity	**17,662**	–
Gain on dilution of investment in an associate	**25,470**	–
Gain on liquidation and disposal of jointly-controlled entities and an associate	**966**	1,126
Management fees and miscellaneous income	**6,171**	6,770
Profit on sale of investment, property, plant and equipment and investment properties	**241,045**	–
	291,314	7,896
Staff costs		
Contributions to defined contribution plans	**27,772**	25,935
Equity settled share-based transactions	**(1,716)**	3,674
Increase in liability for defined benefit plans	**5,237**	4,980
Increase in liability for short-term accumulating compensated absences	**398**	663
(Decrease)/Increase in liability for long service leave	**(28)**	254
Wages and salaries	**634,821**	609,351
	666,484	644,857
Less:		
Staff costs capitalised in:		
- development properties	**(2,092)**	(2,068)
- property, plant and equipment	**(108)**	(188)
- investment properties	**(98)**	(484)
	664,186	642,117
Other expenses		
Amortisation of intangible assets	**12**	12
Charge of impairment losses on:		
- trade and other receivables	**290**	466
- amounts owing by a jointly-controlled entity	**1,188**	3,016
- investment properties (net)	**23,863**	8,346
- property, plant and equipment (net)	**30,840**	2,124
Depreciation of:		
- investment properties	**61,725**	55,457
- property, plant and equipment	**78,929**	78,893
Direct operating expenses arising from rental of investment properties (excluding depreciation)	**97,703**	74,220
Direct operating expenses arising from investment properties which are not leased	**86**	24
Exchange gain (net)	**(5,792)**	(6,848)
Goodwill written off in respect of additional interest acquired in a jointly-controlled entity to become a subsidiary	**17,042**	–
Loss on disposal of property, plant and equipment	**–**	590
Loss on disposal of a jointly-controlled entity	**1,644**	–
Non-audit fees:		
- auditors of the Company	**657**	609
- other auditors of the subsidiaries	**1,346**	1,850
Operating lease expenses	**109,092**	97,652
Property, plant and equipment and investment properties written off	**286**	478

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

29 PROFIT FOR THE YEAR (CONT'D)

	Group 2010 $'000	Group 2009 $'000
Finance income		
Interest income		
- fellow subsidiaries	**24**	51
- fixed deposits with financial institutions	**6,077**	5,417
- jointly-controlled entities	**10,828**	8,009
- unquoted convertible notes of a jointly-controlled entity	**10,259**	5,166
- others	**207**	187
Mark-to-market gain on financial assets held for trading (net)	**1,620**	13,014
Change in fair value of financial assets designated at fair value through profit or loss	**6,343**	–
Discount on rental guarantee provision	**282**	–
Total finance income	**35,640**	31,844
Finance costs		
Interest expense		
- banks	**36,247**	40,661
- bonds and notes	**47,894**	47,567
- fellow subsidiaries	**688**	209
- others	**1,973**	136
Amortisation of transaction costs capitalised	**7,975**	4,730
Mark-to-market loss on financial assets held for trading (net)	**1,156**	–
Change in fair value of financial assets designated at fair value through profit or loss	**–**	202
Total finance costs	**95,933**	93,505
Finance costs capitalised in:		
- development properties	**(26,555)**	(21,994)
- investment properties	**(180)**	(383)
- property, plant and equipment	**(490)**	(1,051)
Finance costs charged to income statement	**68,708**	70,077
Net finance costs	**33,068**	38,233
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	**23,761**	13,664
- Total finance costs on financial liabilities	**68,708**	69,875
Recognised in other comprehensive income		
(Loss)/Gain in fair value of equity investments available for sale	**(1,868)**	17,567

Included in the mark-to-market loss on financial assets held for trading is a loss of $5,381,000 (2009: mark-to-market gain of $3,656,000) recognised on shares of listed subsidiaries which are held by the Group for trading purposes. As these shares are held for trading purposes, and not as part of the controlling block of shares held in the subsidiaries, the relevant portion of equity represented is not consolidated.

Finance costs of the Group and the Company have been capitalised at rates ranging from 0.31% to 3.57% (2009: 0.59% to 3.57%) and 0.31% to 2.08% (2009: 0.59% to 2.11%) per annum for development properties, investment properties and property, plant and equipment respectively.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

30 INCOME TAX EXPENSE

	Note	Group 2010 $'000	Group 2009 $'000
Current tax expense			
Current year		**183,869**	126,263
(Over)/Under provision in respect of prior years		**(10,564)**	5,417
		173,305	131,680
Deferred tax expense			
Movements in temporary differences		**3,326**	46,243
Effect of changes in tax rates and legislation		**23,741**	(13,884)
Under/(Over) provision in respect of prior years		**1,561**	(3,083)
	26	**28,628**	29,276
Total income tax expense		**201,933**	160,956

Income tax recognised in other comprehensive income

	2010 Before tax $'000	2010 Tax (expense)/ benefit $'000	2010 Net of tax $'000	2009 Before tax $'000	2009 Tax (expense)/ benefit $'000	2009 Net of tax $'000
Group						
Actuarial gains/(losses) on defined benefit plans	2,229	(1,021)	1,208	(14,565)	3,673	(10,892)
Change in fair value of equity investments available for sale	(2,249)	381	(1,868)	19,751	(2,184)	17,567
Effective portion of changes in fair value of cash flow hedges	(1,690)	(556)	(2,246)	–	–	–
Exchange differences on hedges of net investment in foreign entities	(34,028)	–	(34,028)	(21,964)	–	(21,964)
Exchange differences on monetary items forming part of net investments in foreign entities	(26,218)	–	(26,218)	920	–	920
Exchange differences realised on dilution of investment in an associate	487	–	487	–	–	–
Exchange differences realised on disposal of a jointly-controlled entity and an associate	980	–	980	96	–	96
Realisation of share of other reserve of an associate on dilution of investment in the associate	1,032	–	1,032	–	–	–
Share of other reserve movement of associates	–	–	–	11	–	11
Translation differences arising on consolidation of foreign entities	(246,240)	–	(246,240)	74,297	–	74,297
	(305,697)	(1,196)	(306,893)	58,546	1,489	60,035

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

30 INCOME TAX EXPENSE (CONT'D)

Reconciliation of effective tax rate

	Group	
	2010	**2009**
	$'000	**$'000**
Profit before income tax	**1,032,307**	831,588
Income tax using the Singapore tax rate of 17% (2009: 17%)	**175,492**	141,373
Income not subject to tax	**(38,452)**	(20,571)
Expenses not deductible for tax purposes		
- expenses	**34,944**	32,182
- write-back	**(2,465)**	(566)
Effect of changes in tax rates and legislation	**23,741**	(13,884)
Effect of different tax rates in other countries	**7,588**	14,640
Effect of share of results of jointly-controlled entities	**2,315**	2,767
Unrecognised deferred tax assets	**8,874**	6,078
Tax effect of losses not allowed to be set off against future taxable profits	**691**	1,123
Tax incentives	**(1,041)**	(183)
Utilisation of previously unrecognised deferred tax assets	**(751)**	(4,337)
(Over)/Under provision in respect of prior years	**(9,003)**	2,334
	201,933	160,956

31 EARNINGS PER SHARE

Basic earnings per share is calculated based on:

	Group	
	2010	**2009**
	$'000	**$'000**
Profit attributable to shareholders	**748,974**	593,421
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	**736,070**	580,517

	Group	
	2010	**2009**
	Number of shares	**Number of shares**
Weighted average number of ordinary shares	**909,301,330**	909,301,330
Basic earnings per share	**80.9 cents**	63.8 cents

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

31 EARNINGS PER SHARE (CONT'D)

Diluted earnings per share is based on:

	Group 2010 $'000	Group 2009 $'000
Profit attributable to ordinary shareholders after adjustment for non-redeemable convertible non-cumulative preference dividends	**736,070**	580,517
Dividends on non-redeemable convertible non-cumulative preference shares	**12,904**	12,904
Less:		
Adjustment relating to dilutive instruments of a jointly-controlled entity	**–**	(5,269)
Net profit used for computing diluted earnings per share	**748,974**	588,152

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 2010 Number of shares	Group 2009 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	**78.5 cents**	61.6 cents

32 DIVIDENDS

	Company 2010 $'000	Company 2009 $'000
Final tax exempt (one-tier) ordinary dividend paid of 8.0 cents (2009: 7.5 cents) per ordinary share in respect of financial year ended 31 December 2009	**72,745**	68,198
Non-cumulative tax exempt (one-tier) preference dividend paid of 1.93 cents (2009: 1.93 cents) per preference share	**6,399**	6,399
Non-cumulative tax exempt (one-tier) preference dividend paid of 1.97 cents (2009: 1.97 cents) per preference share	**6,505**	6,505
	85,649	81,102

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

32 DIVIDENDS (CONT'D)

After the reporting date, the directors proposed the following ordinary dividends, which have not been provided for:

	Company	
	2010	2009
	$'000	$'000
Final tax exempt (one-tier) ordinary dividend of 8.0 cents (2009: 8.0 cents) per ordinary share	**72,744**	72,744
Special final tax exempt (one-tier) ordinary dividend of 10.0 cents (2009: Nil cents) per ordinary share	**90,930**	–
	163,674	72,744

33 COMMITMENTS

The Group and the Company have the following commitments as at the reporting date:

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Development expenditure contracted but not provided for in the financial statements	**639,271**	411,084	**345,866**	247,727
Capital expenditure contracted but not provided for in the financial statements	**159,860**	201,455	**–**	–

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	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Within 1 year	**75,340**	68,229	**6,117**	7,545
After 1 year but within 5 years	**227,505**	204,483	**6,815**	3,346
After 5 years	**575,510**	624,766	**–**	–
	878,355	897,478	**12,932**	10,891

Contingent rents, generally determined based on a percentage of gross revenue and gross operating profit of the relevant properties, of $47,280,000 (2009: $33,482,000) for the Group have been recognised as an expense in the income statement during the year.

(b) The Group and the Company lease out some of their investment properties and development properties. Non-cancellable operating lease rentals are receivable as follows:

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Within 1 year	**239,930**	276,839	**52,269**	49,548
After 1 year but within 5 years	**350,198**	326,159	**43,534**	67,197
After 5 years	**46,395**	24,602	**–**	–
	636,523	627,600	**95,803**	116,745

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

33 COMMITMENTS (CONT'D)

Included in the above non-cancellable operating lease rental receivable are amounts relating to the investment properties classified as held for sale (Note 11) as set out below.

The leases for these properties will be assigned or novated to the purchasers on completion of the sale. Consequently, there will be no operating lease rental receivable by the Group for these investment properties classified as held for sale in the future after the sales are completed.

	Group	
	2010	**2009**
	$'000	**$'000**
Within 1 year	**5,707**	1,343
After 1 year but within 5 years	**4,687**	1,208
	10,394	2,551

Contingent rents, generally determined based on a percentage of tenants' revenue, of $526,000 (2009: $187,000) and $414,000 (2009: $149,000) have been recognised as income by the Group and the Company, respectively, in the income statement during the year.

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		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Dividends received from:				
- fellow subsidiaries	**11,059**	1,905	**4,864**	1,870
- jointly-controlled entities	**–**	–	**100,000**	31,500
	11,059	1,905	**104,864**	33,370
Interest received and receivable from:				
- subsidiaries	**–**	–	**50,475**	30,626
- fellow subsidiaries	**24**	51	**–**	–
- jointly-controlled entities	**10,828**	8,009	**3,961**	4,908
- unquoted convertible notes of a jointly-controlled entity	**10,259**	5,166	**–**	–
	21,111	13,226	**54,436**	35,534
Management services fees received and receivable from:				
- subsidiaries	**–**	–	**1,821**	1,775
- fellow subsidiaries	**1,457**	2,611	**1,427**	2,556
- jointly-controlled entities	**4,875**	5,065	**469**	1,130
- an associate	**12,440**	8,116	**14**	46
	18,772	15,792	**3,731**	5,507
Maintenance services fees received and receivable from:				
- fellow subsidiaries	**206**	242	**–**	–
- jointly-controlled entities	**703**	615	**–**	–
	909	857	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

34 RELATED PARTIES (CONT'D)

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Recovery of costs from:				
- subsidiaries	**–**	–	**5,922**	5,272
- jointly-controlled entities	**49**	49	**49**	49
	49	49	**5,971**	5,321
Rental and rental-related income received and receivable from:				
- subsidiaries	**–**	–	**1,443**	1,460
- fellow subsidiaries	**688**	883	**289**	59
- an associate	**453**	440	**453**	440
- a related party	**159**	150	**–**	–
	1,300	1,473	**2,185**	1,959
Interest paid and payable to a subsidiary	**–**	–	**4,402**	7,418
Sale of a motor vehicle to a jointly-controlled entity	**485**	–	**485**	–
Sale of a property to a key management personnel and his immediate family	**4,635**	–	**4,635**	–
Management services fees paid and payable to:				
- a subsidiary	**–**	–	**170**	146
- a fellow subsidiary	**1,088**	1,301	**–**	–
	1,088	1,301	**170**	146
Maintenance services fees paid and payable to subsidiaries	**–**	–	**3,725**	2,077
Professional fees paid and payable to firms of which directors of the Company are members:				
- charged to income statement	**3**	–	**3**	–
- included as cost of property, plant and equipment and cost of development properties	**198**	642	**193**	640
	201	642	**196**	640
Rental and rental-related expenses paid and payable to:				
- subsidiaries	**–**	–	**7,693**	7,608
- fellow subsidiaries	**148**	123	**117**	–
- a jointly-controlled entity	**689**	894	**–**	–
- an associate	**73,312**	59,735	**–**	–
	74,149	60,752	**7,810**	7,608
Short-term employee benefits paid and payable to key management personnel	**23,718**	19,632	**23,179**	19,349

NOTES TO THE FINANCIAL STATEMENTS

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35 ACQUISITION OF SUBSIDIARIES

There were the following acquisitions of subsidiaries in 2010:

(a) On 15 November 2010, Beijing Fortune Co., Ltd. (Beijing Fortune) which owns and operates the Grand Millennium Hotel Beijing became a 70% owned subsidiary following the Group's 54% owned subsidiary, Millennium & Copthorne Hotel plc (M&C) exercising an option to buy an additional 40% interest from Beijing Xiangjiang Xinli Real Estate Development Co., Ltd. for a consideration of RMB 189,257,000. Beijing Fortune was previously a jointly-controlled entity which M&C held a 30% interest. From 15 November 2010 to 31 December 2010, Beijing Fortune contributed revenue of $4,236,000 and a net loss of $1,406,000 to the consolidated profit for the year. If the acquisition had occurred on 1 January 2010, management estimates the Group's revenue and profit for the year would have been $3,159,905,000 and $819,389,000 respectively.

(b) On 31 December 2010, the Group acquired the remaining 50% interest in its jointly-controlled entity, Glengary Pte. Ltd. for a consideration of $9,039,000. If the acquisition had occurred on 1 January 2010, management estimates the Group's profit for the year would have been $830,163,000. There is however, no effect on the Group's revenue.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition dates:

	Pre-acquisition carrying amount $'000	Finalised fair value adjustment $'000	Fair value on acquisition $'000
Property, plant and equipment	128,031	623	128,654
Lease premium prepayment - non-current	57,502	30,198	87,700
Lease premium prepayment - current	1,622	860	2,482
Consumable stocks	387	–	387
Trade and other receivables	2,528	–	2,528
Cash at bank	36,952	–	36,952
Trade and other payables	(40,299)	4,499	(35,800)
Interest-bearing borrowings	(32,276)	–	(32,276)
Non-current term loan	(93,071)	–	(93,071)
Deferred taxation	–	(7,921)	(7,921)
	61,376	28,259	89,635
Non-controlling interests (based on share of net assets)	(15,689)	(7,128)	(22,817)
Net assets acquired	45,687	21,131	66,818
Amount previously accounted for as jointly-controlled entities			(4,539)
Goodwill (*)			17,042
Gain arising in respect of step up acquisition (**)			(17,662)
Fair value of the tax indemnity to former shareholders (***)			(15,578)
Cash consideration paid, satisfied in cash			46,081
Cash acquired			(36,952)
Net cash outflow			9,129

NOTES TO THE FINANCIAL STATEMENTS

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35 ACQUISITION OF SUBSIDIARIES (CONT'D)

The transaction costs incurred for the above acquisitions amounted to $417,000.

* This arose from acquisition of Beijing Fortune. In 2006 when the initial 30% interest in Beijing Fortune was acquired and in 2007 when the option price for the additional 40% interest and the subsequent tax indemnity (refer***) was agreed, the ultimate value of M&C's interest in the hotel was expected to be considerably in excess of its cost. However, after the opening of hotel in April 2008 and the difficult economic conditions and over supplied hotel situation in Beijing post 2008 Olympics, the trading and value of the hotel fell. Although the value of hotel increased subsequently, as reflected in the gain on step acquisition (refer**), it has not yet attained the level originally anticipated. Upon completion of the acquisition, management of M&C conducted an impairment review on the goodwill which is allocated to hotel. It was determined that the recoverable value of the acquired business should be based on the aggregate of the fair value Beijing Fortune's identifiable assets and liabilities as shown on the above table which supported their carrying value. The goodwill reflects the strategic development opportunities in this region and is not supported by the recoverable value of Beijing Fortune. The goodwill had accordingly been written-off to the income statement.

** This was derived by applying 30% to the fair value of the net assets acquired, adjusted to exclude a control premium, less the carrying cost of the original investment. This amount has been credited to the income statement under "other operating income".

*** This represents the fair value of a liability for additional costs of securing the land on which Grand Millennium Hotel Beijing is sited. The transfer of land attracts land appreciation tax and foreign enterprise income not originally factored into the land sale price. A definitive framework agreement to purchase the original 30% interest and then take up an option to purchase an additional 40% interest was later supplemented in September 2007 with a deed of indemnity to remedy the tax issue. Under the terms of that indemnity, it is only applicable in the event that M&C's interest steps up to 70% and this represents 70% of the total tax liability.

On 22 September 2009, the Group acquired the remaining 50% interest in its jointly-controlled entity, K-EL Sun Investments Pte. Ltd. and its subsidiaries (collectively "K-EL Sun"), for a consideration of $35,145,000. From 22 September 2009 to 31 December 2009, K-EL Sun contributed a net loss of $36,000 to the consolidated net profit for the year. If the acquisition had occurred on 1 January 2009, management estimates that the Group's net profit for the year would have been $670,546,000. There is, however, no effect on the Group's revenue.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Pre-acquisition carrying amount $'000	Finalised fair value adjustment $'000	Fair value on acquisition $'000
Development property	316,761	(6,162)	310,599
Other current assets	139	–	139
Cash at bank	102	–	102
Trade and other payables	(1,975)	–	(1,975)
Amount owing to shareholder	(41,411)	–	(41,411)
Non-current term loan (secured)	(232,413)	–	(232,413)
Net assets acquired	41,203	(6,162)	35,041
Amount previously accounted for as jointly-controlled entities			104
Cash consideration paid, satisfied in cash			35,145
Cash acquired			(102)
Net cash outflow			35,043

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

36 FINANCIAL INSTRUMENTS BY CATEGORY

Set out below is an analysis of the Group's financial instruments:

	Note	Loans and receivables	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Fair value - hedging instruments	Liabilities at amortised cost	Total
		$'000	$'000	$'000	$'000	$'000	$'000
Group							
2010							
Assets							
Financial assets		–	168,521	247,264	–	–	415,785
Other non-current assets excluding deferred tax assets and intangible assets		111,894	–	–	–	–	111,894
Trade and other receivables excluding prepayments		833,203	–	–	–	–	833,203
Cash and cash equivalents	15	1,873,826	–	–	–	–	1,873,826
		2,818,923	168,521	247,264	–	–	3,234,708
Liabilities							
Interest-bearing borrowings	19	–	–	–	–	4,205,301	4,205,301
Trade and other payables excluding deferred income	27	–	–	–	2,685	853,390	856,075
Other liabilities	24	–	–	–	–	77,015	77,015
		–	–	–	2,685	5,135,706	5,138,391

	Note	Loans and receivables	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Liabilities at amortised cost	Total
		$'000	$'000	$'000	$'000	$'000
Group						
2009						
Assets						
Financial assets		–	194,963	231,368	–	426,331
Other non-current assets excluding deferred tax assets and intangible assets		56,373	–	–	–	56,373
Trade and other receivables excluding prepayments		718,810	–	–	–	718,810
Cash and cash equivalents	15	981,486	–	–	–	981,486
		1,756,669	194,963	231,368	–	2,183,000
Liabilities						
Interest-bearing borrowings	19	–	–	–	4,016,128	4,016,128
Trade and other payables excluding deferred income	27	–	–	–	744,812	744,812
Other liabilities	24	–	–	–	89,376	89,376
		–	–	–	4,850,316	4,850,316

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

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					
2010					
Assets					
Financial assets		–	32,353	–	32,353
Other non-current assets		18,704	–	–	18,704
Trade and other receivables excluding prepayments		3,574,271	–	–	3,574,271
Cash and cash equivalents	15	981,090	–	–	981,090
		4,574,065	32,353	–	4,606,418
Liabilities					
Interest-bearing borrowings	19	–	–	2,548,182	2,548,182
Trade and other payables excluding deferred income	27	–	–	1,241,169	1,241,169
Other liabilities	24	–	–	171,203	171,203
		–	–	3,960,554	3,960,554

	Note	Loans and receivables $'000	Available-for-sale financial assets $'000	Liabilities at amortised cost $'000	Total $'000
Company					
2009					
Assets					
Financial assets		–	33,543	–	33,543
Other non-current assets		30,441	–	–	30,441
Trade and other receivables excluding prepayments		2,592,022	–	–	2,592,022
Cash and cash equivalents	15	407,571	–	–	407,571
		3,030,034	33,543	–	3,063,577
Liabilities					
Interest-bearing borrowings	19	–	–	1,998,248	1,998,248
Trade and other payables excluding deferred income	27	–	–	777,938	777,938
Other liabilities	24	–	–	92,542	92,542
		–	–	2,868,728	2,868,728

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

37 FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

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

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

The Audit Committee provides independent oversight of the effectiveness of the 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

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					
2010					
Term loans	2,105,129	2,207,206	417,280	1,674,200	115,726
Bonds and notes	2,031,553	2,179,887	355,881	1,824,006	–
Bank loans	67,767	67,823	67,823	–	–
Trade and other payables*	856,075	856,792	854,411	2,381	–
Bank overdrafts	852	852	852	–	–
Other liabilities	77,015	77,015	135	76,880	–
	5,138,391	5,389,575	1,696,382	3,577,467	115,726
2009					
Term loans	2,489,926	2,583,416	434,370	2,149,046	–
Bonds and notes	1,524,846	1,610,687	547,509	1,063,178	–
Trade and other payables*	744,812	745,425	745,425	–	–
Bank overdrafts	1,352	1,376	1,376	–	–
Other liabilities	89,376	89,376	75	79,369	9,932
	4,850,312	5,030,280	1,728,755	3,291,593	9,932

* Excluding deferred income

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

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					
2010					
Term loans	1,403,901	1,439,052	242,203	1,196,849	–
Bonds and notes	1,096,745	1,209,100	23,688	1,185,412	–
Bank loans	47,536	47,576	47,576	–	–
Trade and other payables*	1,241,169	1,241,169	1,241,169	–	–
Other liabilities	171,203	174,827	3,624	171,203	–
	3,960,554	4,111,724	1,558,260	2,553,464	–
2009					
Term loans	1,468,984	1,520,065	102,694	1,417,371	–
Bonds and notes	529,261	576,017	172,845	403,172	–
Trade and other payables*	777,938	783,430	783,430	–	–
Other liabilities	92,542	92,542	–	81,418	11,124
	2,868,725	2,972,054	1,058,969	1,901,961	11,124

* 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

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. Further details of interest rate derivatives in place at 31 December 2010 (2009: Nil) are provided below:

Cash flow hedges

During the year, a subsidiary of the Group entered into a number of interest rate swaps to fix the interest relating to the payment of quarterly interest charges arising on floating rate unsecured bonds totalling US$50 million, and designated it as a cash flow hedge. The risk being hedged is the variability of cash flows arising from movements in interest rates. The hedge is in place until the loans mature in March 2013. The fair value of the interest rate swaps as at 31 December 2010 was a £0.4 million (approximately $845,000) liability (2009: $Nil).

The cash flows occur on a quarterly basis until the loan balance matures in March 2013 and the hedge is designated as a cash flow hedge, which is 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 £0.4 million (approximately $845,000) (2009: $Nil). There was no ineffectiveness recognised in the income statement that arose from this cash flow hedge.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

Interest rates analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, their nominal interest rates at the reporting date and carrying amounts are illustrated as below:

	Note	Interest rates per annum		Carrying amount		
		Floating rate %	Fixed rate %	Floating rate $'000	Fixed rate $'000	Total $'000
Group						
2010						
Financial assets						
Cash and cash equivalents		–	0.01 to 6.00	–	1,645,671	1,645,671
Amounts owing by jointly-controlled entities*		–	0.75 to 4.75	–	426,457	426,457
Financial assets designated at fair value through profit or loss		–	15.00	–	211,379	211,379
				–	2,283,507	2,283,507
Financial liabilities						
Bank overdrafts	15	3.54	–	(852)	–	(852)
Term loans	20					
- secured		0.68 to 7.17	–	(727,977)	–	(727,977)
- unsecured		0.62 to 5.75	–	(1,377,152)	–	(1,377,152)
Bank loans	22					
- secured		5.95 to 6.65	–	(20,231)	–	(20,231)
- unsecured		0.52 to 0.81	–	(47,536)	–	(47,536)
Bonds and notes	21					
- secured		–	3.01 to 3.88	–	(299,784)	(299,784)
- unsecured		0.96 to 1.25	1.34 to 4.85	(367,143)	(1,364,626)	(1,731,769)
Amounts owing to a fellow subsidiary		–	2.50	–	(28,359)	(28,359)
				(2,540,891)	(1,692,769)	(4,233,660)
Total				(2,540,891)	590,738	(1,950,153)

* Carrying amount is net of impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

	Note	Interest rates per annum		Carrying amount		
		Floating rate	Fixed rate	Floating rate	Fixed rate	Total
		%	%	$'000	$'000	$'000
Group						
2009						
Financial assets						
Cash and cash equivalents		–	0.01 to 4.08	–	841,549	841,549
Amounts owing by jointly-controlled entities*		–	0.75 to 4.75	–	466,280	466,280
Financial assets designated at fair value through profit or loss		–	15.00	–	198,697	198,697
				–	1,506,526	1,506,526
Financial liabilities						
Bank overdrafts	15	3.12	–	(1,352)	–	(1,352)
Term loans	20					
- secured		0.90 to 6.21	–	(880,794)	–	(880,794)
- unsecured		0.71 to 5.62	–	(1,609,132)	–	(1,609,132)
Finance lease creditors	19	–	3.33 to 6.51	–	(4)	(4)
Bonds and notes	21					
- secured		3.34 to 3.39	2.95 to 3.88	(58,313)	(349,841)	(408,154)
- unsecured		0.94 to 1.51	3.07 to 5.50	(388,717)	(727,975)	(1,116,692)
Amounts owing to a fellow subsidiary		–	2.50	–	(24,242)	(24,242)
				(2,938,308)	(1,102,062)	(4,040,370)
Total				(2,938,308)	404,464	(2,533,844)

* Carrying amount is net of impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

		Interest rates per annum		Carrying amount		
	Note	**Floating rate %**	**Fixed rate %**	**Floating rate $'000**	**Fixed rate $'000**	**Total $'000**
Company						
2010						
Financial assets						
Cash and cash equivalents		–	0.03 to 0.50	–	971,731	971,731
Amounts owing by:						
- subsidiaries*		0.51 to 2.40	1.00 to 13.00	822,720	1,699,199	2,521,919
- jointly-controlled entities*		–	1.50	–	164,321	164,321
				822,720	2,835,251	3,657,971
Financial liabilities						
Amounts owing to a subsidiary	5	–	1.34 to 3.57	–	(150,304)	(150,304)
Term loans	20					
- secured		0.68 to 1.43	–	(232,535)	–	(232,535)
- unsecured		0.62 to 1.71	–	(1,171,366)	–	(1,171,366)
Bonds and notes (unsecured)	21	–	2.48 to 4.85	–	(1,096,745)	(1,096,745)
Bank loans	22	0.6 to 0.61	–	(47,536)	–	(47,536)
				(1,451,437)	(1,247,049)	(2,698,486)
Total				(628,717)	1,588,202	959,485

* Carrying amount is net of impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

	Note	Interest rates per annum Floating rate %	Interest rates per annum Fixed rate %	Carrying amount Floating rate $'000	Carrying amount Fixed rate $'000	Total $'000
Company						
2009						
Financial assets						
Cash and cash equivalents		–	0.02 to 0.43	–	390,867	390,867
Amounts owing by:						
- subsidiaries*		0.64 to 3.57	1.00 to 13.00	726,308	1,066,174	1,792,482
- jointly-controlled entities*		–	1.50 to 2.50	–	250,727	250,727
				726,308	1,707,768	2,434,076
Financial liabilities						
Amounts owing to subsidiaries	5	3.02 to 3.57	–	(229,454)	–	(229,454)
Term loans	20					
- secured		0.95 to 1.05	–	(92,155)	–	(92,155)
- unsecured		0.86 to 2.71	–	(1,376,829)	–	(1,376,829)
Finance lease creditors		–	6.51	–	(3)	(3)
Bonds and notes (unsecured)	21	–	3.10 to 5.50	–	(529,261)	(529,261)
				(1,698,438)	(529,264)	(2,227,702)
Total				(972,130)	1,178,504	206,374

* 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.

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
100 bp increase				
Reduction in profit before income tax and on accumulated profits	**(25,309)**	(29,542)	**(6,071)**	(9,655)

There is no impact on other components of equity.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

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 Singapore Dollar, Japanese Yen, Sterling Pound, Thai Baht and United States Dollar.

The Group has a decentralised approach to the management of foreign exchange risk. The Group manages its foreign exchange exposure by adopting a policy of matching receipts and payments, and asset purchases and borrowings, in the currency of the relevant entity, where possible. Entities in the Group may have different approaches to the identification and management of this risk. Entities in the Group may borrow in currencies other than their functional currencies to fund investments that are denominated in their borrowing currencies. 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 2010 (2009: Nil) are provided below:

Cash flow hedges

During the year, a number of forward cross currency swaps were executed by a subsidiary of the Group to hedge the foreign currency risk in respect of the repayment in February 2013 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 2013, arising from movement of Korean Won against the US dollar over that 3-year period.

The hedge is designated as a cash flow hedge, which is 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 a cash flow hedge reserve. The loss recognised in other comprehensive income during the year in respect of the change in fair value of these hedging instruments was £0.4 million (approximately $845,000) (2009: $Nil).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

The Group's and Company's exposure to foreign currencies are as follows:

	Singapore Dollar $'000	United States Dollar $'000	Sterling Pound $'000	Thai Baht $'000	Others $'000
Group					
2010					
Financial assets	–	3,348	15,548	–	370
Trade and other receivables**	236	707	–	1,307	1,527
Cash and cash equivalents	77,213	66,009	27,355	–	2,957
Amount owing (to)/by subsidiaries (net)	(343,561)	99,036	4,902	111,071	52,061
Interest-bearing borrowings	(216,000)	(458,601)	–	–	(47,536)
Trade and other payables***	(2,868)	(1,010)	(2)	–	(508)
	(484,980)	(290,511)	47,803	112,378	8,871

	Singapore Dollar $'000	United States Dollar $'000	Japanese Yen $'000	Thai Baht $'000	Others $'000
Group					
2009					
Financial assets	–	–	–	–	12,629
Other non-current assets*	–	5,340	–	–	–
Trade and other receivables**	28	230	–	–	4
Cash and cash equivalents	16,531	44,396	–	–	35,157
Amount owing (to)/by subsidiaries (net)	(420,074)	(275,662)	71,474	109,620	22,293
Interest-bearing borrowings	(219,000)	(483,669)	–	–	–
Trade and other payables***	(5,678)	(994)	(67)	–	(789)
	(628,193)	(710,359)	71,407	109,620	69,294

* Excluding deferred tax assets and intangible assets
** Excluding prepayments
*** Excluding deferred income

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

	United States Dollar $'000	Hong Kong Dollar $'000	Japanese Yen $'000	Others $'000
Company				
2010				
Trade and other receivables*	84	–	–	2
Cash and cash equivalents	3,546	72	–	15
Amount owing (to)/by subsidiaries (net)	(21,952)	(11,472)	61,509	(6)
Interest-bearing borrowings	(46,134)	–	(47,536)	–
Trade and other payables	(125)	–	(72)	(5)
	(64,581)	(11,400)	13,901	6
2009				
Trade and other receivables*	84	–	–	4
Cash and cash equivalents	238	85	–	20
Amount owing (to)/by subsidiaries (net)	(23,888)	(12,219)	71,474	(6)
Interest-bearing borrowings	(119,256)	–	–	–
Trade and other payables	(502)	–	(67)	(5)
	(143,324)	(12,134)	71,407	13

* Excluding prepayments

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 Company would increase/(decrease) profit, and accumulated profits, and other components of equity before any tax effect by the amounts shown below. Similarly, a 10% weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit before income tax $'000	Equity $'000
Group		
2010		
Singapore Dollar	(14,529)	(20,580)
United States Dollar	(21,985)	(27,568)
Sterling Pound	4,781	–
Thai Baht	11,238	–
2009		
Singapore Dollar	(22,105)	(23,061)
United States Dollar	(43,667)	(34,868)
Japanese Yen	7,140	–
Thai Baht	10,962	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Sensitivity analysis (cont'd)

	Profit before income tax $'000	Equity $'000
Company		
2010		
United States Dollar	(6,458)	–
Hong Kong Dollar	(1,140)	–
Japanese Yen	1,390	–
2009		
United States Dollar	(14,332)	–
Hong Kong Dollar	(1,213)	–
Japanese Yen	7,141	–

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 5% (2009: 10%) and 5% (2009: 10%) for the Group and the Company, respectively, would increase profit, and accumulated profits, and other components of equity before any tax effect by the amounts shown below. Similarly, a decrease in the underlying equity prices by 5% (2009: 10%) and 5% (2009: 10%) for the Group and the Company respectively would have an equal but opposite effect. This analysis assumes that all other variables remain constant.

	Group $'000	Company $'000
2010		
Quoted equity investments available for sale and held for trading		
Equity	2,685	1,386
Profit before income tax	1,640	–
Unquoted investments held for trading		
Profit before income tax	101	–
2009		
Quoted equity investments available for sale and held for trading		
Equity	5,593	2,891
Profit before income tax	2,487	–
Unquoted investments held for trading		
Profit before income tax	667	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values

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:

	2010 Carrying amount $'000	2010 Fair value $'000	2009 Carrying amount $'000	2009 Fair value $'000
Group				
Assets carried at amortised cost				
Deposit receivables	4,628	6,119	4,460	4,932
Interest receivables	48,777	43,115	16,338	13,817
	53,405	49,234	20,798	18,749
Liabilities carried at amortised cost				
Bonds and notes				
- secured	(99,816)	(100,403)	(199,875)	(207,265)
- unsecured	(1,245,853)	(1,256,919)	(418,189)	(424,042)
Long-term deposits	(9,625)	(8,050)	(10,507)	(9,068)
	(1,355,294)	(1,365,372)	(628,571)	(640,375)
Company				
Liability carried at amortised cost				
Bonds and notes (unsecured)	(1,096,745)	(1,105,554)	(369,272)	(374,318)

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.

Investments in equity and convertible notes

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.

The fair value of convertible notes is determined using the Black-Scholes model. Measurement inputs include the fair value of the convertible notes issuer's shares on measurement date, exercise price of the instrument, expected volatilty (based on weighted average historic volatility of publicly available information), weighted average expected life of the instrument (based on general noteholder behaviour), expected dividends and the risk-free interest rate.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values (cont'd)

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.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 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); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2010				
Available-for-sale financial assets	53,764	–	9,141	62,905
Financial assets at fair value through profit or loss	33,872	–	213,392	247,264
	87,636	–	222,533	310,169
Derivative financial liabilities	–	(2,685)	–	(2,685)
	87,636	(2,685)	222,533	307,484
31 December 2009				
Available-for-sale financial assets	55,929	–	9,842	65,771
Financial assets at fair value through profit or loss	26,003	–	205,365	231,368
	81,932	–	215,207	297,139
Company				
31 December 2010				
Available-for-sale financial assets	27,723	–	–	27,723
31 December 2009				
Available-for-sale financial assets	28,913	–	–	28,913

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

37 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair value hierarchy (cont'd)

During the financial year ended 31 December 2010, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

The reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3:

	Available-for-sale financial assets $'000	**Financial assets at fair value through profit or loss $'000**	**Total $'000**
Group			
At 1 January 2010	9,842	205,365	215,207
Total gains or losses in profit or loss	–	2,006	2,006
Purchases	55	–	55
Issues	–	6,338	6,338
Translation differences on consolidation	(756)	(317)	(1,073)
At 31 December 2010	9,141	213,392	222,533
Total gains or losses for the year included in profit or loss for assets held at the end of the reporting period	–	2,006	2,006
At 1 January 2009	10,112	4,780	14,892
Total gains or losses in profit or loss	–	1,879	1,879
Purchases	113	198,900	199,013
Translation differences on consolidation	(383)	(194)	(577)
At 31 December 2009	9,842	205,365	215,207
Total gains or losses for the year included in profit or loss for assets held at the end of the reporting period	–	1,879	1,879

The financial instruments that are recorded in the Level 3 category comprise unquoted equity investments and investment in unquoted convertible notes. The fair value of these financial instruments are measured 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 management's 'own assumptions' about the way assets would be priced.

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. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects:

		Effect on fair value	
	Fair value $'000	**Favourable changes $'000**	**Unfavourable changes $'000**
Group			
2010			
Financial assets at fair value through profit or loss	211,379	5,893	(7,377)
2009			
Financial assets at fair value through profit or loss	198,697	7,290	(7,983)

The favourable and unfavourable effects of using reasonably possible alternative assumptions have been calculated by recalibrating the model values. The most significant unobservable input in relation to financial assets at fair value through profit or loss relates to risk-adjusted discount rate. The discount rate was increased/decreased by 1% from the discount rate as at reporting date to arrive at the possible favourable/unfavourable effects.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

38 OPERATING SEGMENTS

Information reported to the Board of Directors for the purposes of resource allocation and assessment of segment performances is specifically focused on the functionality of services provided. The following summary describes the operations in each of the Group's reportable segments:

- Property development – *develops and purchases residential 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 2010 and 2009.*

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. Inter-segment pricing is determined on an arm's length basis.

Information about reportable segments

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2010					
Total revenue (including inter-segment revenue)	1,149,979	1,577,419	343,935	147,935	3,219,268
Inter-segment revenue	(21)	–	(11,440)	(79,227)	(90,688)
External revenues	1,149,958	1,577,419	332,495	68,708	3,128,580

The hotel operations are operated in the following geographical segments and revenue is set out as follows:

	2010 $'000
United States	460,880
Europe	396,962
Singapore	297,576
Rest of Asia	318,430
New Zealand	103,571
	1,577,419

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

38 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2010					
Profit from operating activities	369,668	212,200	389,451	21,508	992,827
Share of after-tax profit/(loss) of associates and jointly-controlled entities	10,797	7,504	55,632	(1,385)	72,548
Finance income	16,195	8,788	8,290	2,367	35,640
Finance costs	(10,770)	(23,745)	(30,919)	(3,274)	(68,708)
Net finance costs	5,425	(14,957)	(22,629)	(907)	(33,068)
Reportable segment profit before income tax	385,890	204,747	422,454	19,216	1,032,307
Depreciation and amortisation	46	72,404	66,834	1,382	140,666
Other material non-cash items					
Gains arising in respect of step up acquisition of a jointly-controlled entity	–	17,662	–	–	17,662
Gain on dilution of investment in an associate	–	12,759	12,711	–	25,470
Goodwill written off in respect of additional interest acquired in a jointly-controlled entity to become a subsidiary	–	17,042	–	–	17,042
Impairment losses on:					
- amounts owing by a jointly-controlled entity	–	1,188	–	–	1,188
- property, plant and equipment and investment properties	–	30,840	23,863	–	54,703
Investments in associates and jointly-controlled entities	200,976	175,626	522,623	36,252	935,477
Other segment assets	5,249,206	4,197,132	3,153,467	577,657	13,177,462
Reportable segment assets	5,450,182	4,372,758	3,676,090	613,909	14,112,939
Tax recoverable					6,257
Deferred tax assets					3,392
Total assets					14,122,588

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

38 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2010					
Reportable segment liabilities	2,465,336	1,410,026	1,336,506	83,193	5,295,061
Deferred tax liabilities					449,158
Provision for taxation					264,357
Total liabilities					6,008,576
Additions to non-current assets*	34,729	302,397	26,421	760	364,307

* Non-current assets include investment properties, property, plant and equipment, lease premium prepayment, investments in associates and jointly-controlled entities, and intangible assets.

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2009					
Total revenue (including inter-segment revenue)	1,447,031	1,491,998	292,580	141,233	3,372,842
Inter-segment revenue	(17)	–	(11,772)	(88,228)	(100,017)
External revenues	1,447,014	1,491,998	280,808	53,005	3,272,825

The hotel operations are operated in the following geographical segments and revenue is set out as follows:

	2009 $'000
United States	465,741
Europe	408,414
Singapore	232,148
Rest of Asia	293,899
New Zealand	91,796
	1,491,998

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

38 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2009					
Profit from operating activities	481,283	174,293	131,978	19,352	806,906
Share of after-tax profit/(loss) of associates and jointly-controlled entities	62,579	(20,047)	20,270	113	62,915
Finance income	9,397	5,291	3,311	13,845	31,844
Finance costs	(8,593)	(26,428)	(32,539)	(2,517)	(70,077)
Net finance costs	804	(21,137)	(29,228)	11,328	(38,233)
Reportable segment profit before income tax	544,666	133,109	123,020	30,793	831,588
Depreciation and amortisation	346	73,916	58,961	1,139	134,362
Other material non-cash items					
Impairment losses on:					
- amounts owing by a jointly-controlled entity	–	3,016	–	–	3,016
- property, plant and equipment and investment properties	–	2,124	8,346	–	10,470
Investments in associates and jointly-controlled entities	380,813	163,818	472,467	4,329	1,021,427
Other segment assets	4,536,948	4,094,378	3,263,380	358,809	12,253,515
Reportable segment assets	4,917,761	4,258,196	3,735,847	363,138	13,274,942
Tax recoverable					15,120
Deferred tax assets					2,339
Total assets					13,292,401

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

38 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development $'000	Hotel operations $'000	Rental properties $'000	Others $'000	Total $'000
2009					
Reportable segment liabilities	2,292,174	1,218,263	1,370,970	82,488	4,963,895
Deferred tax liabilities					433,797
Provision for taxation					230,528
Total liabilities					5,628,220
Additions to non-current assets*	8	54,881	282,019	456	337,364

* Non-current assets include investment properties, property, plant and equipment, investments in associates and jointly-controlled entities, and intangible assets.

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.

Information about reportable segments

	Singapore $'000	United States $'000	United Kingdom $'000	Other countries $'000	Total $'000
2010					
Revenue	1,797,775	469,769	299,084	561,952	3,128,580
Non-current assets#	3,236,566	1,125,806	908,293	1,948,253	7,218,918
Reportable segment assets	9,165,954	1,252,672	1,003,297	2,691,016	14,112,939
2009					
Revenue	1,972,152	476,256	308,921	515,496	3,272,825
Non-current assets#	3,617,735	1,281,331	1,101,126	1,701,788	7,701,980
Reportable segment assets	8,311,154	1,414,427	1,166,842	2,382,519	13,274,942

Include investment properties, property, plant and equipment, lease premium prepayment, investments in associates and jointly-controlled entities, and intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

39 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 2010, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group.

40 SIGNIFICANT INVESTMENTS

The following are the Group's significant investments:

		Principal Activity	Country of Incorporation	Effective Group Interest 2010 %	Effective Group Interest 2009 %
	Subsidiaries				
	Direct/Indirect Subsidiaries of the Company				
*	100G Pasir Panjang Road Pte Ltd	Property holding	Singapore	**99**	99
*	Allinvest Holding Pte Ltd	Property owner	Singapore	**100**	100
**	Allventure Limited	Investment holding	Mauritius	**100**	100
*	Aston Properties Pte Ltd	Property owner, developer and investment holding	Singapore	**100**	100
*	Bloomsville Investments Pte Ltd	Property owner, developer and investment holding	Singapore	**100**	100
*	CBM Pte. Ltd.	Provision of building maintenance, security, cleaning and related services to commercial and residential buildings	Singapore	**100**	100
*	CBM Parking Pte. Ltd.	Provision of car park operation, management and related services	Singapore	**100**	100
*	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 Solutions Pte. Ltd.	Advisors consultants and service providers	Singapore	**100**	100
*	CDL Land Pte Ltd	Property owner and developer	Singapore	**100**	100
*	CDL Management Services Pte. Ltd.	Provision of project and property management and consultancy services	Singapore	**100**	100
*	CDL Properties Ltd	Property owner and investment holding	Singapore	**100**	100
*	Central Mall Pte Ltd	Property owner	Singapore	**100**	100
*	Chestnut Avenue Developments Pte. Ltd.	Property owner and developer	Singapore	**60**	60
*	Cideco Pte. Ltd.	Property owner	Singapore	**100**	100
*	City Centrepoint Pte Ltd	Property owner and investment holding	Singapore	**100**	100
*	City Condominiums Pte Ltd	Property owner, developer and investment holding	Singapore	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

40 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2010 %	Effective Group Interest 2009 %
	Subsidiaries (cont'd) **Direct/Indirect Subsidiaries of the Company (cont'd)**				
*	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
*	Darfera Pte Ltd	Property owner and developer	Singapore	**100**	100
*	Eccott Pte Ltd	Investment holding and property owner	Singapore	**100**	100
**	Educado Company Limited	Investment holding and share dealing	Hong Kong	**100**	100
*	Elishan Investments Pte Ltd	Property owner	Singapore	**100**	100
*	Elite Holdings Private Limited	Property owner and developer	Singapore	**100**	100
*	Empire City Consultant Pte Ltd	Management of properties	Singapore	**100**	100
^	eMpire Investments Limited	Investment holding	Bermuda	**100**	100
*	Fairsteps Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	**100**	100
*	Glades Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	**100**	100
*	Grande-Terre Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	**100**	100
*	Grand Isle Holdings Pte. Ltd.	Property owner and developer	Singapore	**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
*	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

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40 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2010 %	2009 %
	Subsidiaries (cont'd)				
	Direct/Indirect Subsidiaries of the Company (cont'd)				
**	Lingo Enterprises Limited	Property holding and property investment	Hong Kong	**100**	100
**	Millennium & Copthorne Hotels plc	Investment holding	England and Wales	**54**	54
*	North Bridge Commercial Complex Pte Ltd	Property holding	Singapore	**99**	99
**	Pacific Height Enterprises Company Limited	Property investment	Hong Kong	**100**	100
**	Palmerston Holdings Sdn. Bhd.	Property owner and developer	Malaysia	**51**	51
^	Reach Across International Limited	Investment holding	British Virgin Islands	**100**	100
*	Republic Plaza City Club (Singapore) Pte Ltd	Owner and operator of clubs	Singapore	**100**	100
*	Singapura Developments (Private) Limited	Property owner, developer and investment holding	Singapore	**100**	100
*	Sunshine Plaza Pte Ltd	Property owner, developer and investment holding	Singapore	**100**	100
*	Target Realty Limited	Property owner, developer and investment holding	Singapore	**99**	99
***	Tianjin Trophy Real Estate Co., Ltd.	Property investment	People's Republic of China	**100**	100
*	The Corporate Building Pte Ltd	Property holding	Singapore	**99**	99
*	The Corporate Office Pte Ltd	Property holding	Singapore	**99**	99
*	The Office Chamber Pte Ltd	Property holding	Singapore	**99**	99
^	Wideachieve Holdings Limited	Investment holding	British Virgin Islands	**100**	100
	Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels plc				
**	Anchorage-Lakefront Limited Partnership	Hotel owner	USA	**54**	54
**** +	Beijing Fortune Hotel Co. Ltd.	Hotel owner	People's Republic of China	**38**	16
**	Bostonian Hotel Limited Partnership	Hotel owner	USA	**54**	54
**	CDL (New York) LLC	Hotel owner	USA	**54**	54
**	CDL Hotels (Chelsea) Limited	Hotel owner and operator	England and Wales	**54**	54

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40 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2010 %	2009 %
	Subsidiaries (cont'd)				
	Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels plc (cont'd)				
**	CDL Hotels (Korea) Ltd.	Hotel owner and operator	Republic of Korea	**54**	54
**	CDL Hotels (Malaysia) Sdn. Bhd	Hotel owner and operator	Malaysia	**54**	54
**	CDL Hotels (UK) Limited	Hotel owner and operator	England and Wales	**54**	54
**	CDL Hotels USA Inc.	Hotel investment holding company	USA	**54**	54
**	CDL Investments New Zealand Limited	Investment and property management company	New Zealand	**25**	25
**	CDL West 45th Street LLC	Hotel owner	USA	**54**	54
**	Chicago Hotel Holdings, Inc.	Hotel owner and operator	USA	**54**	54
*	City Hotels Pte. Ltd.	Hotel operator and investment holding company	Singapore	**54**	54
**	Copthorne Hotel (Birmingham) Limited	Hotel owner and operator	England and Wales	**54**	54
**	Copthorne Hotel (Gatwick) Limited	Hotel owner and operator	England and Wales	**54**	54
**	Copthorne Hotel (Manchester) Limited	Hotel owner and operator	England and Wales	**54**	54
**	Copthorne Hotel (Newcastle) Limited	Hotel owner and operator	England and Wales	**51**	51
**	Copthorne Hotel (Slough) Limited	Hotel owner and operator	England and Wales	**54**	54
**	Copthorne Hotel Holdings Limited	Hotels investment holding company	England and Wales	**54**	54
**	Copthorne Hotels Limited	Hotels investment holding company	England and Wales	**54**	54
*	Copthorne Orchid Hotel Singapore Pte Ltd	Hotel owner and operator	Singapore	**54**	54
**	Gateway Regal Holdings LLC	Hotel owner and operator	USA	**54**	54
**	Grand Plaza Hotel Corporation	Hotel owner and operator and investment holding company	Philippines	**35**	35
*	Harbour View Hotel Pte. Ltd.	Hotel operator	Singapore	**54**	54
**	Hong Leong Hotel Development Limited	Hotel owner and operator	Taiwan	**44**	44
^	Hong Leong Hotels Pte Ltd.	Investment holding company	Cayman Islands	**54**	54
**	Hospitality Group Limited	Holding company	New Zealand	**27**	26
*	Hospitality Holdings Pte. Ltd.	Investment holding company	Singapore	**54**	54

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Year ended 31 December 2010

40 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2010 %	2009 %
	Subsidiaries (cont'd)				
	Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels plc (cont'd)				
*	King's Tanglin Shopping Pte. Ltd.	Property owner	Singapore	**54**	54
**	London Britannia Hotel Limited	Hotel owner and operator	England and Wales	**54**	54
**	London Tara Hotel Limited	Hotel owner and operator	England and Wales	**54**	54
**	M&C Crescent Interests, LLC	Property owner	USA	**54**	54
**	M&C Hotel Interest, Inc	Hotel management services company	USA	**54**	54
**	M&C Hotels France SAS	Hotel owner	France	**54**	54
*	M&C REIT Management Limited	REIT investment management services	Singapore	**54**	54
**	Millennium & Copthorne Hotels New Zealand Limited	Hotel investment holding company	New Zealand	**38**	38
*	Millennium & Copthorne International Limited	Hotels and resorts management	Singapore	**54**	54
**	Millennium & Copthorne Middle East Holdings Limited	Hotel management service company	Hong Kong	**28**	27
**	Quantum Limited	Holding company	New Zealand	**27**	26
*	Republic Hotels & Resorts Limited	Hotel operator and investment holding company	Singapore	**54**	54
*	Republic Iconic Hotel Pte. Ltd.	Hotel owner and operator	Singapore	**54**	54
**	RHM-88, LLC	Hotel owner and operator	USA	**54**	54
**	WHB Biltmore LLC	Hotel owner and operator	USA	**54**	54
	Direct/Indirect Subsidiaries of City e-Solutions Limited				
**	Richfield Hospitality, Inc.	Investment holding and provision of hospitality related services	USA	**53**	53
**	Sceptre Hospitality Resources, Inc.	Provision of reservation system services	USA	**53**	53
^	SWAN Holdings Limited	Investment holding	Bermuda	**53**	53
**	SWAN USA, Inc.	Holding company	USA	**53**	53

NOTES TO THE FINANCIAL STATEMENTS

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40 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2010 %	2009 %
	Associates				
	Associates of Millennium & Copthorne Hotels plc				
*	CDL Hospitality Trusts	See Note (1)	Singapore	**19**	21
**	Fena Estate Company Limited	Investment holding company	Thailand	**27**	27
*	First Sponsor Capital Limited	Investment holding company	British Virgin Islands	**22**	21
	Jointly-controlled Entities				
	Jointly-controlled Entities of the Company				
*	Aster Land Development Pte Ltd	Property development and investment dealing activities	Singapore	**30**	30
*	Branbury Investments Ltd	Property owner	Singapore	**43**	43
*	Burlington Square Investment Pte Ltd	Holding of properties for long-term investment and rental purposes	Singapore	**25**	25
*	Burlington Square Properties Pte Ltd	Property trading	Singapore	**25**	25
*****	CBM GISCO Integrated Facilities Management LLC	Provision of facilities management services	United Arab Emirates	**49**	49
**	CBM Afrina LLC	Provision of facilities management services	State of Qatar	**30**	30
**	Exchange Tower Ltd.	Property owner and investment holding	Thailand	**39**	39
*	Grange 100 Pte. Ltd.	Property investment and owner	Singapore	**40**	40
*	Granmil Holdings Pte Ltd	Property owner and developer	Singapore	**40**	40
**	Krungthep Rimnam Ltd.	Hotel business	Thailand	**49**	49
******	OOO "Soft-Project"	Hotel and property owner and developer	Russia	**50**	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	**33**	33
*	Summervale Properties Pte. Ltd.	Property owner and developer	Singapore	**50**	50
*	TC Development Pte. Ltd.	Property owner and developer	Singapore	**50**	50
*	Tomlinson Hotel Pte. Ltd.	Hotel owner	Singapore	**33**	33
*	Tripartite Developers Pte. Limited	Property developer	Singapore	**33**	33
	Jointly-controlled Entity of Millennium & Copthorne Hotels plc				
^	New Unity Holdings Limited	Investment holding company	British Virgin Islands	**27**	27

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

40 SIGNIFICANT INVESTMENTS (CONT'D)

		Principal Activity	Country of Incorporation	Effective Group Interest 2010 %	Effective Group Interest 2009 %
	Jointly-controlled Entities (cont'd)				
	Jointly-controlled Entity of City e-Solutions Limited				
**	RSF Syracuse Partners, LLC	Provision of hospitality related services	USA	**26**	–

* Audited by KPMG LLP Singapore

** Audited by other member firms of KPMG International

*** Audited by Ernst & Young Hua Ming

**** Audited by Deloitte Touche Tohmatsu CPA Ltd – Tianjin Branch

***** Audited by Deloitte & Touche LLP, Abu Dhabi

****** Audited by BDO Unicorn Inc

^ Not subject to audit by law of country of incorporation

\+ Millennium & Copthorne Hotels plc Group increased its equity interest from 30% to 70% in November 2010

Note (1) CDL Hospitality Trusts is a stapled group comprising CDL Hospitality Real Estate Investment Trust ("H-REIT"), a real estate investment trust, and CDL Hospitality Business Trust ("HBT"), a business trust. H-REIT has an investment strategy of investing directly or indirectly, in a diversified portfolio of income-producing real estate which is primarily used for hospitality and/or hospitality-related purposes, whether wholly or partially, and real-estate related assets in relation to the foregoing.

HBT is a business trust which is dormant. It exists primarily as a "master lessee of last resort" and will become active if H-REIT is unable to appoint a master lessee for any of the hotels in its portfolio at the expiry of the relevant master lease agreement or for a newly acquired hotel. HBT may also become active if it undertakes certain hospitality and hospitality-related development projects, acquisitions and investments which may not be suitable for H-REIT.

STATISTICS OF ORDINARY SHAREHOLDINGS As at 1 March 2011

Class of Shares	:	Ordinary Shares
No. of Ordinary Shares issued	:	909,301,330
No. of Ordinary Shareholders	:	11,373
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	1,313	11.54	385,934	0.04
1,000 - 10,000	9,190	80.81	23,816,198	2.62
10,001 - 1,000,000	838	7.37	38,767,140	4.26
1,000,001 and above	32	0.28	846,332,058	93.08
	11,373	100.00	909,301,330	100.00

Based on information available to the Company as at 1 March 2011, approximately 34.40% 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 1 March 2011

No.	Name	No. of Ordinary Shares Held	%
1	Hong Leong Holdings Limited	129,287,477	14.22
2	Hong Leong Investment Holdings Pte. Ltd.	128,669,335	14.15
3	Citibank Nominees Singapore Pte Ltd	120,362,133	13.24
4	DBS Nominees (Pte) Ltd	90,594,024	9.96
5	BNP Paribas Securities Services Singapore	57,061,316	6.27
6	DBSN Services Pte Ltd	53,329,641	5.86
7	HSBC (Singapore) Nominees Pte Ltd	45,442,954	5.00
8	Hong Realty (Private) Limited	25,388,799	2.79
9	UOB Nominees (Pte) Ltd	23,215,322	2.55
10	Garden Estates (Pte.) Limited	18,152,365	2.00
11	Euroform (S) Pte. Limited	17,603,045	1.94
12	Hong Leong Corporation Holdings Pte Ltd	15,929,833	1.75
13	Raffles Nominees (Pte) Ltd	13,609,201	1.50
14	NIN Investment Holdings Pte Ltd	13,161,490	1.45
15	SGI Investment Holdings Pte Ltd	12,752,414	1.40
16	Daiwa (Malaya) Private Limited	9,469,000	1.04
17	Gordon Properties Pte Ltd	9,304,616	1.02
18	Smith New Court (Singapore) Pte Ltd	8,238,438	0.91
19	Mayban Nominees (Singapore) Pte Ltd	7,002,194	0.77
20	Singapore Nominees Pte Ltd	6,503,000	0.72
		805,076,597	88.54

STATISTICS OF ORDINARY SHAREHOLDINGS As at 1 March 2011

Substantial Shareholders as shown in the Register of Substantial Shareholders

	No. of Ordinary Shares in which they have interest			
	Direct Interest	**Deemed Interest**	**Total**	**%**
Hong Realty (Private) Limited	32,088,024	30,499,756[(1)]	62,587,780	6.883
Hong Leong Holdings Limited	148,787,477	19,547,220[(2)]	168,334,697	18.513
Hong Leong Investment Holdings Pte. Ltd.	140,169,335	301,958,566[(3)]	442,127,901	48.623
Davos Investment Holdings Private Limited	–	442,127,901[(4)]	442,127,901	48.623
Kwek Holdings Pte Ltd	–	442,127,901[(4)]	442,127,901	48.623
Aberdeen Asset Management plc and its subsidiaries	–	154,845,369[(5)]	154,845,369	17.029
Aberdeen Asset Management Asia Limited	–	109,638,871[(6)]	109,638,871	12.057
Aberdeen Asset Managers Limited	–	83,241,998[(7)]	83,241,998	9.155
Credit Suisse Group AG	–	154,775,563[(8)]	154,775,563	17.021
Credit Suisse AG	–	154,775,563[(8)]	154,775,563	17.021

Notes:

(1) Hong Realty (Private) Limited ("HR") is deemed under Section 7 of the Companies Act to have an interest in the 30,499,756 Ordinary Shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(2) Hong Leong Holdings Limited ("HLH") is deemed under Section 7 of the Companies Act to have an interest in the 19,547,220 Ordinary Shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(3) Hong Leong Investment Holdings Pte. Ltd. ("HLIH") is deemed under Section 7 of the Companies Act to have an interest in the 301,958,566 Ordinary Shares held directly and/or indirectly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof which includes (i) the 62,587,780 Ordinary Shares held directly and indirectly by HR; and (ii) the 168,334,697 Ordinary Shares held directly and indirectly by HLH, out of which 9,305,391 Ordinary Shares have been identified as ordinary shares in which HR is also deemed to have an interest in under note (1) above.

(4) Davos Investment Holdings Private Limited and Kwek Holdings Pte Ltd are deemed under Section 7 of the Companies Act to have an interest in the 442,127,901 Ordinary Shares held directly and/or indirectly by HLIH in which 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 Management plc and its subsidiaries (the "Aberdeen Group") is based on the last notification to the Company on 24 February 2011 and relates to Ordinary Shares held by various accounts managed or advised by the Aberdeen Group whereby the Aberdeen Group is given disposal rights and voting rights for 96,858,971 Ordinary Shares and disposal rights without voting rights for 57,986,398 Ordinary Shares.

(6) The deemed interest of Aberdeen Asset Management Asia Limited ("AAMAL") is based on the last notification to the Company on 1 March 2011 and relates to Ordinary Shares held by various accounts managed or advised by AAMAL whereby AAMAL is given disposal rights and voting rights for 68,187,571 Ordinary Shares and disposal rights without voting rights for 41,451,300 Ordinary Shares.

(7) The deemed interest of Aberdeen Asset Managers Limited ("AAML") is based on the last notification to the Company on 20 January 2011 and relates to Ordinary Shares held by various accounts managed or advised by AAML whereby AAML is given disposal rights and voting rights for 39,176,900 Ordinary Shares and disposal rights without voting rights for 44,065,098 Ordinary Shares.

(8) The deemed interest of Credit Suisse Group AG, ("CSG") and Credit Suisse AG ("CS") is based on the last notification to the Company on 16 February 2011. CSG and CS, a subsidiary of CSG, are deemed to be interested in the ordinary shares held by the Aberdeen Group under Section 7 of the Companies Act.

STATISTICS OF PREFERENCE SHAREHOLDINGS As at 1 March 2011

Class of Shares	:	Non-Redeemable Convertible Non-Cumulative Preference Shares ("Preference Shares")
No. of Preference Shares issued	:	330,874,257
No. of Preference Shareholders	:	2,662
Voting Rights	:	Entitled to attend, speak and vote at any class meeting of the Holders of Preference Shares. 1 vote for each Preference Share.

Not entitled to attend and vote at any General Meeting of the Company except as provided below:

(a) If the Preference Dividend (or any part thereof) due and payable and accrued is in arrears and has remain unpaid for at least 6 months, such right to attend and vote shall continue until such Preference Dividend (or any part thereof) in arrears and unpaid has been paid in full;

(b) If the resolution in question varies the rights attached to the Preference Shares; or

(c) If the resolution in question is for the winding up of the Company.

Range of Preference Shareholdings	No. of Preference Shareholders	%	No. of Preference Shares	%
1 - 999	401	15.06	178,170	0.05
1,000 - 10,000	1,910	71.75	5,273,407	1.59
10,001 - 1,000,000	334	12.55	25,336,652	7.66
1,000,001 and above	17	0.64	300,086,028	90.70
	2,662	100.00	330,874,257	100.00

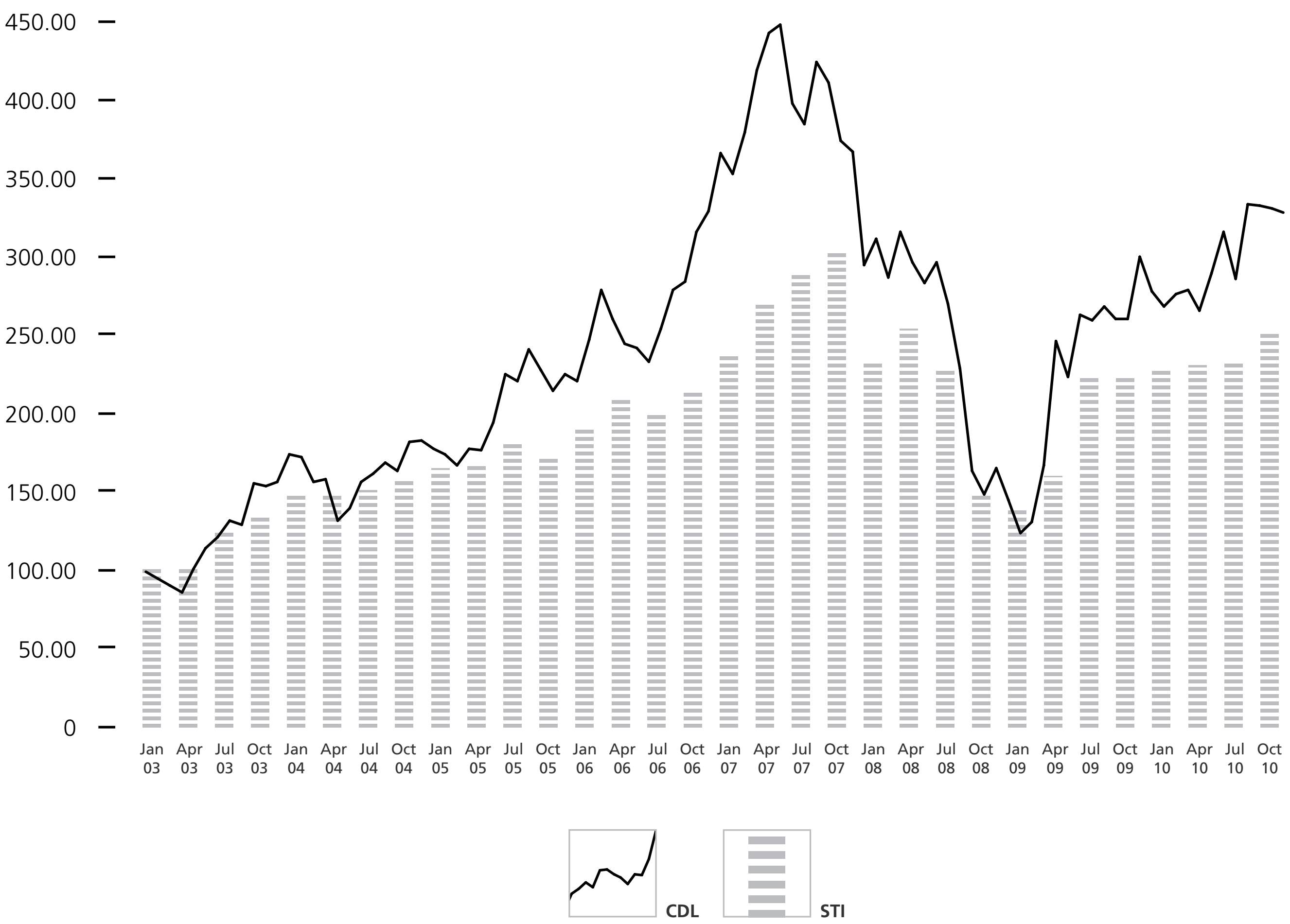
MAJOR PREFERENCE SHAREHOLDERS LIST – Top 20 as at 1 March 2011

No.	Name	No. of Preference Shares Held	%
1	Mandai Properties Pte Ltd	64,931,000	19.62
2	Citibank Nominees Singapore Pte Ltd	52,833,293	15.97
3	Merrill Lynch (Singapore) Pte Ltd	45,496,862	13.75
4	DB Nominees (Singapore) Pte Ltd	31,445,903	9.50
5	Aster Land Development Pte Ltd	26,913,086	8.13
6	HSBC (Singapore) Nominees Pte Ltd	22,497,170	6.80
7	Raffles Nominees (Pte) Ltd	17,459,851	5.28
8	DBS Nominees Pte Ltd	7,131,216	2.16
9	Fairmount Development Pte Ltd	7,000,000	2.12
10	Lim & Tan Securities Pte Ltd	6,005,864	1.81
11	Guan Hong Plantation Private Limited	5,000,000	1.51
12	Hong Leong Foundation	3,564,038	1.08
13	Upnorth Development Pte Ltd	3,000,000	0.91
14	Interfab Pte Ltd	2,054,102	0.62
15	Kim Eng Securities Pte. Ltd.	1,957,800	0.59
16	Hong Leong Finance Nominees Pte Ltd	1,708,000	0.52
17	United Overseas Bank Nominees Pte Ltd	1,087,843	0.33
18	Sun Yuan Overseas Pte Ltd	972,000	0.29
19	Morgan Stanley Asia (Singapore) Pte Ltd	945,386	0.28
20	Ng Kin In	879,000	0.27
		302,882,414	91.54

SHARE TRANSACTION STATISTICS

8-YEAR SHARE PRICE PERFORMANCE

NORMALISED VALUES



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Eighth Annual General 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, 20 April 2011 at 3.00 p.m. for the following purposes:

(A) ORDINARY BUSINESS

1. To receive the audited financial statements and the reports of the Directors and Auditors for the year ended 31 December 2010.

2. To declare a final tax-exempt (one-tier) ordinary dividend of 8.0 cents per ordinary share and a special final tax-exempt (one-tier) ordinary dividend of 10.0 cents per ordinary share for the year ended 31 December 2010 as recommended by the Directors.

3. (a) To approve Directors' Fees of $308,000 for the year ended 31 December 2010 (2009: $278,945.21) and Audit Committee Fees of $47,500.00 per quarter for the period from 1 July 2011 to 30 June 2012 (period from 1 July 2010 to 30 June 2011: $47,500.00 per quarter), with payment of the Audit Committee Fees to be made in arrears at the end of each calendar quarter.

   (b) To approve additional Directors' Fees of $50,000 for each Director for the year ended 31 December 2010 (2009: Nil).

4. To re-elect Mr Kwek Leng Peck, a Director retiring in accordance with the Articles of Association of the Company.

5. To re-appoint the following Directors pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act") to hold office from the date of this Annual General Meeting until the next Annual General Meeting:

   (a) Mr Kwek Leng Beng
   (b) Mr Chee Keng Soon
   (c) Mr Foo See Juan
   (d) Mr Tang See Chim

6. To re-appoint Messrs KPMG LLP as Auditors and to authorise the Directors to fix their remuneration.

(B) SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without any modifications, the following resolutions as Ordinary Resolutions:

7. That authority be and is hereby given to the Directors to:

   (a) (i) issue ordinary shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require ordinary shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into ordinary shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

   (b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue ordinary shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution was in force;

   provided that:

   (1) the aggregate number of ordinary shares to be issued pursuant to this Ordinary Resolution (including ordinary shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding ordinary shares which may be issued pursuant to any adjustments effected under any relevant Instrument) 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).

NOTICE OF ANNUAL GENERAL MEETING

(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 Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

8. That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares ("Ordinary Shares") and/or non-redeemable convertible non-cumulative preference shares ("Preference Shares") in the capital of the Company not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "Market Purchase") on the SGX-ST; and/or

(ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they may, in their absolute discretion, deem fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("Share Purchase Mandate");

(b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked in general meeting; or

(iii) the date on which the purchases or acquisitions of Ordinary Shares and/or Preference Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"Prescribed Limit" means in relation to any purchase or acquisition of Ordinary Shares, the number of issued Ordinary Shares representing 10% of the total number of issued Ordinary Shares as at the date of the passing of this Resolution, (excluding any Ordinary Shares held as treasury shares), and in relation to any purchase or acquisition of Preference Shares, the number of issued Preference Shares representing 10% of the total number of issued Preference Shares as at the date of the passing of this Resolution; and

"Maximum Price" in relation to an Ordinary Share or Preference Share to be purchased (as the case may be) means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

NOTICE OF ANNUAL GENERAL MEETING

(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 Annual General Meeting of the Company; and

(b) That the Directors of the Company and each of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

(C) TO TRANSACT ANY OTHER BUSINESS

By Order of the Board

Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong
Company Secretaries

Singapore
29 March 2011

NOTICE OF ANNUAL GENERAL MEETING

The Company had on 24 February 2011 advised that the Ordinary Shares Transfer Books and Register of Holders of ordinary shares of the Company will be closed on 6 May 2011. 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 5 May 2011 will be registered to determine ordinary shareholders' entitlement to the dividends for the year ended 31 December 2010.

Entitlements of ordinary shareholders, being Depositors, to the said dividends will be determined based on the ordinary shares credited to their securities accounts with The Central Depository (Pte) Limited as at 5.00 p.m. on 5 May 2011.

The Directors have recommended a final tax-exempt (one-tier) ordinary dividend of 8.0 cents per ordinary share and a special final tax-exempt (one-tier) ordinary dividend of 10.0 cents per ordinary share in respect of the financial year ended 31 December 2010 for approval by ordinary shareholders at the Annual General Meeting to be held on 20 April 2011. The final dividends, if approved, will be payable on 20 May 2011.

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be deposited at the registered office of the Company at 36 Robinson Road, #04-01 City House, Singapore 068877 not less than 48 hours before the time appointed for holding the Meeting.

3. Completion and return of the instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy, to the Meeting.

4. With reference to item 3(a) of the Ordinary Business above, the Directors' Fees of $308,000.00 excludes Audit Committee Fees of $47,500.00 per quarter.

5. With reference to item 3(b) of the Ordinary Business above, in view of the exceptionally good performance of the Group in 2010, a special one-time payment of additional Directors' Fees of $50,000.00 for each Director for the financial year ended 31 December 2010 is proposed (amounting in aggregate to $400,000.00 as there were 8 Directors in office during 2010). This payment, which is in addition to the ordinary Directors' Fees in item 3(a) of the Ordinary Business above, is to remunerate the Directors for their dedicated service, entrepreneurial leadership and invaluable contributions to the Company's success.

6. With reference to item 4 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.

7. 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 a member of the Board and Nominating Committees.

8. With reference to item 5(b) of the Ordinary Business above, Mr Chee Keng Soon will, upon re-appointment as a Director of the Company, remain as Chairman of the Audit, Nominating and Remuneration Committees, and is considered independent by the Board.

9. With reference to item 5(c) 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 and Nominating Committees, and is considered independent by the Board.

10. With reference to item 5(d) 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 and Remuneration Committees, and is considered independent by the Board.

11. The Ordinary Resolution proposed in 7 above, if passed, will empower the Directors of the Company from the date of the Meeting until the next Annual General Meeting (unless such authority is previously revoked or varied at a general meeting), to issue ordinary shares and/or make or grant Instruments that might require new ordinary shares to be issued up to a number not exceeding 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.

12. The Ordinary Resolution proposed in 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 Annual General Meeting of the Company, unless previously revoked or varied at a general meeting or when such purchases or acquisitions are carried out to the full extent mandated.

13. The Ordinary Resolution proposed in 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 Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.

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CITY DEVELOPMENTS LIMITED
(Co. Reg. No. 196300316Z)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT:
1. For investors who have used their CPF monies to buy 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 48th Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format, with the Company Secretary of City Developments Limited. (Agent Banks: please see note No. 9 on required format).

* I/We, ______________________________ with NRIC / Passport Number : ______________________

of ____

being a *member/members of City Developments Limited (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Ordinary Shares	%

*and/or

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Forty-Eighth 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, 20 April 2011 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 and a Special Final Ordinary Dividend			
3.	(a) Approval of Directors' Fees and Audit Committee Fees			
	(b) Approval of Additional Directors' Fees			
4.	Re-election of Mr Kwek Leng Peck as Director			
5.	Re-appointment of Directors under Section 153(6) of the Companies Act, Chapter 50:	(a) Mr Kwek Leng Beng		
		(b) Mr Chee Keng Soon		
		(c) Mr Foo See Juan		
		(d) 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 ________________ 2011

No. of ordinary shares held

*Delete accordingly
IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Signature(s) of
Member(s)/Common Seal

Notes:

1. Please insert the total number of ordinary shares held by you. If you have ordinary shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of ordinary shares. If you have ordinary shares registered in your name in the Register of Members, you should insert that number of ordinary shares. If you have ordinary shares entered against your name in the Depository Register and ordinary shares registered in your name in the Register of Members, you should insert the aggregate number of ordinary shares. If no number is inserted, this instrument appointing a proxy or proxies shall be deemed to relate to all the ordinary shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the AGM.
5. This instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 36 Robinson Road, #04-01 City House, Singapore 068877 not less than 48 hours before the time appointed for the AGM.
6. This instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney duly authorised or a duly authorised officer. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50.
8. The Company shall be entitled to reject an instrument of proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any instrument of proxy or proxies lodged if the member, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
9. Agent Banks acting on the request of CPF Investors who wish to attend the AGM as Observers are required to submit in writing, a list with details of the investor's name, NRIC/Passport Number, address and number of ordinary shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary, at the registered office of the Company not less than 48 hours before the appointed time for the AGM.

1st fold here

AGM
PROXY FORM

Affix
Stamp
Here

The Secretary
CITY DEVELOPMENTS LIMITED
36 Robinson Road
#04-01 City House
Singapore 068877

2nd fold here

3rd fold and glue overleaf. Do not staple

MIX
From responsible sources
FSC™ C095364

Produced by
Corporate Communications Department, City Developments Limited &
Group Corporate Affairs, Hong Leong Group Singapore

A METAFUSION DESIGN

CITY DEVELOPMENTS LIMITED

Conserving the Environment • Caring for the Community

www.cdl.com.sg

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Co. Reg. No. 196300316Z