CITY DEVELOPMENTS LIMITED

ANNUAL REPORT 2005

LOOKING AHEAD INTO 2006

PROPERTY LAUNCHES

• St. Regis Residences	173-unit luxurious apartments along Tomlinson Road and Tanglin Road
• Residences @ Evelyn	208-unit freehold condominium along Evelyn Road
• King's Centre Plot 3	175-unit freehold condominium along Havelock Road and Kim Seng Road
• Plot C9 on Sentosa Cove	264-unit seafront residences on Sentosa Cove
• No. 1 Shenton Way	About 360-unit premier development next to Marina Bay

HOTELS

- Focus on twin strategy of being an integrated owner and operator of international hotel assets
- Optimising operational efficiency and sustained operational excellence
- Leveraging on CDL's real estate experience and resources to optimise value

GROWTH STRATEGIES

- Remain the proxy to the Singapore property market
- Establish market leadership in the high-end niche residential segment
- Capitalise on its significant landbank and other classes of real estate assets to maximise shareholder value
- Continue to nurture overseas ventures that complement its overall business strategy

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Cover: ST. REGIS HOTEL & RESIDENCES, SINGAPORE

A PORTRAIT OF PERFECTION

A celebration of passion and dedication,
a legacy exemplified by
inspirational works of art.

For over 40 years,
CDL has transformed vision into reality,
instrumental in shaping
the visual landscape of Singapore,
making each a unique masterpiece.

Building a Renaissance city,
CDL showcases its exclusive portfolio
of real estate assets,
most prestigious of which is
St. Regis Hotel & Residences, Singapore.

In broad strokes,
CDL has always been a visionary,
and will continue to break new ground
in its relentless pursuit of perfection.

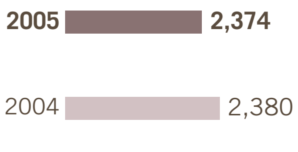
FIVE-YEAR FINANCIAL SUMMARY

S$million	2005	2004 (Restated)	2003	2002	2001
Share capital	**461**	453	414	401	401
Reserves	**4,087**	3,899	4,189	3,461	3,371
Shareholders' equity	**4,548**	4,352	4,603	3,862	3,772
Minority interests	**1,527**	1,469	2,069	1,383	1,539
Total liabilities	**4,820**	5,301	6,387	6,023	6,630
	10,895	11,122	13,059	11,268	11,941
Property, plant and equipment	**7,062**	7,111	9,146	7,397	7,701
Development properties	**1,886**	1,943	2,238	2,178	2,337
Current & other assets	**1,947**	2,068	1,675	1,693	1,903
	10,895	11,122	13,059	11,268	11,941
Revenue	**2,374**	2,380	2,326	2,289	2,227
Profit before taxation (after associates and jointly-controlled entities)	**404**	503	214	243	139
Profit for the year attributable to equity holders of the parent	**200**	227	152	151	54
Proposed ordinary dividend (net)					
- first and final	**53**	53	50	47	47
- special	**36**	-	331	-	-
Rate of ordinary dividend					
- first and final	**15%**	15%	15%	15%	15%
- special	**10%**	-	100%	-	-
Net asset value per S$0.50 share	**$5.12**	$4.99	$5.56	$4.82	$4.71
Basic earnings per share	**21 cents**	25 cents	19 cents	19 cents	7 cents
Diluted earnings per share	**21 cents**	25 cents	19 cents	19 cents	7 cents

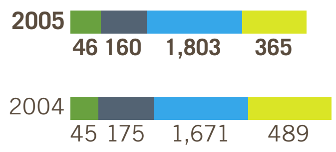
Note: Figures for Year 2004 have been restated to take into account the retrospective adjustments arising from the adoption of various new/revised Financial Reporting Standards and changes in accounting policies. Comparative figures for the other years have not been restated.

FINANCIAL HIGHLIGHTS

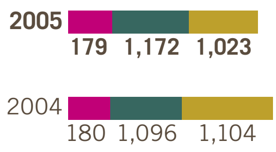
REVENUE
S$million



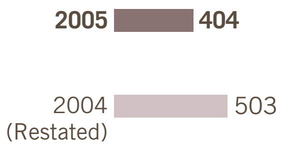
REVENUE BY ACTIVITY
S$million



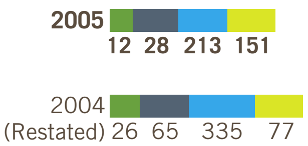
REVENUE BY REGION
S$million



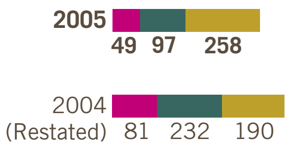
PROFIT BEFORE TAXATION
S$million



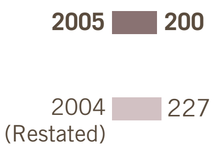
PROFIT BEFORE TAXATION BY ACTIVITY
S$million



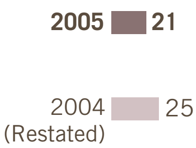
PROFIT BEFORE TAXATION BY REGION
S$million



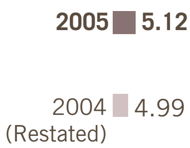
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT
S$million



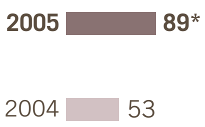
BASIC EARNINGS PER SHARE
cents



NET ASSET VALUE PER SHARE
S$

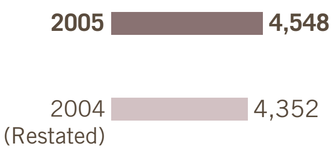


PROPOSED ORDINARY DIVIDEND
S$million

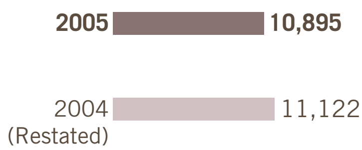


* Figure for 2005 includes proposed special ordinary dividend of S$36 million.

SHAREHOLDERS' EQUITY
S$million



GROSS ASSETS
S$million



SHOWCASING UNIQUE **LEADERSHIP**

Continuously setting new benchmarks of perfection, CDL leads the way in developing prestigious projects that display exceptional standards to achieve the epitome of exquisite living.

ST. REGIS HOTEL & RESIDENCES, SINGAPORE

The arrival of the St. Regis legacy heralds a new age of ultra-luxury living, unrivalled in grandeur, hospitality and stature.

EXHIBITING EXQUISITE **QUALITY**

With an eye for perfection, CDL maintains its quality, hospitality and service excellence. Establishing the industry's best practices, CDL remains focused on transforming the cityscapes where it operates.

EXCHANGE TOWER

Making its mark on the Bangkok skyline, Exchange Tower stands out with its distinguished architecture, elegant granite façade and state-of-the art features.

EXTENDING OUTSTANDING **SERVICE**

As an award-winning property and hotel group, CDL's business goal remains unchanged – to have an in-depth understanding of its customers so as to better fulfil their needs and desires.

Across all cultures, CDL is dedicated to providing excellent service to the satisfaction of its customers.

MILLENNIUM SUKHUMVIT BANGKOK

Taking hospitality to new heights in global cities, visitors to Bangkok can soon indulge in the modern Millennium Sukhumvit Bangkok – a five-star hospitality offering.

CREATING CUTTING-EDGE **INNOVATION**

Harnessing innovative technology and features, CDL has built an extensive portfolio of sophisticated properties. Today, CDL remains committed to staying at the forefront of technological innovation, bringing to its customers unique, iconic and progressive properties.

SEAFRONT RESIDENCES AT SENTOSA COVE

Its cutting-edge architecture, coupled with award-winning design, gives a new meaning to exclusive waterfront living. The extraordinary Sentosa Cove development will be an ideal home for those who appreciate the finer things in life.

HIGHLIGHTS OF THE YEAR 2005

Parc Emily

Residences @ Evelyn

JANUARY

- In aid of the relief efforts for Tsunami victims, CDL staff raised $100,000 for the Singapore Red Cross Society in the CDL Dollar-for-Dollar Staff Donation Drive and collected over 800 boxes of supplies for Mercy Relief.

FEBRUARY

- CDL announced its participation, with a US-based investment fund and certain other limited partners, in an Asian-based real estate opportunity fund, Real Estate Capital Asia Partners L.P. (RECAP). CDL's capital commitment of approximately US$110 million represents 49.78% of the total capital commitment in RECAP. RECAP expects to invest its total fund of US$221 million within a period of three years.

- RECAP purchased prime freehold residential land in Sukhumvit Soi 20. To be ready in 2008, the luxury condominium in Bangkok will comprise about 600 units.

- Myungdong Development Co., Ltd, an associated company of CDL, divested MyeongDong Central Building in Seoul, Korea for approximately KW62 billion ($91.8 million). The sale to a German Fund was completed on 28 February.

- CDL was among Top 20 in Outstanding Overall Achievement in Singapore International 100 Ranking 2005.

MARCH

- MyeongDong Tower, a 15-storey office building located in MyeongDong, one of the premier commercial districts in Seoul, with a net floor area of 92,744 sq. feet, was purchased by RECAP. RECAP plans to reposition the asset for eventual disposition.

- The 295-unit Parc Emily in the quiet enclave of Mount Emily Park next to Mount Emily Road was launched. CDL has a 50% interest in this project, with partner TID Pte. Ltd..

APRIL

- The 910-unit City Square Residences, a freehold development located along Kitchener Road was launched. At the adjacent site, City Square Mall, CDL's largest retail mall with over 700,000 sq. feet of retail space, was unveiled.

- CDL won the Silver RoSPA Award, one of the most prestigious international awards conferred by United Kingdom's Royal Society for the Prevention of Accidents.

MAY

- CDL was awarded a landmark site in Sentosa Cove based on its exceptional architectural design. The 197,151 sq. feet site was purchased for $238.89 million in April and is a 50:50 joint venture with TID Pte. Ltd..

- CDL bagged the highest number of awards with 14 of the 46 awards conferred at the Building and Construction Authority (BCA) Awards 2005. CDL won five Green Mark Awards (Gold) for Monterey Park Condominium, Parc Emily, Savannah CondoPark, Residences @ Evelyn and Republic Plaza. The Pier at Robertson, Butterworth 33 and Pantech 21 took home the Green Mark Award. Changi Rise Condominium, Goldenhill Villas, Goldenhill Park Condominium, Emery Point and Nuovo Executive Condominium also received recognition for Best Buildable Design while Emery Point won a Construction Excellence Merit Award.

- Some 30 winning and selected entries from The 2nd CDL Singapore Sculpture Award were exhibited at the Singapore Art Museum.

JUNE

- The Esparis, a 274-unit executive condominium along Pasir Ris Drive 4 received its CSC (Certificate of Statutory Completion).

- CDL acquired an interest in Exchange Tower (formerly known as Pornpat Tower) in Bangkok. This grade "A" building is strategically located at Sukhumvit Road within the prime Central Business District area of Bangkok.

- 130 copies of *Heart Voyage*, a limited edition photo art book by Mr Kwek Leng Joo, Managing Director of CDL, were donated, raising $100,000 for needy beneficiaries of President's Challenge 2005.

- Millennium & Copthorne Hotels plc (M&C) announced the development of the 326-room Millennium Sukhumvit Bangkok, expected to be ready in 2007. It will be managed by M&C and is owned by Thailand-based Fena Estate Company Limited, a 50:50 joint-venture between Srichawala Family (FICO Group) and City Hotels Pte Ltd (a wholly-owned subsidiary of M&C).

JULY

- CDL purchased 21 Swiss Club Road which has a site area of 42,270 sq. feet for $12.8 million.

- CDL was accorded the special honour of Distinguished Defence Partner Award at the Total Defence Award 2005 for its consistent support of National Service.

- Initiated by Mr Kwek Leng Joo, *To Singapore with Love*, a photo art book in celebration of the nation's 40th birthday was launched. It captures 330 photos from about 130 photographers, portraying Singapore's people, arts, culture and natural heritage.


The Sail @ Marina Bay


City Square Residences


Monterey Park Condominium

- Monterey Park Condominium, a 280-unit 999-year leasehold development along West Coast Rise received its CSC.

AUGUST

- CDL Hotels New Zealand Limited (CDLHNZ) and M&C announced that its subsidiary, Kingsgate Investments Pty Limited had on 15 August 2005 completed the sale of Bayswater Building at Kings Cross Road in Sydney at A$20 million (the Bayswater Sale and Purchase Agreement entered into on 1 June 2004).

- For three consecutive years, CDL has been conferred the Ministry of Home Affairs (MHA) Award for NSmen's Employers for its support towards National Service activities in the Singapore Civil Defence Force and Singapore Police Force.

SEPTEMBER

- Monterey Park Condominium was awarded the highest-ever Construction Quality Assessment System (CONQUAS) score of 92.3 as at December 2005 by BCA.

- Sunnyvale Partners, Ltd., an indirect subsidiary of M&C received approval for the redevelopment of the Four Points by Sheraton Sunnyvale into a new Millennium Hotel with residential units. Project completion is anticipated to be first quarter of 2008.

- CDL was awarded the 2005 Excellence in Design Award (Runner-Up) by Environmental Design + Construction (EDC) Magazine in USA for Changi Rise Condominium and Goldenhill Park Condominium in the Multi-Use Residential (Apartment/Condominium) category.

- The 648-unit Savannah CondoPark, CDL's first Safari-themed Eco-condo in Simei Street 1, received its CSC.

- CDL is listed on the new FTSE/ASEAN Index and the FTSE/ASEAN 40 Index.

- CDL was one of the founding Singapore signatories of the United Nations Global Compact participation letters in the advancement of responsible corporate citizenship.

- For the ninth consecutive year, CDL received the Friend of the Arts Award for its continued support of the arts.

OCTOBER

- The iconic luxury development, The Sail @ Marina Bay Tower 2 with 430 units, was almost sold out within days of its launch.

- CDLHNZ and M&C announced that Kingsgate Investments Pty Limited completed the divestment of Kingsgate Shopping Centre (the Property) for a net consideration of A$19.9 million. The book value of the Property was A$9.2 million as at 30 June 2005.

- CDL was voted one of Singapore's most transparent property companies in SIAS (Securities Investors Association Singapore) Investors' Choice Awards 2005.

- Lions Befrienders awarded the Friend of the Elderly Award 2005 to CDL's volunteer staff group, City Sunshine Club, for its contribution to the caring of the elderly.

NOVEMBER

- In an en-bloc sale, CDL purchased Bougainville, a freehold development with a site area of 30,368 sq. feet along Shelford Road for $19 million.

- CDL received SIA-HWA (Singapore Institute of Architects – Handicaps Welfare Association) Award for Community Friendly Buildings for Savannah CondoPark (Silver) and Goldenhill Park Condominium (Bronze) in the Residential Buildings category and Goldenhill Villas (Honourable Mention) in the Open Spaces and Structures category.

- M&C clinched a management contract for a 350-room hotel in Shanghai's Hongqiao district. The 5-star Millennium Hongqiao Shanghai will open in mid-2006.

- CDL was awarded The Singapore Health Award 2005 (Gold) by Health Promotion Board for successfully promoting healthy lifestyle to its staff.

- CDL supported the setting of a new base jump record in Singapore from Republic Plaza, one of Singapore's tallest buildings.

DECEMBER

- CDL was the top private residential property seller in 2005. Projects contributing to CDL's sales include The Sail @ Marina Bay Tower 2 and City Square Residences which are amongst the top five best sellers in 2005.

- CDL was presented the Singapore Green Plan 2012 Award 2005 by Ministry of the Environment and Water Resources for leading the industry in good environmental practices and educating its stakeholders to adopt eco-friendly habits.

- CDL's Republic Plaza, Fuji Xerox Towers and City House were awarded the Energy Smart Label Award by National University of Singapore (Energy Sustainability Unit) and National Environment Agency.

- CDLHNZ and M&C announced the completion of divestment of Kingsgate Commercial Complex by Kingsgate Investments Pty Limited, a wholly-owned subsidiary of Kingsgate International Corporation Limited for A$19 million.

- Monterey Park Condominium was conferred a bronze award at the inaugural Landscape Industry Association (Singapore) (LIAS) Awards of Excellence 2005 in the Implementation Projects, Residential category.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to report a profitable year for the City Developments Limited Group.

Local Industry Review

The economy grew strongly by 6.4% in 2005, above earlier expectation of 3 to 5% and unemployment rate fell to a record low of 2.5%, its lowest in four years.

The property market performed well in 2005. Private residential property prices increased by 3.9%. The high-end luxury market segment led the price recovery with very strong performance, particularly for niche projects. Significantly, transaction volumes increased by 55% from 5,800 units in 2004 to 9,000 units in 2005. In Q4, HDB Resale Price Index also registered some improvement.

The office sector has also done well. Office values increased by 4.5% while rental improved significantly by 12.7%. Meanwhile, average occupancy also improved by 3.2%. The retail sector, likewise, has done well.

Group Performance

For the year ended 31 December 2005, excluding the Group's share of revenue from jointly-controlled entities which has not been consolidated, Group revenue amounted to $2,374.3 million (restated 2004: $2,380.1 million). Profit from operations increased by 24% to $497.7 million (restated 2004: $400.4 million). After accounting for lower finance costs incurred in the year, the Group's profit before share of results of associates and jointly-controlled entities increased by 56% to $345.2 million (restated 2004: $222.1 million).

Pre-tax profit of $403.9 million (restated 2004: $502.6 million) was achieved whilst profit after tax and minority interests amounted to $200.4 million (restated 2004: $227.1 million). Higher profits were achieved in year 2004 mainly on account of greater profit contributions from jointly-controlled entities arising primarily from the sale of The Plaza, New York.

Although the Financial Reporting Standard (FRS) allows the option for investment properties to be stated either at depreciated cost or at valuation, the Group has continued to be the only listed Singapore property company that has adopted a conservative accounting policy of depreciating its investment properties.

During the year, the Group also reduced its borrowings by 10% to $3.60 billion (2004: $4.02 billion).

In view of the good operational results and the expected strong cash flow of the Group, the Board recommends the payment of an additional special ordinary dividend of 5 cents per share, in addition to the normal ordinary dividend of 7.5 cents per share.

Property

2005 was an active year for the Group. The Group sealed its leadership position as the top seller of private residential property for 2005. It sold almost 2,100 residential property units, which is equivalent to the market share of over 23%. This remarkable achievement represents a 108% increase compared to the Group's property sales in 2004. For 2005, the Group's property sales value amounted to $1.66 billion.

City Square Residences, the 910-unit condominium, located at the junction of Serangoon and Kitchener Roads, which was launched in April 2005 with overwhelming response, is now 90% sold.

The most spectacular launch of the year was the 430-unit Tower 2 of The Sail @ Marina Bay. Launched in late October 2005, over 400 units were snapped up within one week. The project is now almost fully sold, with only 3 units remaining.

The 295-unit Parc Emily, which is located in the quiet enclave of Mount Emily Park in downtown District 9 also contributed to the sales. This development, in which the Group has a 50% share, was also well received. To-date, 89% of the project has been sold.

The sales of The Sail @ Marina Bay and City Square Residences were overwhelming. However, these high-rise developments, especially The Sail @ Marina Bay, are still in the preliminary construction stage as they require specialised deep-foundation engineering and construction works. Thus, in accordance with the accounting policy of recognising profit based on progressive stages of construction, only a relatively small percentage of profit has been recognised in 2005 for these two developments. As the construction progresses, more profits will be recognised progressively from the current year.

During the year, profits were also realised from existing projects such as Savannah CondoPark, The Pier at Robertson, The Esparis and Monterey Park.

The office market has fared well with improving occupancy and rental rates. The office portfolio in the Group now enjoys occupancy of over 90%. Rental rates will be adjusted upwards in line with the market trend when existing leases are due for renewal.

Meanwhile, leasing of the Exchange Tower in Bangkok is progressing well with strong interest from numerous prospective tenants. This Grade A office tower and a modern retail mall, offers approximately 455,000 sq. feet of lettable area.

The proposed sale of the portfolio of 11 properties to Suntec REIT was not proceeded with as reported in our Q3 results announcement. The Group has reserved the right to take legal action on the matter.

In December 2005, the Group announced that it had entered into a memorandum of understanding with Las Vegas Sands Corp. (Sands), to take a 15% equity stake in relation to the bid for the Integrated Resort (IR) in Marina Bay. Subsequently, upon clarification on some of the regulatory requirements, the Group, with the agreement of Sands, decided not to participate, but will continue to provide expertise and counsel on the non-gaming aspects of Sands' proposal, particularly in those areas relating to design, development and construction planning.

The IR is an exciting opportunity to help transform Singapore's new downtown cityscape. With over 40 years of experience in the local market, the Group remains committed to value-add to Sands' proposal and developing an IR concept that has strong tourism appeal and that will dynamically transform this city.

As a property developer and owner of an extensive portfolio of properties and land bank, the Group will definitely benefit from the spin-offs from the IR. In addition, the Group's hotels in Singapore will also be able to capitalise on the increase in tourism.

Hotel

In 2005, Millennium & Copthorne Hotels plc (M&C), in which the Group has 52% interest, delivered strong growth in profitability. Backed by an improving trading environment, all regions experienced RevPAR growth with improvements in each quarter.

M&C reported that its profit before tax excluding other operating income and impairment increased by 45% to £74.0m (2004 restated: £51.2m). Profit after tax and minority interests increased by 20% to £61.1m (2004 restated: £50.9 m).

The positive results achieved are due to M&C's focus on optimising operational efficiency and sustained operational excellence. It also benefited from its twin strategy of being an integrated owner and operator of international hotel assets, across a balanced geographical portfolio. Leveraging on its real estate expertise and resources, M&C maximised value from its disposal of selected real estate assets, redevelopment opportunities and in addition, announced ten new management and franchise contracts for the year.

CURRENT YEAR PROSPECTS

Property

The economy is expected to continue to perform well with GDP forecast to grow by between 4% and 6%.

The residential property market, especially the high-end niche sector, is expected to continue its upward trend. Property consultants are forecasting that average prices of residential properties will grow by 10% this year.

With the phenomenal success of The Sail @ Marina Bay, the Group has carved a niche for itself as a developer of high-end luxury residential projects. The Group is poised to enhance this position and establish itself as the market leader by launching another two signature upmarket projects in the first half of 2006.

The first is the branded super luxurious 173-unit St. Regis Residences located at Tanglin/ Tomlinson Road. Demand is expected to be good as we already have a long waiting list of eager potential purchasers. This development will redefine the benchmark for luxurious living and hospitality in Singapore.

The second project is the proposed residential development at Sentosa Cove, which was won through a successful tender based on outstanding design. With its strategic location at the gateway to the marina basin and standing at the maximum permissible height of 15 storeys, this will be the tallest residential development in Sentosa. With unobstructed view of the sea, the launch of this 264-unit waterfront development is eagerly anticipated and there is a growing waiting list of potential buyers.

Slated for launch are another two freehold projects. Firstly, the 175-unit King's Centre Plot 3 located next to Grand Copthorne Waterfront and facing the charming Singapore River. The second property is the 208-unit Residences @ Evelyn, a 50% joint venture project.

The Group is also planning for the redevelopment of No. 1 Shenton Way (formerly known as Robina House) which will become the Group's latest proposed jewel in the city. This proposed 50-storey development will comprise about 360 residential apartments and will have a retail component on the ground floor. The stunning twin-tower, high-end luxury development next to Marina Bay, will be a distinctive addition to the city's skyline.

The Group has recently acquired a 30,368 sq. feet site at Shelford Road, through an enbloc sale tender exercise, for $19 million. It will be amalgamated with a larger neighbouring plot already owned by the Group for redevelopment.

Development of the exciting City Square Mall with over 700,000 sq. feet is progressing well and construction is expected to begin this year. This proposed development has attracted much interest from retailers and is set to be the flagship retail mall for the Group.

On the overseas front, the Group is preparing to launch two residential developments later in the year. They include a freehold 600-unit luxury residential condominium in Thailand, located in a prime residential land parcel in Sukhumvit, Central Bangkok, and a 132-unit freehold residential project in Kuala Lumpur, adjoining to our Regent Hotel.

While some real estate companies may be expanding overseas and relying more on overseas revenue, the Group's strategy is to remain the proxy to the real estate market in Singapore. Singapore's property market has been down for almost 7 years and recovery has been slow compared to other countries in the region. However, we are now beginning to see the recovery of the domestic market. With over 40 years of experience in property development and investment, the Group has harnessed a reputation of understanding the local market very well. The Group will exploit its years of experience and capitalise on all opportunities in the market it knows best. With its significant land bank and other classes of real estate assets, the Group can now maximise its real estate potential and utilise these by extracting value from this upswing trend.

In addition to its overseas portfolio through M&C, the Group will continue to embrace overseas ventures and investments that complement its overall business strategy. It will strategically nurture new markets overseas and select the optimal time to enter, with the intent to maximise shareholder value.

Collective sales for land parcels have been aggressively pursued and some are substantially above the reserve list price, setting new benchmark prices. Consensus is that there is a continuous uptrend. The Group will continue to source for suitable land replenishment only at appropriate prices.

The office market is expected to continue with its upward momentum. With very limited new supply coming onto the market over the next 3 years and with improving business conditions, rental occupancy rates are slated for further improvement. Market experts projected that office rentals will improve by 15 to 20% this year.

The Group is mindful of the recent tax incentives and the enhancements to the regulatory framework for REIT vehicle(s) in Singapore. With the improving rental rates for the office market and the growing appetite for REIT offerings, the Group will re-evaluate the merits and feasibility of various REIT transactions involving our existing asset portfolio through the listing of new REIT vehicle(s) and other REIT related transactions. The Group places no time frame on this decision and will consider all options and decide in due course.

Hotel

The Group remains committed to continuing its established ability to combine its operating and real estate strengths, as well as carving its competitive edge.

These strategies helped to manage M&C's real estate assets efficiently, exploiting their potentials and to unlock medium to long-term value to ensure superior value creation.

Group Prospects

The Group expects to remain profitable over the next 12 months.

Appreciation

On behalf of the Board, I wish to express our sincere appreciation to Mr Ong Pang Boon, who will be retiring from the Board at the forthcoming Annual General Meeting, for his valuable contribution to the Group for more than 20 years. I would also like to thank the Management and staff for their unwavering dedication and hardwork in the past year. We are also deeply appreciative of the continued support of our stakeholders including our investors, customers, business associates and the community.

Kwek Leng Beng
Executive Chairman
28 February 2006

董事主席报告

本人谨代表董事部同人，欣然呈报城市发展有限公司集团取得盈利一年的业绩报告。

本地行业回顾

2005年新加坡经济取得6.4%的强劲增长，超过早期预测的3%至5%。失业率降到2.5%的低纪录，为4年来最低。

2005年房地产市场表现良好。私人住宅产业价格增长了3.9%，高端豪华市场部分以非常强劲的表现拉动了整体价格上扬，尤其在一些独特地段的项目上。值得注意的是，成交量增加了55%，从2004年的5,800个单位增加到9,000个单位。在第四季度，建屋发展局转售价格指数也显示得到了一些改善。

办公楼部分也表现很好。当租金大幅提高了12.7%后，办公楼价值增长了4.5%，同时，平均租用率也增长了3.2%。零售部分同样表现很好。

集团业绩

截至2005年12月31日，不包括尚未合并的共同控制实体的盈利股份，集团营业额达到23亿7430万元(2004年为23亿8010万元)。营运盈利增长24%，达到4亿9770万元(2004年为4亿零40万元)。在本年度财务成本占用更低的情况下，不计入联营公司和共同控制实体的结果，集团盈利增长56%，达到3亿4520万元(2004年是2亿2210万元)。

税前盈利为4亿390万元(2004年为5亿零260万元)，税后及少数股权盈利达到2亿零40万元(2004年为2亿2710万元)。2004年取得更高的盈利，主要是因为共同控制实体通过脱售纽约的The Plaza酒店而贡献了可观的特别盈利。

虽然财务报告准则(FRS)允许产业投资者选择折除成本或者估价的方式，本集团仍然继续成为唯一采取保守会计政策，将其租赁产业加以折旧的新加坡上市产业公司。

在受检讨的年度，集团的借贷也减少10%至36亿元(2004年为40.2亿元)。

鉴于集团良好的营运表现以及预期的充足现金周转，董事部提议除派发每股7.5分的常规年终股息外，还派发每股5分的特别股息。

产业

对集团而言，2005年是相当活跃的一年。集团巩固了其2005年最畅销私人住宅产业的领导地位，共计售出2,100个住宅单位，占市场份额的23%以上。与集团2004年的销售相比，这意味着取得了增长108%的优异成绩。在2005年，集团的产业销售总值达到16.6亿新元。

位于实龙岗和吉真那路交汇处，拥有910个共管公寓单位的城市雅居，于2005年4月推出后反响热烈，迄今已售出90%。

该年度最引人瞩目的发布是拥有430个单位的滨海舫第二座大厦。在2005年10月尾推出后，一周内便有400多个单位被抢购。现在这一项目基本上销售一空，仅仅余下3个单位而已。

位于城市中心第9区爱美丽公园静谧的环抱之中，拥有295个单位的Parc Emily，也为销售成绩作出了贡献。集团拥有50%股份的这一发展项目也表现良好，迄今已售出89%。

滨海舫和城市雅居的销售获得热烈反应。不过，这些高层发展项目，尤其是滨海舫，因为需要进行特别的深地基工程和建筑工作，尚处于初步的建筑阶段，因此采取按照建筑工程的进展而逐步计算盈利的财务策略，这两个发展项目也只有比较小的利润率被计入2005年。随着建筑工程的进展，将会有更多的盈利被纳入本年度。

这一年中，现有项目如百馨园、乐滨轩、怡景园和榆林园等都取得了实质性的赢利。

随着租用率的改善以及租金的提高，办公楼市场成绩骄人，目前集团的办公楼租用率达到了可喜的90%以上。当现有的租约进行更新时，租金将根据市场的尺度向上调高。

同时，曼谷的The Exchange Tower吸引了众多预期租户的强烈关注，进展顺利。这座A级办公楼连带一个现代化的购物中心，大约可提供455,000平方英尺的使用面积。

脱售11栋商业大楼给新达信托的计划没有按照我们在第3季度公报所言继续进行。集团保留采取法律行动的权力。

2005年12月，集团宣布与拉斯维加斯金沙集团签署谅解备忘录，以取得项目发展15%的股权，联合竞标滨海湾综合度假胜地(IR)发展项目。随后，在获知一些跟竞标有关的要求后，集团在金沙集团的同意下决定退出竞标，但仍将在与博彩业务无关的方面，继续给予金沙集团咨询与支持，尤其是在最熟悉的设计、发展和建筑等方面。

滨海湾综合度假胜地(IR)是一个振奋人心的机会，将为新加坡带来崭新的都市风貌。凭借在本地市场40余年的经验，集团仍将投入金沙集团的增值提议，发掘具有强大的旅游吸引力并将改变城市风貌的综合度假胜地发展创意。

作为拥有庞大的房地产产业及土地库存的产业发展商和业主，集团肯定将从综合度假胜地的周边产业中受益。另外，集团在新加坡的酒店也能够从本地旅游业的增长中获取收益。

酒店

2005年千禧国尊酒店(M&C)(集团占有52%的股权)盈利取得强劲增长。在经营环境得到改善的背景下，整个地区每个季度的可销售客房收入(RevPAR)都获得了相应的改善。

据千禧国尊酒店报告，除去其他营业收入和损耗，其税前收入增长45%，达到7,400万英镑(2004年是5,120万英镑)，税后收入和少数股权增长20%达到6,110万英镑(2004年是5,090万英镑)。

取得这一骄人的成绩，取决于千禧国尊酒店高效的经营效率和对优质运作的坚持。同时，它也受益于集酒店业主和国际酒店经营者于一身的多元化策略。融合其在房地产领域的专长与资源，千禧国尊酒店在选择房地产资产的处理及再发展，再加上在本年宣布了十个新的管理和特许合约上获得了最大价值。

今年展望

产业

经济预计继续保持良好状况，国民生产总值(GDP)估计介于4%至6%。

住宅产业市场特别是高端独特地段的项目，预计将继续保持上升趋势。据产业顾问预测，住宅产业的平均价格今年将上涨10%。

伴随着滨海舫的非凡成就，集团成功树立了一个在独特地段建造高端豪华住宅产业的发展商的自身形象。通过在2006年上半年发布另两个标志性高档项目，集团进一步建立并巩固了其市场领导者的地位。

第一个是位于东陵路与汤林生路交界处拥有173个单位的超豪华项目瑞吉居。预计需求情况会非常理想，因为我们已经拥有一份长长的有热切期望的潜在买方排队名单。这个发展项目将为新加坡的豪华生活标准作出重新诠释。

第二个是位于升涛湾的推荐住宅发展项目，该项目是凭其杰出的设计在投标中成功胜出。以其矗立于升涛湾入口处的战略位置，以及15层楼的最大可允许建造高度，使其成为圣涛沙最高的住宅发展项目。因拥有一望无阻的海景，市场也热烈期盼这个有着264个单位的滨海项目的发布，同时潜在买家的排队名单也越来越长。

另外还有两个永久地契公寓发布。第一个是有175个单位的左岸居，靠近国尊河畔大酒店，面向迷人的新加坡河。第二个项目是有208个单位的傲世园，一个占50%的合资项目。

集团也计划对珊顿大道1号（前著名的Robina House）进行再开发，这将成为集团在市区推出的最新明珠。这座50层楼的发展项目将包括360个住宅单位，底层将有一个购物区。临近滨海湾的这座美妙的双峰塔式高端豪华项目，将给城市的风景线增添绚丽的色彩。

集团最近通过一次招标，以1,900万元在赐福路标得了一块30,368平方英尺的地皮。它将与集团在邻近业已拥有的另一块更大面积的地皮组合起来，进行再开发。

令人激动的有超过700,000平方英尺的City Square Mall项目进展顺利，预计将在今年开始建筑工程。该项目引起零售业者的浓厚兴趣，并被定位为集团的旗舰购物中心。

海外方面，集团准备在年末发布两个住宅发展项目，包括泰国的一个永久地契豪华共管公寓，位于曼谷中心头等住宅区域Sukhumvit。另一个有132个单位的永久地契住宅项目位于吉隆坡，毗邻我们的Regent Hotel。

一些房地产公司可能正向海外扩充，加强对海外收入的依赖性，本集团的策略是继续保持在新加坡房地产市场的指标地位。与区域其他国家相比，新加坡房地产市场下滑了几乎有7年，而且复苏缓慢，但现在我们开始看到市场在复苏。集团在房地产市场开发和投资方面拥有40余年的经验，在了解本地市场方面建立起了非常良好的信誉。集团将充分利用多年积累的经验，投入于最佳市场的所有机会。由于握有相当大的土地库存和其他等级的房地产资源，集团现在能够最大限度地发掘其在房地产市场的潜能，并从目前高扬的市场趋势中获得最大增值。

加上通过千禧国尊酒店(M&C)在海外的业务，集团将继续拓展海外事业和投资以作为整体商业策略的补充。我们将策略性地培育海外新市场，选择最佳时机入场，以求得股东价值的最大化。

市场上对地皮的集体采购不断升温，一些实际上已经超出库存定价，正在形成新的价格标准。舆论认为这种趋势还会继续上升。集团将继续补充合适的土地资源，但只会以适当的价格进行。

办公楼市场预计将继续保持上升趋势。随着未来3年市场上的新供应非常有限以及商业环境继续改善，租用率预计会进一步上升。市场预测，今年的办公楼租金估计上涨15%至20%。

集团注意到最近新加坡的税务鼓励政策和对房地产投资信托(REIT)监管条例的改进。鉴于不断上升的办公楼市场租用率以及对房地产投资信托出售不断增加的期望，集团将通过新的房地产投资信托条例和其他与房地产投资信托有关的交易，对涉及我们现有资产的各种房地产投资信托交易的优点进行重新评估。

酒店

集团将继续发挥其同时作为酒店经营者及资产业主的能量，提高创建能力，增强竞争力。

这些策略有助于高效地管理千禧国尊酒店的房地产资产，发掘它们的潜力，开启具有长远价值的经营方式，创造更高的效益。

集团前景展望

本集团预计在接下来的12个月内将继续保持盈利。

致谢

我谨代表董事部,对即将在本次常年大会卸下董事职务的王邦文先生过去20余年来对本集团的宝贵贡献表示感谢。我也感谢管理层和职员们过去一年所作出的辛勤努力与奉献。我们亦对我们的股东包括我们的投资者、客户、商业伙伴以及社区的不懈支持,致以深深的谢意。

郭令明
执行主席
2006年2月28日

BOARD OF DIRECTORS

1.

2.

3.

4.

1. Kwek Leng Beng, 65

Appointed as Director and Executive Chairman of CDL since 1 October 1969 and 1 January 1995 respectively, Mr Kwek was re-elected on 29 April 2004. He also sits on the Nominations and Remuneration Committees of CDL.

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

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

2. Kwek Leng Joo, 52

Appointed as Director and Managing Director of CDL since 8 February 1980 and 1 January 1995 respectively, Mr Kwek is an Executive Director of CES and also sits on the boards of HLF and M&C.

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

The Immediate Past President of the Singapore Chinese Chamber of Commerce and Industry, Mr Kwek is also the Vice Chairman of the Singapore Business Federation and the Vice President of the ASEAN Chamber of Commerce & Industry. His other appointments include Chairmanship of Sun Yat Sen Nanyang Memorial Hall Company Limited and the Board of Trustees of the National Youth Achievement Award Council.

3. Chee Keng Soon, 73

Appointed a Director of CDL since 29 March 1995, Mr Chee was last re-appointed a Director on 27 April 2005 pursuant to Section 153(6) of the Companies Act, Chapter 50. He is also the Chairman of the Audit, Nominations and Remuneration Committees of CDL.

In the last 3 years, Mr Chee had served on the boards of Inland Revenue Authority of Singapore and SembCorp Marine Ltd. Mr Chee holds a Bachelor of Arts (Honours) degree in Geography from University of Malaya.

4. Chow Chiok Hock, 67

Appointed a Director of CDL since 1 October 1969, Mr Chow was last re-elected on 29 May 2003. He also sits on the boards of Hong Leong Holdings Limited and other companies in the Hong Leong Group.

Mr Chow has extensive experience in real estate and was actively involved in the management and development of the Grand Hyatt Taipei.

5.

5. Ong Pang Boon, 77

Appointed a Director of CDL since 12 April 1985, Mr Ong was last re-appointed a Director on 27 April 2005 pursuant to Section 153(6) of the Companies Act, Chapter 50. Mr Ong will not be seeking re-appointment at the forthcoming Annual General Meeting of CDL.

He also sits on the boards of Hong Leong Holdings Limited and Singapura Finance Limited and several companies within the Hong Leong Group. Mr Ong holds a Bachelor of Arts (Honours) degree from University of Malaya and has extensive experience in the real estate and hotel businesses.

6.

6. Foo See Juan, 65

Appointed a Director of CDL since 2 June 1986, Mr Foo was last re-elected on 27 April 2005. He also sits on the Audit and Nominations 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.

7.

7. Kwek Leng Peck, 49

Appointed a Director of CDL since 1 August 1987, Mr Kwek was last re-elected on 29 April 2004. He is an Executive Director of HLA and CES and also sits on the boards of HLF, M&C, New York-listed China Yuchai International Limited and Malaysia-listed Tasek Corporation Berhad.

Mr Kwek holds a Diploma in Accountancy and has over 25 years of experience in trading, manufacturing, property investment and development, hotel operations, corporate finance and management.

8.

8. Han Vo-Ta, 57

Appointed a Director of CDL since 20 September 1988, Mr Vo-Ta was last re-elected on 27 April 2005. He also sits on the Audit Committee of CDL.

Mr Vo-Ta holds Bachelor of Science and Master of Science degrees in Management from Massachusetts Institute of Technology and is presently a Senior Advisor of UBS AG, a member of the Governing Council of the Singapore Institute of Management and a member of the Board of Trustees of SIM University. Mr Vo-Ta also sits on the boards of various companies in the Hong Leong Group.

9.

9. Tang See Chim, 73

Appointed a Director of CDL since 28 August 1995, Mr Tang was last re-appointed a Director on 27 April 2005 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, Singapore. He also holds a Bachelor of Science (Honours) degree in Economics (University of London).

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

OPERATIONS REVIEW 2005

City Square Residences

Savannah CondoPark

EXCEPTIONAL PERFORMANCE

2005 has been an outstanding year for CDL. We have led the industry with various iconic signature developments, impressive sales figures and multiple awards and accolades. Indeed, CDL demonstrates that a socially responsible business philosophy can be a winning formula that benefits stakeholders.

VISIONARY LEADERSHIP

Demand for CDL homes in 2005 was tremendous. About 2,100 homes were sold, translating into 23% of the private residential market share in Singapore. Contributing to this is the landmark development, The Sail @ Marina Bay. In October, prospective buyers of the 1,111-unit luxury development waited outside the show suites the night before the soft-launch of Tower 2 to ensure they would not miss the golden opportunity of owning a part of this icon. Within days, The Sail @ Marina Bay Tower 2 was almost sold out. The buying frenzy garnered extensive media attention both locally and abroad and was a testament of its premium six-star quality, international stature and good value. Backed by the foresight to envisage Marina Bay as the key to the new downtown, the management decided to adopt a bold and stunning design for this strategically-located condominium. With the development of the proposed Business Financial District and Integrated Resort at Marina Bay, The Sail @ Marina Bay promises to be one of Singapore's most prime real estates.

Another mega development launched was the freehold 910-unit City Square Residences which sits on the historic New World Amusement Park site at the junction of Serangoon Road and Kitchener Road. Having met with overwhelming response when launched in April, 800 units were sold. Residents of this integrated development will enjoy over 700,000 sq. feet of exciting shops, restaurants, hypermarket and even a Cineplex at City Square Mall which will be developed on the adjacent site and a large public park. These projects are set to transform the landscape of the vicinity into a vibrant urban hub.

Parc Emily, a joint venture development with TID Pte. Ltd., was also successfully launched in March. The premium 295-unit development is located in the quiet exclusive enclave of Mount Emily Park and 89% has been sold.

INNOVATIVE TECHNOLOGIES, SUSTAINABLE SOLUTIONS

By harnessing state-of-the-art technology, innovation and uncompromised quality, CDL has always been at the forefront of developing homes with revolutionary designs and features to satisfy and even surpass the lifestyle expectations of our buyers.

Honoured with a plethora of awards and accolades, CDL has shown that clever designs utilising innovative technology and carefully executed with developmental sustainability in mind produces excellent projects that are financially viable.

At the 2005 Building and Construction Authority (BCA) Awards, CDL bagged the most number of awards – 14 of the 46 awards for Construction Excellence, Best Buildable Design and the Green Mark Award. Of the 14 awards, CDL received five Green Mark Awards (Gold) in recognition of developing environmentally-friendly and operationally-efficient buildings.

At the BCA Construction Quality Assessment System (CONQUAS) review, both Savannah CondoPark and Monterey Park topped the list with the highest scores achieved to-date – 94.1 and 92.3 respectively. CONQUAS is the national standard for construction quality and CDL is pleased to report that six CDL projects dominate the top 13 positions.

Monterey Park was also conferred the Bronze Award (Implementation Projects, Residential Category) by the Landscape Industry Association (Singapore).

Changi Rise and Goldenhill Park Condominium were both placed in runner-up positions at the 2005 Excellence in Design Award (Multi-Use Residential – Apartment/Condominium category) by the Environmental Design + Construction Magazine in USA. This reflects and recognises CDL's firm commitment to green and sustainable design.

The Singapore Institute of Architects and the Handicaps Welfare Association conferred a Community Friendly Buildings award on three of our properties, namely, Savannah CondoPark (Silver), Goldenhill Park Condominium (Bronze) and Goldenhill Villas (Honourable Mention). These properties have incorporated facilities for the physically challenged and the elderly, thereby providing greater accessibility and integration with the community and its surroundings.


The Sail @ Marina Bay


City Square Mall


Millennium Hongqiao Shanghai

Accorded by the Ministry of Manpower, The Esparis received two awards at the Occupational Health Best Practices Award 2005 – the Excellence Award for Noise Control and Innovation Award for Noise Control. Monterey Park also received the Excellence Award for Noise Control.

These honours illustrate the continued success of CDL's dedication and commitment towards building sustainable quality developments, mindful of the impact our operations have on the environment. They are a reflection of achievements made in line with CDL's Environment, Health and Safety Policy.

STRENGTHENING OUR CORE BUSINESS

In the year of 2005, CDL purchased several sites in Singapore including the coveted site of Sentosa Cove in May. Although its bid was not the highest, the striking architectural design conceived by Wimberly Allison Tong & Goo (WATG) was the deal clincher, beating all competition. The development will stand at the maximum permissible height of 15 storeys comprising 264 units and is a 50:50 joint venture with TID Pte. Ltd..

In July, 21 Swiss Club Road, with a site area of 42,270 sq. feet was purchased for $12.8 million. As CDL already owned the adjoining sites of 15 and 19 Swiss Club Road, there will be plans to amalgamate all plots into one site for good class bungalow redevelopment in this exclusive district. In an en-bloc sale, CDL in November 2005 purchased Bougainville, a freehold development with a site area of 30,368 sq. feet along Shelford Road. Together with an adjoining site, the combined site will have a freehold land area of about 74,901 sq. feet and can be redeveloped into a condominium of about 85 units.

Adding to our five million sq. feet of lettable space is our latest retail development, City Square Mall. Slated to be one of the largest shopping centres in Singapore with over 700,000 sq. feet of retail space, it will be a shopping, entertainment and services hub in the rejuvenated Serangoon/Kitchener Road area. Designed by the renowned Land Lease Group, City Square Mall will offer consumers an exciting and extensive mega shopping experience.

TRANSFORMING CITYSCAPES

CDL has been driving its expansion not only in Singapore, but also across the Asia Pacific region, transforming cityscapes.

We have diversified our expansion strategy overseas through our investment in Real Estate Capital Asia Partners, L.P. (RECAP) with a US-based investment fund and certain other limited partners. RECAP has been actively exploring opportunities in the Asian markets.

In February, RECAP purchased prime freehold residential land in Sukhumvit Soi 20. To be ready in 2008, the luxury condominium in Bangkok will comprise about 600 units. RECAP also purchased MyeongDong Tower, a 15-storey office building located in MyeongDong, one of the premier commercial districts in Seoul, with a net floor area of 92,744 sq. feet.

CDL acquired an interest in Exchange Tower (formerly known as Pornpat Tower) in Bangkok. Offering both office and retail space, this grade "A" building is strategically located in the prime Central Business District at the junction of Sukhumvit Road and Ratchadapisek Road. It is easily accessible via the exchange station of the BTS and MRT (Bangkok's mass rapid transit systems).

EXQUISITE HOTEL SERVICE

Millennium & Copthorne Hotels plc (M&C) also significantly increased its presence in Asia in 2005. The 326-room Millennium Sukhumvit Bangkok is expected to be ready in 2007. M&C also clinched a management contract for the 350-room, five-star Millennium Hongqiao Shanghai. It is expected to open in mid-2006 and is a 10-minute drive from the city's domestic Hongqiao Airport. M&C signed a total of 10 management contracts in 2005.

In Kuala Lumpur, there are plans to develop a 132-unit luxury apartment building on a vacant plot of land next to Regent Hotel. The freehold property faces Jalan Bukit Bintang, the city's premier shopping, entertainment and tourism district. Both Regent Hotel and the apartment project are owned by M&C.

CDL's strategy to make its mark in these Asian cities reflects a growing interest and confidence in the Asian market. CDL will continue to make new inroads into the region progressively and has its eye on other markets including India and Vietnam. At the same time, CDL will consolidate and strengthen its position in markets where it is already present.

** Information as at 1 March 2006*

CORPORATE SOCIAL RESPONSIBILITY REPORT

Affirming Our Commitment To Our Stakeholders

Savannah CondoPark – first Safari-themed condominium

On behalf of the Board, I am pleased to present CDL's second Corporate Social Responsibility (CSR) Report. Through this, we hope to share our CSR achievements and aspirations, and reaffirm our commitment to all shareholders, investors and stakeholders.

We believe that a successful organisation should not be founded solely on business achievements. For a more sustainable business model, we adopt ethical and responsible corporate behaviour with respect to all our stakeholders and the community at large. As a Green developer, we remain steadfast to environmental sustainability.

Our involvement in CSR started years ago, and although we have made much progress since, it is still evolving. In September 2005, we joined the United Nations Global Compact to lend our support to the CSR movement in Singapore. As a member of Singapore Compact, we have helped to advocate CSR among the business community through awareness dialogues and workshops. It is our hope that by sharing our experience, it may inspire more companies to practice CSR in their business operations.

We continue to be the only Singapore developer listed on the London FTSE4Good Social Responsibility Index since 2002, a global benchmark for socially responsible investments. Our efforts in environmental sustainability have also earned us the prestigious Singapore Green Plan 2012 Award, Green Mark Gold Awards as well as Energy Smart Label Awards for our developments.

OUR CUSTOMERS: PIONEERING INNOVATIONS FOR GREATER VALUE

Eco-innovations

2005 was a rewarding year as we received numerous prestigious awards and accolades for our unique designs, cutting-edge technology, comprehensive project management and construction excellence. This is testimony to our commitment of offering greater value to our customers – in developing quality homes, offices and commercial spaces that are dynamic, innovative and distinctive.

For instance, the careful planning and inspired design of award-winning Savannah CondoPark, CDL's first Safari-themed Eco-condo, resulted in the development of an extraordinary new-generation project. CDL has created a spectacular environment reminiscent of a Safari, complete with lush landscaping, exotic animal sculptures and even a lifelike volcano structure.

Savannah CondoPark's Innovative Eco-Features

- Photovoltaic panels for a solar powered clubhouse
- Energy-saving light fittings and air-conditioning systems
- Pneumatic waste disposal system for odourless and vector-free collection of domestic waste
- Carbon monoxide sensors to activate ventilation fans in the car park
- Convenient green areas to promote recycling
- Recycled copper for the animal sculptures
- Transplanting of matured trees
- Ecological pond and lush greenery

From project design and planning to construction, developmental sustainability issues were addressed in line with CDL's Environment, Health and Safety (EHS) Policy. We continued to adopt the pre-cast construction method to ensure better safety, enhance productivity, minimise resource wastage and lessen the impact on the environment.

The condominium has a host of eco-features that reduce energy and water consumption and help residents save utility expenses while at the same time, provide a green and healthy lifestyle.

Customer Care

We offer a variety of layout configurations and finishes for some of our developments to cater to our customers' preferences. Customers can also opt for eco-friendly flooring made from high-pressured laminate wood base using recycled materials. They are of superior quality and are aesthetically pleasing, while at the same time scratch-, impact- and water-resistant when compared to natural timber flooring. Honeycomb doors made from recycled paper and wood board, designed with a rebate and acoustic gasket, help improve noise insulation. These options were created to complement our green philosophy of conserving the environment and its precious natural resources.

We created an on-line service that provides homebuyers with regular updates on the construction progress of their properties. We have also established on-line a TOP (Temporary Occupation Permit) Appointment Booking service that offers homebuyers the convenience of scheduling appointments directly with CDL for the handover of their new homes.

Happy homebuyers at our project open house

Good team spirit, at work and at play

Prior to the collection of keys to the new home, we organised open house previews of soon-to-be-completed developments. Last year, over 300 families were given the first-hand opportunity of touring their property, meeting their new neighbours and attending various talks on interior décor, home improvement and high-rise gardening. We also conducted orientation tours of the amenities in the neighbourhood.

A highlight of such open house events was the “Green Living Exhibition” which advocated eco-friendly habits at home. The exhibition was part of CDL’s “Let’s Live Green!” eco-outreach programme to encourage new homeowners to be environmentally-conscious. Each household was presented with an exclusive canvas shopping bag and a green-living kit which illustrated the development’s eco-friendly features, their usage and maintenance.

OUR INVESTORS: INSTILLING GREATER CONFIDENCE

We provided prompt quarterly updates on the Group’s financial performance and conducted briefing sessions for analysts and the media on our half-year and full-year results. These sessions were attended by our Executive Directors and senior management to address queries on the Group’s performance and prospects.

In recognition of our corporate transparency efforts, we were once again commended as one of Singapore’s most transparent property companies in the SIAS (Securities Investors Association Singapore) Investors’ Choice Awards 2005.

CDL has been included as a component stock in the new FTSE/ASEAN Index and the FTSE/ASEAN 40 Index. Created in partnership with FTSE Group, the indices are designed for trading and the benchmarking of financial products in the South East Asia Region. The project is the first cooperative effort between the five ASEAN exchanges, namely Bursa Malaysia, Jakarta Stock Exchange, The Philippines Stock Exchange, Singapore Exchange and The Stock Exchange of Thailand.

We were ranked Top 20 in Outstanding Overall Achievement in the Singapore International 100 Ranking 2005 in recognition of our continued efforts at international expansion.

OUR EMPLOYEES: PROMOTING AN ENGAGED WORKFORCE

Various career development and training programmes were implemented to help develop and improve our employees’ performance at work. To support an engaged workforce and encourage staff bonding across divisions, we devoted 842 training days to leadership and teambuilding courses aimed at fostering initiative, interaction and openness among our employees.

More importantly, we believe that work-life harmony creates a quality workplace. We recognise the pressures employees face and help them balance their workload with other demands in their life. Our work-life programmes comprise flexible work options and maternity, paternity and childcare leave. In addition, we provided a childcare facility within walking distance of our headquarters. Other family-friendly policies include financial assistance schemes, sports and social activities, as well as workshops on health matters, medical check-ups and discounted membership rates to fitness centres.

StaffConnect@CDL, a committee of staff representatives across various departments and levels set up in 2004 to promote management-employee communication, continued to play a vital role in reinforcing staff bonding and teamwork. The annual Staff Day and other employee involvement activities were well attended and helped promote better cooperation and team spirit.

For our consistent efforts in helping employees achieve a balanced life between work and family, CDL was awarded the Singapore Family Friendly Employer Award and The Singapore Health Award 2005 (Gold).

DEVELOPING QUALITY PROPERTIES: FOR A SAFE AND GREEN ENVIRONMENT

We continue to uphold our “Safe and Green” philosophy by assessing the impact of our property development activities on the environment. Our EHS management programmes encompass energy and water conservation, waste management, safety practices and public health improvement and education. Since 2003, we have been consciously monitoring and improving our environmental performance through a set of key performance indicators.

Last year, CDL submitted eight projects for the inaugural Green Mark Certification Scheme launched by Building and Construction Authority (BCA).

We are pleased to report that all eight properties received the certification, with five given a higher Gold honour. In the area of safety, we achieved the 2005 UK Royal Society for Prevention of Accidents (RoSPA) Silver Award as well as the Ministry of Manpower’s Annual Safety Performance Awards (ASPA) for five of our projects.

For leading the industry in good environmental practices and educating our consumers and partners to adopt eco-friendly habits, CDL received the Singapore Green Plan 2012 Award by the Ministry of the Environment and

CORPORATE SOCIAL RESPONSIBILITY REPORT

Republic Plaza wins BCA Green Mark (Gold) and Energy Smart Label

Singapore Green Plan 2012 Award

Water Resources. This award recognises companies and individuals who have been environmental role models and who have contributed significantly to help Singapore move towards environmental sustainability. Moving forward, we will continue to adopt and improve our EHS programmes for a Safe and Green community, and set higher performance targets for ourselves.

Influencing Our Stakeholders

CDL facilitated peer learning amongst our suppliers and contractors to influence them to be more EHS-conscious. We hosted a dialogue session with leading safety experts from Singapore and the United Kingdom to share their insight on safety management in construction projects. We also shared with various local government agencies our best practices in making the workplace safe and green.

Since 2001, we have been conducting quarterly audits, namely the CDL 5-Star Assessment System, to assess the EHS performance of our contractors. After each audit, we held a seminar with our contractors to share and compare the results to encourage better performance for the next round of review. We have seen improvements in the overall average audit scores of our projects and our contractors have achieved significantly lower Accident Frequency Rates (AFR) compared to the Singapore industry benchmark. Our AFR was 0.4 accidents per million man hours compared to the industry benchmark of 3 accidents per million man hours.

To recognise exemplary contractors who have consistently scored high marks in the audits over a one-year period, we initiated our very first CDL EHS Excellence Award in 2005. This annual award is designed to further motivate our contractors to improve their EHS performance and to keep our work sites environmentally-friendly and accident-free.

As a landlord, we incorporate cost-effective and energy-efficient building management measures for our commercial properties, tracking their energy and water usage. Energy-saving lighting as well as infra-red motion sensors are installed in our buildings to reduce energy consumption. At Republic Plaza, we recycle water in the air-conditioning system by channeling the condensation to the cooling tower, saving 80,000 litres of water per month. For these initiatives, three of our buildings, namely Republic Plaza, Fuji Xerox Towers and City House, received Energy Smart Office labels awarded by the National Environment Agency and Energy Sustainability Unit of the National University of Singapore.

Eco-Related Awards

- Singapore Green Plan 2012 Award – Ministry of the Environment and Water Resources
- Royal Society for the Prevention of Accidents (RoSPA) Silver Award
- Building and Construction Authority (BCA) Awards
  - Green Mark Awards (Gold)
- Energy Smart Labels – National Environment Agency and National University of Singapore (Energy Sustainability Unit)
- Occupational Health Practices Award – Ministry of Manpower
  - Excellence Awards & Innovation Awards

Eco-outreach Community Programmes – Project Eco-office

As part of our ongoing Project Eco-Office campaign with the Singapore Environment Council, we organised a seminar titled "A Great Idea Is A Green Idea" to promote a green work environment. Project Eco-Office was also augmented to include a self-auditing system that helps companies assess the level of conservation measures in the office and help workers focus on aspects of their daily work practices that have an impact on the environment. CDL was among the first four organisations in Singapore to embark on this audit and secured the Green Office Certification for 2005-2007.

To encourage tenants of our commercial buildings to be more eco-conscious, we facilitate a complimentary and permanent recycling scheme at 16 of our properties. Tenants are provided with recycling boxes to collect waste papers within their offices. We work with SembEnviro Tay Paper to provide free door-to-door collection service for larger amounts of recyclable waste. This recycling programme commenced in 2003 in 11 buildings and as of December 2005, we collected a total of 681,920 kg of recyclable waste from 16 buildings; the average tenants' participation rate was approximately 68%.

BUILDING A BETTER PLACE FOR THE COMMUNITY

Lending A Helping Hand To The Less Fortunate

Staff volunteers embarked on various initiatives in aid of the Tsunami disaster victims. They included a company-wide donation drive that raised a total of $100,000 for the Singapore Red Cross Society. We helped to publicise the fund-raising campaign among our tenants and also offered Mercy Relief a city premise at The Corporate Office as the collection point for donors to drop off their contributions. More than 100

Promoting the arts: The 2nd CDL Singapore Sculpture Award and Exhibition


Supporting a national cause:
To Singapore with Love

employees were involved in manning the collection centre, which collected over 800 boxes of supplies from CDL tenants and the general public.

The CDL Group of companies rallied together to make the large-scale fund-raising carnival in aid of Assisi Home and Hospice a huge success. Central Mall played host and was joint organiser of the 180-stall carnival, while CDL's subsidiary, City Building Management lent invaluable logistics and cleaning support. Employees volunteered their time to man various food and games stalls. All proceeds went towards defraying the cost of in-patient home and day care for cancer patients of Assisi Home and Hospice and its Children's Centre.

The spirit of volunteerism has always been strong in CDL. This tradition has been continually upheld by an abundance of avenues opened for employees to reach out to the less fortunate in the community. One such avenue is City Sunshine Club, a conduit for employees to participate in voluntary activities. Its programmes include distributing food and necessities to the poor, befriending the elderly and nurturing children at risk of delinquency.

On my part, I was very honoured to have been able to respond to President S R Nathan's call to contribute copies of my personal photo art book, *Heart Voyage*, to the annual President's Challenge fund-raising effort. The sale of this limited edition publication raised over $100,000 for needy beneficiaries.

Arts And Culture For A Gracious Society
CDL's role in nation-building through the arts and culture saw the sponsorship of "A Heroic Decade", a three-month art exhibition held at the Singapore Art Museum (SAM). This exhibition commemorated Singapore's 40th year of independence and showcased some 70 poignant works from SAM and private collections on Singapore during the 1950s and 1960s – decades that were pivotal in transforming the social and political landscapes of then Malaya.

CDL also supported the production of *To Singapore with Love*, a hard-cover 264-page publication which featured the captivating images of Singapore's people, arts and culture as well as natural heritage. 330 images were selected from 8,400 entries submitted by photo enthusiasts throughout Singapore. The book was launched by President S R Nathan, and public exhibitions of selected photographs were held at the Singapore Art Museum, the Istana and Nanyang Academy of Fine Arts.

The 2nd CDL Singapore Sculpture Award drew overwhelming participation from established and aspiring sculptors in Singapore. We initiated this award in 2002 with the purpose of promoting creativity and the appreciation of sculpture among Singaporeans. Since then, we are pleased to report that there have been marked improvements in the quality of entries; many were created with wide-ranging expression, form and choice of materials. To help heighten public interest for this art form, we organised an exhibition of some 30 winning and selected entries at SAM.

For our support to the local arts community, CDL was presented with the National Arts Council's Friend of the Arts Award for the ninth consecutive year.

Environmental Conservation
CDL sponsored "Earth from Above", the largest open-air exhibition in Singapore by noted French photographer Yann Arthus-Bertrand. The public exhibition, prominently displayed along Orchard Road, featured 120 large-format photographs shot from a helicopter and revealed the extent of the Earth's destruction by mankind.

CDL also participated in the National Environment Agency's "Adopt-A-School Scheme" by sponsoring the installation of solar-powered underwater lights in Catholic High Primary School's eco-garden pond. This provided an experiential learning environment for the 11- and 12-year old pupils who were able to track the amount of energy used and discover the environmental benefits and cost savings compared to conventional sources of energy. The students showcased their findings at the NEA's two-day "November School Carnival" as part of the "Clean & Green Week".

CDL sponsored Singapore Environment Council's publication of *Birds Seen at the Istana*, a project commissioned by President S R Nathan to celebrate the presence of migratory birds that have found their home on the Istana grounds.

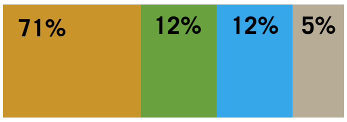
We continued with our decade-long tradition of producing corporate calendars with a nature theme, to remind all staff and business associates to be mindful of nature's precious resources.

THE PATH AHEAD
We will continue our CSR journey by refining our programmes, extending our reach and developing initiatives to reinforce the importance of CSR in our business operations. We are committed to creating greater shareholder value and at the same time, remaining steadfast in playing a positive role in society and building an enduring and sustainable organisation.

Kwek Leng Joo
Managing Director

PROPERTY PORTFOLIO ANALYSIS
Landbank

ANALYSIS BY SECTOR
Total: 3.9 million sq. feet

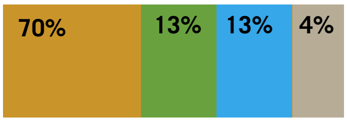


ANALYSIS BY TENURE
Total: 3.9 million sq. feet

FH/999-year Leasehold

99-year Leasehold

ANALYSIS BY DEVELOPMENT STAGE
Total: 3.9 million sq. feet



Planning Stage
Breakdown by Sector
Total: 3.7 million sq. feet

Planning Stage

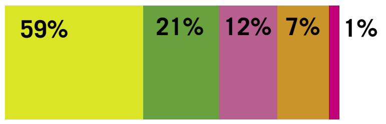
Under Construction

Under Construction
Breakdown by Sector
Total: 0.2 million sq. feet

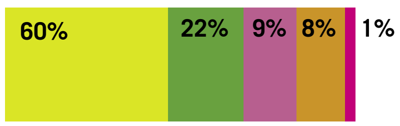
- Residential
- Industrial
- Residential-Overseas
- Commercial & Hotel Projects

PROPERTY PORTFOLIO ANALYSIS
Investment Properties

ANALYSIS BY SECTOR
Total lettable area: 5 million sq. feet



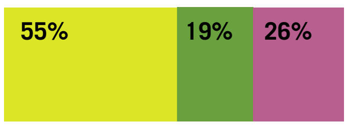
ANALYSIS BY TENURE
Total lettable area: 5 million sq. feet



FH/999-year Leasehold
Breakdown by Sector
Total lettable area: 4.1 million sq. feet

FH/999-year Leasehold

99-year Leasehold & Below



99-year Leasehold & Below
Breakdown by Sector
Total lettable area: 0.9 million sq. feet

Office
Industrial
Retail
Residential
Others

MAJOR PROPERTIES

COMMERCIAL PROPERTIES	Tenure	Site Area (sq. metres)	Approximate Lettable/ Strata 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	73,282	100
Central Mall comprises a cluster of conservation shophouses at Havelock Road/Magazine Road.	99-year lease wef 15.05.1993	4,806	5,078	100
Central Mall (Office Tower) is a 7-storey office-cum-retail building located at Havelock Road/Magazine Road.	Freehold	2,828	12,226	100
New Tech Park is a high-technology industrial park at Lorong Chuan, off Braddell Road.	999-year lease	39,798	55,935	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	14,408	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	33,176	100
Plaza-By-The-Park is an 11-storey commercial building located at 51 Bras Basah Road.	999-year lease	4,972	22,465	100
No. 1 Shenton Way (formerly Robina House) is a 24-storey office building located at Shenton Way, within the Central Business District.	99-year lease wef 02.06.1969	3,389	19,224	100
Chinatown Point is a 25-storey commercial complex comprising two 5-storey shopping podium blocks, a 20-storey office tower and two basement levels. It is located at New Bridge Road in Chinatown.	99-year lease wef 12.11.1980	9,206	16,898	100
Palais Renaissance is a 16-storey retail-cum-office complex with three basements located at Orchard Road.	Freehold	3,175	9,797	100
GB Building is a 28-storey office building located at 143 Cecil Street.	99-year lease wef 12.10.1982	2,583	7,650	100
Delfi Orchard is an 11-storey commercial-cum-residential complex located at Orchard Road.	Freehold	1,882	6,253	100
Citilink Warehouse Complex is an 8-storey warehouse located at Pasir Panjang Road.	Freehold	14,152	9,597	100
Cideco Industrial Complex is an 8-storey industrial building located at Genting Lane.	Freehold	5,478	12,489	100
Pantech 21 is a computer centre located at Pandan Loop.	99-year lease wef 27.01.1984	6,900	12,916	100

COMMERCIAL PROPERTIES	Tenure	Site Area (sq. metres)	Approximate Lettable/ Strata Area (sq. metres)	Effective Group Interest (%)
City Industrial Building is an 11-storey flatted factory building at Tannery Lane.	Freehold	3,150	11,841	100
Tanglin Shopping Centre is a shopping-cum-office complex situated at Tanglin Road within the Orchard Road tourist district. The Group also owns 325 carpark lots.	Freehold	6,365	6,285	52
The Arcade is a 20-storey office-cum-shopping complex situated at Collyer Quay within the Central Business District.	999-year lease	2,035	4,411	100
Commerce Point is a 19-storey office building located at Phillip Street, close to Raffles Place.	999-year lease	776	7,660	100
Katong Shopping Centre is a 7-storey shopping-cum-office complex situated along Mountbatten Road. The Group also owns 323 carpark lots.	Freehold	8,167	8,282	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, next to the Singapore River.	99-year lease wef 09.02.1984	5,186	8,347	100
Grand Copthorne Waterfront is a 30-storey, 539-room hotel-cum-retail waterfront development located at Havelock/Kim Seng Road, along the Singapore River.	Freehold	10,860	2,844 (Retail) 46,169 (Hotel)	100
The Corporate Office is a 21-storey office building situated at the junction of Robinson Road and McCallum Street, within the Central Business District.	Freehold	1,490	10,180	99
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 542-room hotel cum retail waterfront development located at Charoen Nakorn Road, along the Chao Phraya River in Bangkok, Thailand.	Freehold	10,104	78,345	50
Exchange Tower is a 42-storey retail cum office building located in the prime business district at Sukhumvit Road, Bangkok, Thailand.	Freehold	6,464	42,318	39
MyeongDong Tower is a 15-storey office building located in the prime district of MyeongDong, Seoul, Korea.	Freehold	1,855	8,616	50

MAJOR PROPERTIES

HOTELS*	Tenure	Site Area (sq. metres)	Number of Rooms	Effective Group Interest (%)
ASIA				
Hotel Nikko Hong Kong 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	462	25
JW Marriott Hotel, Hong Kong Pacific Place, 88 Queensway, Hong Kong	75-year term from 18.04.1985 and option to renew for a further term of 75 years	10,690	602	13
Millennium Hotel Sirih Jakarta Jalan Fachrudin 3, Jakarta 10250, Indonesia	The title is held under a Hak Guna Bangunan (i.e. Right to Build) and a 40-year lease wef 14.04.1984 and 22.01.1986 for approximate site area of 7,137 sq. metres and 212 sq. metres respectively	7,349	390	42
The Heritage Hotel Manila Roxas Boulevard at cnr of EDSA Pasay City, Metropolitan Manila, Philippines	Fee Simple	9,888	454	34
Copthorne Orchid Penang Tanjong Bungah, 11200 Penang, Malaysia	Freehold	10,329	318	52
The Regent Kuala Lumpur 160 Jalan Bukit Bintang, Kuala Lumpur, Malaysia	Freehold	7,899	468	52
Grand Copthorne Waterfront Hotel Singapore 392 Havelock Road, Singapore	Freehold	10,860	539	100
M Hotel Singapore 81 Anson Road, Singapore	Freehold	2,134	413	52
Copthorne King's Hotel Singapore 403 Havelock Road, Singapore	99-year lease commencing 01.02.1968	5,637	310	52
Copthorne Orchid Hotel Singapore 214 Dunearn Road, Singapore	Freehold	16,188	440	52
Orchard Hotel & Shopping Arcade, Singapore At the junction of Orchard Road and Orange Grove Road, with approximately 6,997 sq. metres of net lettable retail area	Freehold	8,588	653	52
Millennium Seoul Hilton 395 Namdaemunno 5-Ga, Chung-gu, Seoul, Korea	Freehold	18,760	683	52
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	42
Millennium Sukhumvit Hotel, Bangkok Sukhumvit Soi 21, Asoke Road, Bangkok, Thailand (expected date of opening in December 2007)	30-year term from 02.02.2005 with option to renew for a further term of 30 years	5,052	328	26

** Hotel information as at 1 March 2006*

HOTELS*	Tenure	Site Area (sq. metres)	Number of Rooms	Effective Group Interest (%)
EUROPE				
Millennium Bailey's Hotel London Kensington 140 Gloucester Road, London SW7 4QH, England	Freehold	14,200	211	52
Millennium Hotel London Mayfair Grosvenor Square, Mayfair, London W1A 3AN, England	Leasehold to year 2096	29,976	348	52
Millennium Hotel London Knightsbridge 17 Sloane Street, Knightsbridge, London SW1X 9NU, England	Leasehold to year 2091	11,250	222	52
Millennium Gloucester Hotel London Kensington Harrington Gardens, London SW7 4LH, England	Freehold	48,900	609	52
Millennium Hotel Glasgow George Square, Glasgow G2 1DS, Scotland	Leasehold to year 2109	9,828	117	52
Millennium Hotel Paris Opéra 12 Boulevard Haussmann,75009 Paris, France	Freehold	9,201	163	52
Millennium Hotel Paris Charles de Gaulle Zone Hoteliere, Allee du Verger, 95700 Roissy-en-France, France	Finance Lease	13,350	239	52
Copthorne Hotel Hannover Wurburger Strasse 21, 30800 Laatzen, Hannover, Germany	Short Lease	17,165	222	52
Millennium Hotel & Resort Stuttgart Plieninger Strasse 100, 70561 Stuttgart, Germany	Short Lease	39,094	451	52
Copthorne Hotel Aberdeen 122 Huntly Street, Aberdeen AB1 1SU, Scotland	Freehold	6,135	89	44
Copthorne Hotel Birmingham Paradise Circus, Birmingham B3 3HJ, England	Freehold	1,500	212	52
Copthorne Hotel Cardiff Caerdydd Copthorne Way, Culverhouse Cross, Cardiff CF5 6DH, Wales	Freehold	10,000	135	52
Copthorne Hotel And Resort Effingham Park London Gatwick Copthorne, West Sussex RH10 3EU, England	Freehold	167,950	122	52

** Hotel information as at 1 March 2006*

MAJOR PROPERTIES

HOTELS*	Tenure	Site Area (sq. metres)	Number of Rooms	Effective Group Interest (%)
Copthorne Hotel London Gatwick Copthorne, West Sussex RH10 3PG, England	Freehold	17,325	227	52
Copthorne Hotel Manchester Clippers Quay, Salford Quays, Manchester M5 2XP, England	Leasehold to year 2135	23,725	166	52
Copthorne Hotel Merry Hill-Dudley Level Street, Brierley Hill, Dudley, West Midlands DY5 1UR, England	Finance Lease	15,960	138	52
Copthorne Hotel Newcastle The Close, Quayside, Newcastle upon Tyne NE1 3RT, England	Freehold	27,200	156	49
Copthorne Hotel Slough Windsor Cippenham Lane, Slough, Berkshire SL1 2YE, England	Freehold	29,000	219	52
Copthorne Tara Hotel London Kensington Scarsdale Place, Kensington, London W8 5SR, England	Freehold	37,615	834	52
Copthorne Hotel Plymouth Armada Way, Plymouth PL1 1AR, England	Long Leasehold	8,850	135	52
NORTH AMERICA				
Millennium Broadway Hotel, New York 145 West 44th Street, New York, NY 10036-4012, USA	Freehold	3,236	750	52
Millenium Hilton Hotel, New York 55 Church Street, New York, NY 10007, USA	Freehold	1,680	565	52
Millennium Hotel, Anchorage 4800 Spenard Road, Anchorage, AK 99517-3236, USA	Freehold/Leased to year 2040	20,355	248	52
Millennium Biltmore Hotel, Los Angeles 506 South Grand Avenue, Los Angeles, CA 90071, USA	Freehold	11,331	683	52
Millennium Bostonian Hotel, Boston At Faneull Hall Marketplace, Boston, MA 02109, USA	Freehold	2,455	201	52
Millennium Hotel, Cincinnati 150 West Fifth Street, Cincinnati, OH 45202, USA	Freehold/Leased to year 2074	6,839	872	51

** Hotel information as at 1 March 2006*

HOTELS*	Tenure	Site Area (sq. metres)	Number of Rooms	Effective Group Interest (%)
Millennium Harvest House, Boulder 1345 28th Street, Boulder, CO 80302-6899, USA	Freehold	64,019	269	45
Millennium Knickerbocker Hotel, Chicago 163 East Walton Place, Chicago, IL 60611, USA	Freehold	2,023	305	52
Millennium Maxwell House, Nashville 2025 MetroCentre Boulevard, Nashville, TN 3722-1505, USA	Leased to year 2030	36,421	287	52
Millennium Resort, Scottsdale, McCormick Ranch 7401 North Scottsdale Road, Scottsdale, AZ 85253-3548, USA	Leased to year 2033	32,819	176	52
Millennium Hotel, Minneapolis 1313 Nicolett Mall, Minneapolis, MN 55403, USA	Leased to year 2030 (with three 5-year options)	5,481	321	52
Millennium Hotel, St. Louis 200 South 4th Street, St. Louis, MO 63102-1804, USA	Freehold	17,033	780	52
Millennium UN Plaza Hotel, New York 1 UN Plaza, 44th Street at 1st Avenue New York, NY 10017-3575, USA	Freehold/Leased to year 2079	4,554	427	52
Millennium Hotel, Durham 2800 CampusWalk Avenue, Durham, NC 27705-4479, USA	Freehold	42,814	313	52
Comfort Inn Vail/Beaver Creek, Colorado 161 West Beaver Creek Boulevard, Avon, CO 81620-5510, USA	Freehold	11,209	146	52
Eldorado Hotel, Santa Fe 309 West San Francisco Street, Santa Fe, NM 87501-2115, USA	Indirect Interest	7,349	219	5
Pine Lake Trout Club, Chagrin Falls 17021 Chillicothe Road, Chagrin Falls, OH 44023-0282, USA	Freehold	331,062	6	52
Millennium Airport Hotel, Buffalo 2040 Walden Avenue, Buffalo, NY 14225-5186, USA	Leased to year 2012	31,726	300	52
Four Points by Sheraton Sunnyvale, California 1250 Lakeside Drive,Sunnyvale, CA 94086-4010, USA (closed on 02.01.2006 and due to re-open in 2008 under the name Millennium Hotel Silicon Valley)	Freehold	34,802	378	52

** Hotel information as at 1 March 2006*

MAJOR PROPERTIES

HOTELS*	Tenure	Right of Renewal	Site Area (sq. metres)	Number of Rooms	Effective Group Interest (%)
AUSTRALASIA					
Millennium Hotel Christchurch 14 Cathedral Square, Christchurch, New Zealand	Leasehold to Nov 2010	1 x 5 years	1,417	179	37
Millennium Hotel Queenstown Cnr Frankton Road & Stanley St., Queenstown, New Zealand	Freehold		7,420	220	26
Millennium Hotel Rotorua Cnr Eruera & Hinemaru Streets, Rotorua, New Zealand	Freehold/ Leasehold land	Perpetual	14,418	227	37
Copthorne Hotel Auckland 150 Anzac Avenue, Auckland, New Zealand	Leasehold land	Perpetual	2,495	110	26
Copthorne Hotel Auckland HarbourCity Quay Street, Auckland, New Zealand	Leasehold to 13.01.2020		2,407	187	37
Copthorne Hotel & Resort Bay of Islands Tau Henare Drive, Waitangi Bay of Islands, New Zealand	Leasehold to year 2021	1 x 30 years	70,670	145	18
Copthorne Hotel Christchurch Central 776 Colombo Street, Christchurch, New Zealand	Freehold		2,154	142	37
Copthorne Hotel Christchurch Durham Street Cnr Durham & Kilmore Streets, Christchurch, New Zealand	Leasehold to year 2015		1,734	161	26
Copthorne Hotel & Resort Queenstown Lakefront Cnr Adelaide Street & Frankston Road, Queenstown, New Zealand	Freehold		18,336	241	37
Copthorne Hotel Wellington Plimmer Towers Cnr Boulcott & Glimer Streets, Wellington, New Zealand	Leasehold to year 2008	2 x 3 years	3,982	94	26

** Hotel information as at 1 March 2006*

HOTELS*	Tenure	Right of Renewal	Site Area (sq. metres)	Number of Rooms	Effective Group Interest (%)
Kingsgate Hotel Parnell, Auckland 92-102 Gladstone Road, Parnell Auckland, New Zealand	Leasehold to year 2006	2 x 5 years	7,584	117	26
Kingsgate Hotel Dunedin Upper Moray Place, Dunedin, New Zealand	Freehold		2,193	55	26
Kingsgate Hotel Greymouth 32 Mawhera Quay, Greymouth, New Zealand	Freehold/ Leasehold land	Perpetual	3,970	102	37
Kingsgate Hotel Rotorua Fenton Street Rotorua, Rotorua, New Zealand	Freehold		30,685	136	26
Kingsgate Hotel Palmerston North 110 Fitzherbert Avenue, Palmerston North, New Zealand	Freehold		16,207	151	26
Kingsgate Hotel Terraces, Queenstown 88 Frankston Road, Queenstown, New Zealand	Freehold		4,713	85	26
Kingsgate Hotel Te Anau 20 Lakefront Drive, Te Anau, New Zealand	Freehold		8,819	94	37
Kingsgate Hotel Oriental Bay, Wellington 73 Roxburgh Street, Wellington, New Zealand	Freehold		3,891	116	26

** Hotel information as at 1 March 2006*

MAJOR PROPERTIES
in the course of development

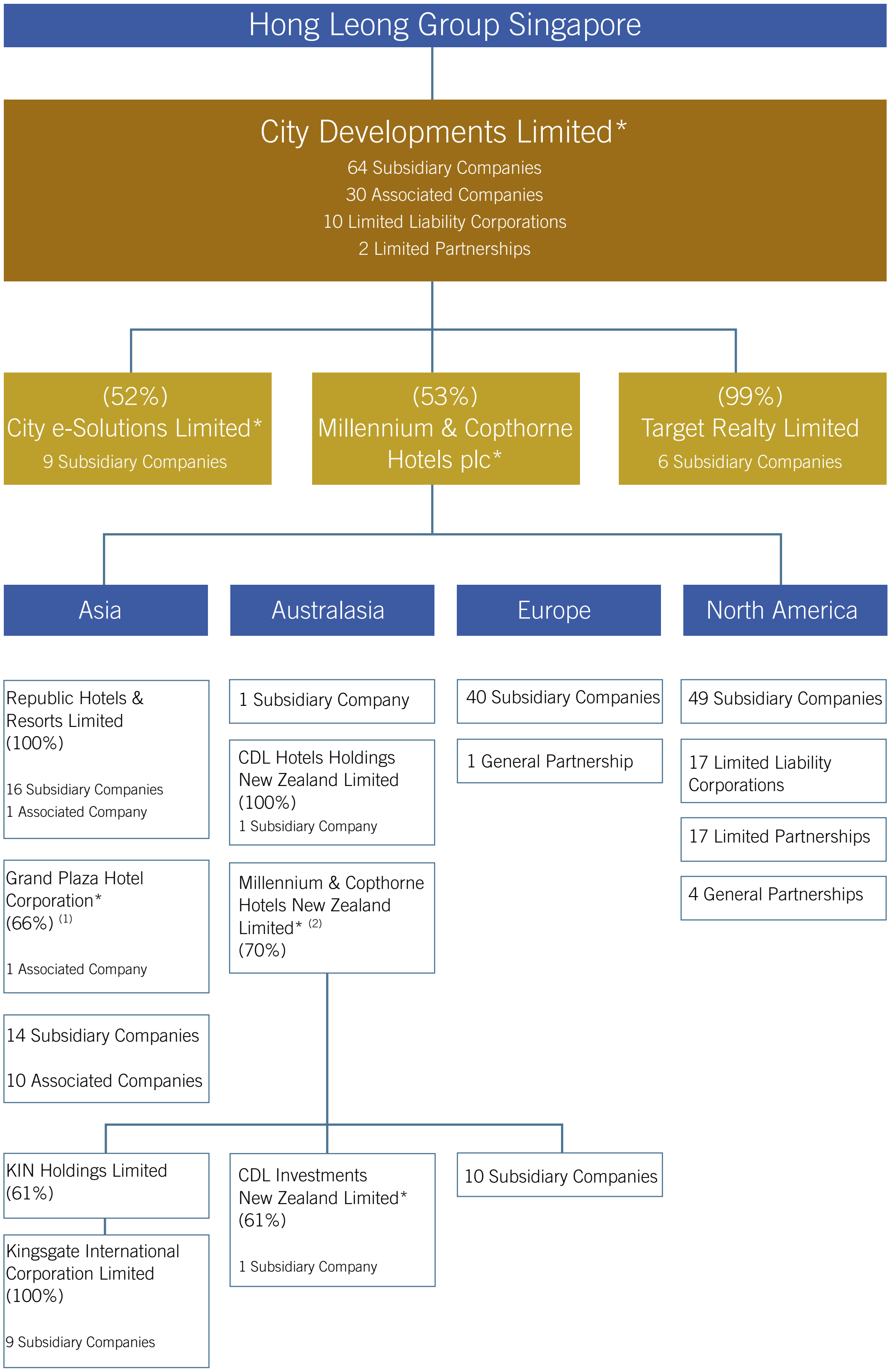
Description	Location	Site Area (sq. metres)	Gross Floor Area (sq. metres)	Tenure	Effective Group Interest (%)	Approximate Percentage Completion (%)	Expected Completion Date
RESIDENTIAL DEVELOPMENT							
Butterworth 33	Butterworth Lane	984	2,932	Freehold	100	51	2006
Edelweiss Park	Tampines Road/ Upper Changi Road North	47,788	66,900	Freehold	33	64	2006
Residences @ Evelyn	Evelyn Road	10,824	32,445	Freehold	50	70	2006
Boulevard Hotel Site	Cuscaden Road/ Orchard Boulevard	12,127	37,352	Freehold	40	*	2008
Parc Emily	Mount Emily Road/ Niven Road	11,978	25,154	Freehold	50	15	2008
City Square Residences	Kitchener Road/ Serangoon Road/Jalan Besar	22,379	100,484	Freehold	100	11	2009
King's Centre - Plot 3	Havelock Road/ Kim Seng Road	5,485	22,413	Freehold	100	*	2009
Land Parcel C9 at Sentosa Cove	Sentosa Cove	18,316	45,789	99 years	50	*	2009
Parkview Condominium Project	West Coast Park	37,847	60,555	956 years	50	*	2009
The Sail @ Marina Bay	Marina Boulevard	9,091	118,182	99 years	50	15	2009
Oseania Resort	Ancol, Jakarta	22,698	70,435	Leasehold	30	*	–
COMMERCIAL DEVELOPMENT							
City Square Mall	Kitchener Road/ Serangoon Road/ Jalan Besar	14,920	65,657	Freehold	100	*	2010
MIXED DEVELOPMENT							
The Pier at Robertson	Mohamed Sultan Road/ Robertson Quay	6,656	20,160	Freehold	80	90	2006
St. Regis Hotel & Residences, Singapore	Tanglin Road/ Tomlinson Road/ Cuscaden Road	16,693	77,119	999 years	33	11	2007

* work less than 10% completed

MAJOR PROPERTIES
for development and/or resale

Description & Location	Site Area (sq. metres)	Tenure	Effective Group Interest %
RESIDENTIAL			
5 Balmoral Park	3,769	Freehold	100
Buckley Mansion	4,097	Freehold	100
9 Buckley Road	2,250	Freehold	100
Garden Hotel	9,493	Freehold	100
Jalan Kolam Ayer, JB, Malaysia	24,739	Freehold	100
Jalan Waspada, JB, Malaysia	6,368	Freehold	100
Kim Lin Mansion	12,858	Freehold	100
Pasir Ris	195,025	999 years	51
12, 14 & 16 Shelford Road	6,958	Freehold	100
40 Stevens Road	2,801	Freehold	100
15, 19 & 21 Swiss Club Road	19,842	Freehold	100
Tampines Road/Upper Changi Road North	122,211	Freehold	33
Wilkie/Upper Wilkie Road	2,888	Freehold	100
Sukhumvit 18 Project, Bangkok, Thailand	26,772	Freehold	19.5
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

CORPORATE STRUCTURE
as at 1 March 2006



Notes:
(1) Held through a 60% subsidiary company of Millennium & Copthorne Hotels plc and a wholly-owned subsidiary company of Republic Hotels & Resorts Limited
(2) Formerly known as CDL Hotels New Zealand Limited
* Listed Companies

CORPORATE INFORMATION

Board of Directors

Executive
Kwek Leng Beng (Executive Chairman)
Kwek Leng Joo (Managing Director)

Non-Executive
Chee Keng Soon (Independent)
Chow Chiok Hock
Ong Pang Boon
Foo See Juan (Independent)
Kwek Leng Peck
Han Vo-Ta (Independent)
Tang See Chim (Independent)

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

Nominations Committee
Chee Keng Soon (Chairman)
Kwek Leng Beng
Foo See Juan

Remuneration Committee
Chee Keng Soon (Chairman)
Kwek Leng Beng
Tang See Chim

Secretaries
Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong

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

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

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

Principal Bankers
Australia and New Zealand Banking Group Limited
BNP Paribas
Bank of America
Bank of China
Calyon
Citibank, N.A.
Commerzbank Aktiengesellshaft
Credit Industriel et Commercial
DBS Bank Ltd
DZ Bank AG
Mizuho Corporate Bank Ltd
Norddeutsche Landesbank Girozentrale
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
The Bank of Nova Scotia Asia Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd
The Hongkong and Shanghai Banking Corporation Limited
The Royal Bank of Scotland plc
United Overseas Bank Limited

CORPORATE GOVERNANCE

The Directors and management are committed to maintaining high standards of corporate governance, in line with the principles set out in the Code of Corporate Governance issued by the Committee on Corporate Governance on 21 March 2001 (the "Code") and the Best Practices Guide issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") with regard to dealings in securities. The Board has adopted a set of corporate governance practices and internal compliance code ("Internal CG Guidelines") aligned with and focusing on the substance and spirit of the Code and the Best Practices Guide.

THE BOARD OF DIRECTORS ("BOARD")

Code Principle 1: *Every company should be headed by an effective Board to lead and control the company.*

Code Principle 2: *There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

Code Principle 3: *There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.*

Board Composition and Balance - The Board currently comprises 9 members. All members of the Board except for the Chairman and the Managing Director are non-executive Directors. Of the 7 non-executive Directors, the Board considers 4 of them, being not less than one third 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. The independent Directors are Messrs Chee Keng Soon, Foo See Juan, Han Vo-Ta and Tang See Chim. The Board comprises business leaders and professionals with property, financial, legal and business management backgrounds. Key information on the Directors are set out on pages 14 to 15 of the Annual Report 2005. Since the last Report, two non-independent and non-executive Directors, Messrs Tan I Tong and Sim Miah Kian, have retired from the Board on 27 April 2005.

Mr Foo See Juan is a partner of a legal firm which renders professional legal services to the CDL Group from time to time. Nevertheless, the Board (excluding Mr Foo See Juan in respect of the deliberation of his own independence) is of the opinion that Mr Foo may be regarded as independent as he is capable of maintaining his objectivity and independence at all times in the carrying out of his duties and responsibilities as an independent Director.

Having diligently served on, and contributed to, the Board for more than 20 years, Mr Ong Pang Boon, a non-independent and non-executive Director, has indicated to the Board his intention not to seek re-appointment as a Director at the forthcoming Annual General Meeting of the Company to be held on 26 April 2006. The Nominations Committee will review and identify at the appropriate time suitable candidate(s) with the right qualifications, expertise and experience to fill the vacated Board position.

The Board has reviewed its composition, taking into account the scope and nature of the operations of the Group, and is satisfied that the current size of the Board is appropriate and allows for effective decision making. The standing of the members of the Board in the business and professional community, and their combined business, management and professional experience, knowledge and expertise provide the necessary core competencies to meet the Group's needs and further allow for diverse and objective perspectives on the Group's strategic direction and growth.

Roles of Chairman and Managing Director - Mr Kwek Leng Beng is the Executive Chairman of the Company. He bears primary responsibility for the workings of the Board, by ensuring its effective function, encouraging active participation in boardroom discussions and overseeing the Group's corporate governance structure and conduct. The Chairman also provides overall leadership and strategic vision for the Group. He is assisted by his brother, Mr Kwek Leng Joo, the Managing Director of the Company, in charting broad direction, strategies and policies of the Group.

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

The Board has also established 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. The Board is accordingly of the view that there are adequate accountability safeguards and internal controls in place to enable the Board to exercise independent decision-making and to ensure an appropriate balance of power and authority within the spirit of good corporate governance.

Board Functions - The Board's primary functions are to set corporate policy and overall strategy for the Group and to provide effective oversight of the management of the Group's business and affairs. Apart from its statutory responsibilities, the Board also approves the strategic plans, key operational issues, investments and loans, reviews the financial performance of the Group and evaluates the performance and compensation of senior management. These functions are either carried out directly by the Board or through committees ("Committees") established by the Board, principally the Board Committee, Audit Committee, Nominations Committee, Remuneration Committee and Share Option Scheme Committee.

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 certain limits of authority and yet maintain control over major policies and decisions.

The Company conducts regular scheduled Board meetings on a quarterly basis. Additional meetings are convened as and when circumstances warrant. The attendance of the Directors at Board and Committee meetings in 2005, as well as the frequency of such meetings, is disclosed in Table 1 of this Report. Notwithstanding such disclosure, the Board is of the view that the contribution of each Director should not be focused only on his attendance at Board and/or Committee meetings. A Director's contribution may also extend beyond the confines of the formal environment of Board meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company.

Table 1: Directors' Attendance at Board and Committee Meetings in 2005

Name of Directors	Board	Audit Committee	Nominations Committee	Remuneration Committee	Share Option Scheme Committee
	Number of Meetings held: 5	Number of Meetings held: 7	Number of Meetings held: 1	Number of Meetings held: 1	Number of Meetings held: Nil
	Number of Meetings attended	Number of Meetings attended	Number of Meetings attended	Number of Meetings attended	Number of Meetings attended
Kwek Leng Beng	5	N.A.	1	1	N.A.
Kwek Leng Joo	5	N.A.	N.A.	N.A.	N.A.
Chee Keng Soon	5	7	1	1	N.A.
Chow Chiok Hock	5	N.A.	N.A.	N.A.	N.A.
Ong Pang Boon	5	N.A.	N.A.	N.A.	N.A.
Foo See Juan	5	7	1	N.A.	N.A.
Kwek Leng Peck	5	N.A.	N.A.	N.A.	N.A.
Han Vo-Ta	4	7	N.A.	N.A.	N.A.
Tang See Chim	4	7	N.A.	1	N.A.

Code Principle 6: *In order to fulfil their responsibilities, board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.*

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

CORPORATE GOVERNANCE

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

Each new Director is provided with a manual containing information on Directors' duties and responsibilities, corporate information of the Group, and Board and Company policies including the Internal CG Guidelines which also cover the Internal Code of Business and Ethical Conduct, Internal Code on Securities Trading and a schedule of matters which require Board approval. Directors are also provided regular updates and briefings from time to time by professional advisers, auditors, management and the company secretaries of new laws, rules, regulations, listing requirements, governance practices, changes in accounting standards and business and risk management issues applicable or relevant to the performance of their duties and obligations as directors.

THE NOMINATIONS COMMITTEE ("NC")

Code Principle 4: *There should be a formal and transparent process for the appointment of new directors to the Board. As a principle of good cor*

Code Principle 5: *There should be 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 comprises 2 non-executive and independent Directors, including the chairman of the NC, and 1 executive Director. The members of the NC are as follows:

Mr Chee Keng Soon	Chairman (Non-executive, Independent)
Mr Kwek Leng Beng	Member (Executive)
Mr Foo See Juan	Member (Non-executive, Independent)

The NC ensures a formal and transparent procedure for the appointment and re-appointment of Directors to the Board. Its responsibilities as set out in its written terms of reference include:

- considering and determining the independence of the individual Directors;
- reviewing
  Board and the competing time commitments faced by Directors with multiple board representations;
- nominating candidates for appointment as Directors or to fill the most senior executive positions including that of chief executive officer; and
- propo

Other functions of the NC include carrying out an assessment of the Board's performance and evaluating the Board's performance as a whole using objective and appropriate quantitative and qualitative criteria, and taking into account also the level of participation and contribution of individual Directors towards the Board's effectiveness and competencies. The NC's evaluation of the Board for the year ended 31 December 2005 ("FY2005") was further facilitated with feedback from individual Directors on areas relating to the Board's competencies and effectiveness. The results of the evaluation process would be used by the NC, in its consultation with the Chairman of the Board, to effect continuing improvements on Board processes.

The Directors submit themselves for re-nomination or re-election at regular intervals and the Articles of Association of the Company provide that at least one-third of the Directors for the time being shall retire as Directors at each Annual General Meeting of the Company, save for the Managing Director appointed by the Board who shall not be subject to retirement by rotation while he continues to hold that office. The Articles also provide that the appointment of the Managing Director by the Board shall be 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 they think fit.

THE REMUNERATION COMMITTEE ("RC")

Code Principle 7: *There should be a formal and transparent procedure for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

Code Principle 8: *The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more for this purpose. A proportion of the remuneration, especially that of executive directors, should be linked to performance.*

Code Principle 9: *Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report.*

The RC comprises 2 non-executive and independent Directors, including the chairman of the RC, and 1 executive Director. The members of the RC are as follows:

Mr Chee Keng Soon	Chairman (Non-executive, Independent)
Mr Kwek Leng Beng	Member (Executive)
Mr Tang See Chim	Member (Non-executive, Independent)

The RC obtains advice in respect of executive remuneration matters, as and when required, from human resource advisers or consultants within and outside of the Group.

The RC's principal responsibilities as set out in its written terms of reference are to review and recommend to the Board an appropriate framework of remuneration for the Board and senior key executives of the Company, and to review the remuneration packages, including but not limited to Directors' fees, salaries, allowances, bonuses, share options, and benefits in kind of the executive Directors, currently comprising the Executive Chairman and the Managing Director. The Group's remuneration policy comprises primarily a fixed component (in the form of a base salary) and a variable component (which includes bonuses), taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices. No Director is involved in deciding his own remuneration.

The breakdown (in percentage terms) of the Directors' remuneration for FY2005 paid or payable to existing Directors by the Company and its subsidiaries is set out in Table 2 of this Report:

Table 2: Directors' Remuneration

	Base Salary* %	Variable Bonuses/ Allowances* %	Board/ Committee Fees** %	Other Benefits %
Above $8,250,000 up to $8,500,000				
Kwek Leng Beng ^	8	87#	4	1
Above $2,250,000 up to $2,500,000				
Kwek Leng Joo ^	26	65	8	1
$250,000 and below				
Chee Keng Soon			100	
Chow Chiok Hock ^		81	19	
Ong Pang Boon ^			100	
Foo See Juan ^			100	
Kwek Leng Peck ^			100	
Han Vo-Ta			88	12
Tang See Chim			100	

Notes:

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

** These fees include Directors' fees payable to these Directors for FY2005, which are subject to approval by shareholders as a lump sum at the 2006 Annual General M

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

\# A substan

No options were granted by the Company to subscribe for unissued shares in the Company during the financial year under review.

During FY2005, none of the Directors had immediate family members not disclosed above who were employees of the Company and whose personal annual remuneration exceeded $150,000.

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

THE AUDIT COMMITTEE ("AC")

Code Principle 11: *The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.*

The AC comprises 4 non-executive Directors, all of whom are independent. The members of the AC are as follows:

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

The Board is of the view that the AC has sufficient financial management expertise and experience amongst its members to discharge the functions of the AC.

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 material internal controls, including financial, operational, compliance and risk management controls at least once annually. Other duties within its written terms of reference include:

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

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

The AC met with the internal and external auditors, each separately without the presence of management, once during the year. Having reviewed the nature and extent of the non-audit services provided to the Group by the external auditors for FY2005, the AC is of the opinion that the provision of such non-audit services would not affect the independence and objectivity of the external auditors.

INTERNAL AUDIT

Code Principle 13: *The company should establish an internal audit function that is independent of the activities it audits.*

Internal Audit plays an important role in monitoring an effective system of internal controls. To enable the effectiveness of the internal audit function, the internal auditors of the Company report to the Chairman of the AC and administratively to the Group General Manager of the Company. The internal auditors have been directed to meet or exceed the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC reviews the activities of the internal auditors on a quarterly basis and is satisfied that the internal audit function is independent of the ac .

ENTERPRISE RISK MANAGEMENT

An enterprise risk management framework has been established by management since 2002 to enable significant business risks within the Group's current business environment to be identified, assessed, monitored, managed and evaluated. As part of the on-going risk management process, management conducts a risk assessment and evaluation; considers the adoption of adequate and cost-effective system of internal controls to mitigate significant business risks; and provides for significant risks to be managed through regular reviews by management and the Board or Committees. The AC has reviewed the Group's risk management processes and procedures and is satisfied that there are adequate internal controls in place to manage the significant risks identified.

INTERESTED PERSON TRANSACTIONS

Particula

Interested Persons	Aggregate value of all interested person transactions conducted in FY2005 (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 FY2005 under the IPT Mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
Hong Leong Investment Holdings Pte. Ltd. group of companies	$138,371,338.79*	Property-related: (leases, project management, property management and maintenance, marketing and accounting and administrative services)	$2,399,519.61
		Financial and Treasury-related: (inter-company loans)	$489,994.39
		Total:	**$2,889,514.00**
Directors and their immediate family members	$771,020.00	Nil	

* The figure comprises the amount of (i) $18,926,338.79 being the aggregate value of shareholders' loans extended to joint ventures involving interested persons, and where applicable, interest accrued on shareholders' loans, in FY2005, which were announced on 24 February 2006 pursuant to Rule 916(3) but not required to be aggregated for purposes of Rule 906; and (ii) $119,445,000.00 being the Company's share of equity interest in the acquisition of Land Parcel C9 at Sentosa Cove by TC Development Pte. Ltd. which transaction was announced on 28 June 2005.

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

CORPORATE GOVERNANCE

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 renewed by shareholders on 27 April 2005 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.

THE BOARD COMMITTEE

The Board Committee comprises 6 Directors with authority to approve routine and other operational matters of the Company.

THE CITY DEVELOPMENTS SHARE OPTION SCHEME COMMITTEE (THE "SHARE OPTION SCHEME COMMITTEE")

The Share Option Scheme Committee comprises the following 2 members of the Board:

Mr Kwek Leng Joo (Chairman)
Mr Foo See Juan

It was set up to administer the City Developments Share Option Scheme 2001 (the "Scheme"), with such powers and duties as are conferred on it by the Board. Any matters pertaining to the Scheme and any disputes as to the interpretation of the Scheme or any rule, regulation, procedure thereunder or as to any rights thereunder are determined by the Share Option Scheme Committee.

FINANCIAL REPORTING AND INTERNAL CONTROLS

Code Principle 10: *The Board is accountable to the shareholders while the Management is accountable to the Board.*

Code Principle 12: *The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.*

The management provides all Directors, on a quarterly basis, with accounts and reports on the Group's financial performance and commentary on the competitive conditions within the industry in which the Company operates, which are reviewed by the Board at each Board meeting prior to release of the announcements on quarterly and full-year results of the Group. Monthly reports covering the Group's financial performance are also provided by the management to the Chairman and Managing Director. Apart from the periodic updates provided by the management, the Directors may at any time seek further information from, and discussion with, the management on the Group's operations and 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 material internal controls system, which is monitored through a programme of external and internal audits, and is satisfied with the adequacy of such internal controls system.

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 designing 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.

COMMUNICATION WITH SHAREHOLDERS

Code Principle 14: *Companies should engage in regular, effective and fair communication with shareholders.*

Code Principle 15: *Companies should encourage greater shareholder participation at AGMs and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

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

At general meetings of the Company, shareholders are given the opportunity to communicate their views and ask the Directors and the management questions regarding matters affecting the Company. The chairman of the AC, NC and RC and the external auditors were present at the last Annual General Meeting, and will endeavour as far as reasonably practicable to be present at the coming Annual General Meeting to address, and 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 the general meetings in their absence. CPF investors of the Company's securities may attend shareholders' meetings as observers provided they have submitted their requests to do so with their agent banks within a specified timeframe.

BUSINESS AND ETHICAL CONDUCT

The Company has an Internal Code of Business and Ethical Conduct crystallising the Company's business principles and practices with respect to matters which may have ethical implications. The Code provides a communicable and understandable framework for staff to observe the Company's principles such as honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of the Company's business in their relationships with customers, suppliers and amongst employees. Employees have a right to raise concerns about any real or apparent breaches of any of these principles directly with senior management or with the Head of Internal Audit.

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 that is modeled on the Best Practices Guide issued by the SGX-ST on securities dealing. These guidelines prohibit dealing in the Company's securities while in possession of unpublished material price-sensitive information in relation to such securities and during the "closed period", which is defined as two weeks before the date of announcement of results for each of the first three quarters of the Company's financial year and one month before the date of announcement of the full-year financial results.

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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 2005.

Directors

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

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

Principal Activities

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

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

Arrangements to Enable Directors to Acquire Shares or Debentures

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

Directors' Interests in Shares or Debentures

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

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

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50, particulars of interests of directors who held office at the end of the financial year and their spouses and infant children in shares, share options and/or warrants 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	361,115	361,115
Kwek Leng Joo	59,510	59,510
Kwek Leng Peck	43,758	43,758
Tang See Chim	10,000	10,000
Warrants 2006		
Kwek Leng Beng	36,110	36,110
Kwek Leng Joo	5,951	5,951
Tang See Chim	1,000	1,000
Preference Shares		
Kwek Leng Beng	144,445	144,445
Kwek Leng Joo	100,000	100,000
Tang See Chim	4,000	4,000
Immediate and Ultimate Holding Company		
Hong Leong Investment Holdings Pte. Ltd. Ordinary Shares		
Kwek Leng Beng	2,320	2,320
Kwek Leng Joo	1,290	1,290
Kwek Leng Peck	304	304
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 (formerly known as CDL Hotels New Zealand Limited) Ordinary Shares		
Kwek Leng Beng	3,000,000	3,000,000

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

	Holdings in which the director, his spouse and infant children have a direct interest	
	At beginning of the year	**At end of the year**
Related Corporations		
Hong Leong Finance Limited		
Shares		
Kwek Leng Beng	4,603,567	4,603,567
Kwek Leng Joo	703,610	703,610
Kwek Leng Peck	517,359	517,359
Foo See Juan	22,981	22,981
Options to subscribe for the following number of shares under the Hong Leong Finance Share Option Scheme 2001		
Kwek Leng Beng	1,360,000	1,720,000
Hong Leong Holdings Limited		
Ordinary Shares		
Kwek Leng Beng	259,000	259,000
Kwek Leng Joo	210,000	210,000
Chow Chiok Hock	1,000	1,000
Kwek Leng Peck	381,428	381,428
Hong Leong Asia Ltd.		
Ordinary Shares		
Kwek Leng Beng	–	600,000
Kwek Leng Peck	660,000	1,000,000
Options to subscribe for the following number of ordinary shares under the Hong Leong Asia Share Option Scheme 2000		
Kwek Leng Beng	660,000	60,000
Kwek Leng Peck	440,000	100,000
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

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)		
Sun Yuan Holdings Pte Ltd Ordinary Shares		
Kwek Leng Beng	15,000,000	15,000,000
Hong Leong-Summit Pte Ltd Ordinary Shares		
Han Vo-Ta	920,000	920,000

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

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2006.

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 and support services, foreign exchange transactions, insurance transactions, property-related transactions, construction-related transactions, industrial-related transactions, consumer-related transactions, purchase and sale of investments or investment products, property, industrial and consumer products and 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 the 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 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.

DIRECTORS' REPORT

Share Options

By the Company

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

Kwek Leng Joo (Chairman)
Foo See Juan

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

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

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

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

The aggregate number of ordinary shares over which options may be granted under the CDL Scheme on any date, when added to the number of ordinary shares issued and issuable in respect of all options granted under the CDL Scheme, shall not exceed 8% of the issued ordinary 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.

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

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

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

By Subsidiaries

Millennium & Copthorne Hotels plc (M&C)

The following share option schemes of M&C continue to be in operation:
(i) Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme;
(ii) Millennium & Copthorne Hotels Executive Share Option Scheme; and
(iii) Millennium & Copthorne Hotels Sharesave Scheme.

(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 Inland Revenue has been obtained, and the "Unapproved" part which is not designed for 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 Inland Revenue approval, the Approved and Unapproved parts of the M&C 2003 Scheme are in all material aspects identical. The operation of the M&C 2003 Scheme is supervised by M&C's Remuneration Committee comprising The Viscount Thurso (Chairman), Sir Idris Pearce, Messrs Christopher Sneath, John Sclater and Charles Kirkwood (M&C 2003 Scheme Committee).

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) 758,316 options were granted to subscribe for ordinary shares of £0.30 each in M&C; and (ii) 87,657 ordinary shares of £0.30 each in M&C were issued following the exercise of the subscription rights set out in the M&C 2003 Scheme.

As at the end of the financial year, there were 2,575,671 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	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
Part I							
10.03.2003	79,325	–	–	(15,503)	63,822	1.9350	10.03.2006 - 09.03.2013
16.03.2004	62,049	–	–	–	62,049	2.9167	16.03.2007 - 15.03.2014
24.03.2005	–	52,703	–	–	52,703	3.9842	24.03.2008 - 23.03.2015
Part II							
10.03.2003	1,198,465	–	(52,697)	(19,639)	1,126,129	1.9350	10.03.2006 - 09.03.2013
16.03.2004	669,109	–	(34,960)	(39,429)	594,720	2.9167	16.03.2007 - 15.03.2014
24.03.2005	–	705,613	–	(29,365)	676,248	3.9842	24.03.2008 - 23.03.2015
	2,008,948	758,316	(87,657)	(103,936)	2,575,671		

Share Options (cont'd)

By Subsidiaries (cont'd)

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

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

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

(b) The M&C 1996 Scheme is administered by the M&C Remuneration Committee comprising The Viscount Thurso (Chairman), Sir Idris Pearce, Messrs Christopher Sneath, John Sclater and Charles Kirkwood (M&C 1996 Scheme Committee).

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

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

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

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

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

(f) The total subscription price payable for ordinary shares under options granted in any 10 year period (leaving out of account options which have been exercised) to any person under the M&C 1996 Scheme may not exceed four times the higher of the executive's total annual remuneration at that time and the total remuneration paid by the M&C Group to the executive in the preceding 12 months. Executives may be granted options to replace those which have been exercised. In granting such replacement options, the M&C 1996 Scheme Committee (consisting mainly of non-executives) will be expected to satisfy itself that the grant of such options is justified by the M&C Group's performance in the previous 2 to 3 years.

(g) During the financial year under review, (i) no options were granted to subscribe for ordinary shares of £0.30 each in M&C; and (ii) 547,837 ordinary shares of £0.30 each in M&C were issued following the exercise of the subscription rights set out in the M&C 1996 Scheme.

Share Options (cont'd)

By Subsidiaries (cont'd)

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

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

As at the end of the financial year, there were 619,620 unissued shares under options pursuant to the M&C 1996 Scheme. Details of the options to subscribe for ordinary shares of £0.30 each in M&C are set out below:

Date granted	Balance at beginning of year	Exercised during the year	Cancelled / Lapsed / Forfeited during the year	Balance at end of year	Exercise price per share £	Exercise period
Part A						
05.03.1998	6,509	–	–	6,509	4.6087	05.03.2001 - 04.03.2008
19.11.1999	7,526	–	–	7,526	3.9856	19.11.2002 - 18.11.2009
17.03.2000	8,955	–	–	8,955	3.3500	17.03.2003 - 16.03.2010
23.10.2000	7,594	–	–	7,594	3.9500	23.10.2003 - 22.10.2010
20.03.2001	55,168	–	(6,896)	48,272	4.3500	20.03.2004 - 19.03.2011
15.03.2002	96,583	(68,110)	(2,117)	26,356	3.2250	15.03.2005 - 14.03.2012
	182,335	(68,110)	(9,013)	105,212		
Part B						
05.03.1998	15,186	–	(15,186)	–	4.60875	05.03.2001 - 04.03.2005
02.04.1998	27,830	–	(27,830)	–	4.9527	02.04.2001 - 01.04.2005
05.03.1999	40,436	–	–	40,436	4.8321	05.03.2002 - 04.03.2006
19.11.1999	47,670	–	–	47,670	3.9856	19.11.2002 - 18.11.2006
17.03.2000	122,625	(104,256)	–	18,369	3.3500	17.03.2003 - 16.03.2007
23.10.2000	5,570	–	–	5,570	3.9500	23.10.2003 - 22.10.2007
14.03.2001	120,231	–	–	120,231	4.3250	14.03.2004 - 13.03.2008
20.03.2001	133,151	–	(1,437)	131,714	4.3500	20.03.2004 - 19.03.2008
04.12.2001	153,787	(153,787)	–	–	2.7350	04.12.2004 - 03.12.2008
15.03.2002	395,639	(221,684)	(23,537)	150,418	3.2250	15.03.2005 - 14.03.2009
	1,062,125	(479,727)	(67,990)	514,408		

(iii) Millennium & Copthorne Hotels Sharesave Scheme

(a) The Millennium & Copthorne Hotels Sharesave Scheme (M&C Sharesave Scheme) is an Inland Revenue approved scheme under which the UK-based executive directors of M&C and the M&C Group employees (UK Employees) are eligible to participate.

(b) Under the terms of the M&C Sharesave Scheme, UK Employees were to enter into a 3-year or 5-year savings contract commencing 1 June from year 1996 onwards, with an option to purchase shares at a pre-determined exercise price on maturity of the savings contract.

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

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

Share Options (cont'd)

By Subsidiaries (cont'd)

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

(iii) Millennium & Copthorne Hotels Sharesave Scheme (cont'd)

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

(f) During the financial year under review, (i) 117,453 options were granted to subscribe for ordinary shares of £0.30 each in M&C; and (ii) 34,621 ordinary shares of £0.30 each in M&C were issued following the exercise of the subscription rights set out in the M&C Sharesave Scheme.

As at the end of the financial year, there were 474,119 unissued shares under options pursuant to the M&C Sharesave Scheme. Details of the options to subscribe for ordinary shares of £0.30 each in M&C are set out below:

Date granted	Balance at beginning of year	Granted during the year	Exercised during the year	Cancelled / Lapsed / Forfeited during the year	Balance at end of year	Exercise price per share £	Exercise period
05.05.1999	13,626	–	–	(13,626)	–	3.86748	01.07.2004 - 01.01.2005
09.05.2000	16,845	–	(11,275)	(1,436)	4,134	3.10000	01.07.2005 - 01.01.2006
08.05.2001	28,897	–	–	(28,897)	–	3.13600	01.07.2004 - 01.01.2005
08.05.2001	22,806	–	–	(645)	22,161	3.13600	01.07.2006 - 01.01.2007
21.05.2002	41,037	–	(23,346)	(7,350)	10,341	2.92000	01.07.2005 - 01.01.2006
21.05.2002	24,247	–	–	(3,173)	21,074	2.92000	01.07.2007 - 01.01.2008
28.04.2003	126,637	–	–	(4,393)	122,244	1.50400	01.07.2006 - 01.01.2007
28.04.2003	143,050	–	–	(33,633)	109,417	1.50400	01.07.2008 - 01.01.2009
20.04.2004	64,019	–	–	(14,656)	49,363	2.34000	01.07.2007 - 01.01.2008
20.04.2004	31,152	–	–	(2,653)	28,499	2.34000	01.07.2009 - 01.01.2010
23.03.2005	–	74,112	–	(6,705)	67,407	3.08000	01.07.2008 - 01.01.2009
23.03.2005	–	43,341	–	(3,862)	39,479	3.08000	01.07.2010 - 01.01.2011
	512,316	117,453	(34,621)	(121,029)	474,119		

City e-Solutions Limited (CES)

(a) 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 and 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 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.

DIRECTORS' REPORT

Share Options (cont'd)

By Subsidiaries (cont'd)

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

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

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

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

Ability to Meet Obligations

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

Other Circumstances Affecting the Financial Statements

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

Unusual Items

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

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

Audit Committee

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

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

The Audit Committee met 7 times during the financial year ended 31 December 2005 and performs 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 2005 as well as the auditors' reports thereon.

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

DIRECTORS' REPORT

Auditors

The auditors, KPMG, 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
28 February 2006

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 58 to 163 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 2005 and of the results, recognised income and expenses and cash flows of the Group for the year ended on that date; 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
28 February 2006

REPORT OF THE AUDITORS

To the Members of City Developments Limited

We have audited the accompanying financial statements of City Developments Limited for the financial year ended 31 December 2005 as set out on pages 58 to 163. These financial statements are the responsibility of the Company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (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 2005 and of the results, recognised income and expenses and cash flows of the Group for the year ended on that date; and

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

KPMG
Certified Public Accountants

Singapore
28 February 2006

BALANCE SHEETS
as at 31 December 2005

	Note	Group 2005 $'000	Group 2004 (Restated) $'000	Company 2005 $'000	Company 2004 (Restated) $'000
Non-current assets					
Property, plant and equipment	3	**7,062,040**	7,111,100	**561,000**	577,200
Intangible assets	4	**73**	88	**–**	–
Investments in:					
- subsidiaries	5	**–**	–	**2,187,325**	2,201,406
- associates	6	**–**	1,241	**–**	–
- jointly-controlled entities	7	**139,270**	165,626	**48,654**	67,880
Financial assets	8	**109,316**	33,177	**37,752**	15,547
Other non-current assets	9	**287,226**	287,398	**107,738**	57,535
		7,597,925	7,598,630	**2,942,469**	2,919,568
Current assets					
Development properties	10	**1,886,488**	1,942,799	**1,484,558**	1,597,561
Consumable stocks		**13,875**	13,508	**1,014**	1,061
Financial assets	8	**52,069**	35,642	**–**	–
Trade and other receivables	11	**771,177**	702,523	**1,104,580**	969,550
Cash and cash equivalents	14	**573,608**	828,844	**137,726**	385,282
		3,297,217	3,523,316	**2,727,878**	2,953,454
Total assets		**10,895,142**	11,121,946	**5,670,347**	5,873,022

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

BALANCE SHEETS
as at 31 December 2005

	Note	Group 2005 $'000	Group 2004 (Restated) $'000	Company 2005 $'000	Company 2004 (Restated) $'000
Equity attributable to equity holders of the parent					
Share capital	15	**460,944**	452,541	**460,944**	452,541
Reserves	16	**4,086,872**	3,899,223	**3,299,588**	3,210,504
		4,547,816	4,351,764	**3,760,532**	3,663,045
Minority interests		**1,527,445**	1,469,119	**–**	–
Total equity	17	**6,075,261**	5,820,883	**3,760,532**	3,663,045
Non-current liabilities					
Interest-bearing borrowings	19	**2,679,926**	2,594,672	**917,467**	933,037
Other liabilities	24	**26,285**	29,970	**6,626**	9,501
Employee benefits	25	**45,877**	41,737	**–**	–
Provisions	26	**8,377**	9,830	**–**	–
Deferred tax liabilities	27	**433,549**	387,522	**20,437**	10,906
		3,194,014	3,063,731	**944,530**	953,444
Current liabilities					
Bank overdrafts	14	**2,815**	2,171	**–**	–
Trade and other payables	28	**611,146**	688,222	**772,827**	983,698
Interest-bearing borrowings	19	**910,422**	1,414,262	**175,264**	236,617
Other liabilities	24	**2,394**	2,441	**–**	–
Employee benefits	25	**15,602**	14,566	**1,191**	1,153
Provision for taxation		**81,630**	115,173	**16,003**	35,065
Provisions	26	**1,858**	497	**–**	–
		1,625,867	2,237,332	**965,285**	1,256,533
Total liabilities		**4,819,881**	5,301,063	**1,909,815**	2,209,977
Total equity and liabilities		**10,895,142**	11,121,946	**5,670,347**	5,873,022

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 2005

	Note	Group 2005 $'000	Group 2004 (Restated) $'000
Revenue	29	**2,374,279**	2,380,097
Cost of sales		**(1,118,428)**	(1,189,210)
Gross profit		**1,255,851**	1,190,887
Other operating income	30	**98,052**	53,487
Administrative expenses		**(430,014)**	(418,235)
Other operating expenses		**(426,172)**	(425,783)
Profit from operations		**497,717**	400,356
Finance costs	30	**(152,480)**	(178,306)
Profit before share of results of associates and jointly-controlled entities		**345,237**	222,050
Share of after-tax loss of associates		**–**	(96)
Share of after-tax profit of jointly-controlled entities		**58,625**	280,685
Profit before taxation	30	**403,862**	502,639
Income tax expense	31	**(94,740)**	(108,117)
Profit for the year		**309,122**	394,522
Attributable to:			
Equity holders of the parent			
- Ordinary shareholders		**187,493**	219,881
- Preference shareholders		**12,904**	7,248
		200,397	227,129
Minority interests		**108,725**	167,393
Profit for the year		**309,122**	394,522
Earnings per share			
- Basic	32	**21.1 cents**	25.3 cents
- Diluted	32	**20.8 cents**	25.0 cents

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

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES

Year ended 31 December 2005

	Group 2005 $'000	Group 2004 (Restated) $'000
Translation differences arising on consolidation of foreign subsidiaries	**4,446**	14,635
Exchange differences on hedge of net investments in foreign entities	**(3,475)**	2,387
Exchange differences on monetary items forming part of net investments in foreign entities	**4,609**	(5,313)
Change in fair value of equity investments available-for-sale	**10,087**	–
Actuarial losses on defined benefit plans	**(6,447)**	(7,568)
Net income recognised directly in equity	**9,220**	4,141
Profit for the year	**309,122**	394,522
Total recognised income and expenses for the year	**318,342**	398,663
Attributable to:		
Equity holders of the parent	**200,074**	233,958
Minority interests	**118,268**	164,705
	318,342	398,663
Effect of changes in accounting policies:		
Equity holders of the parent	**(588,547)**	(534,003)
Minority interests	**(774,062)**	(731,137)
	(1,362,609)	(1,265,140)

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

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2005

	Group	
	2005	**2004 (Restated)**
Operating activities	**$'000**	**$'000**
Profit before taxation	**403,862**	502,639
Adjustments for:		
Allowance for financial assets written back	**–**	(1,288)
Allowance for foreseeable losses on development properties (written back)/made (net)	**(7,296)**	12,616
Depreciation and amortisation	**164,734**	167,892
Dividend income	**(9,136)**	(4,973)
Finance costs	**152,480**	178,306
Impairment losses for property, plant and equipment	**24,530**	49,317
Interest income	**(27,251)**	(33,281)
Profit on sale of property, plant and equipment	**(21,507)**	(10,746)
Property, plant and equipment written off	**758**	411
Share of after-tax loss of associates	**–**	96
Share of after-tax profit of jointly-controlled entities	**(58,625)**	(280,685)
Value of employee services received for issue of share options	**1,789**	1,203
Mark-to-market gain on financial assets held for trading	**(2,488)**	–
Operating profit before working capital changes	**621,850**	581,507
Changes in working capital:		
Development properties	**170,341**	387,357
Stocks, trade and other receivables	**33,424**	(47,474)
Trade and other payables	**(12,702)**	4,224
Employee benefits	**(2,108)**	5,133
Cash generated from operations	**810,805**	930,747
Income tax paid	**(91,958)**	(47,180)
Cash flows from operating activities carried forward	**718,847**	883,567

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2005

	Group 2005 $'000	Group 2004 (Restated) $'000
Cash flows from operating activities brought forward	**718,847**	883,567
Investing activities		
Acquisition of a subsidiary (net of cash acquired) (Note 35)	**(4,519)**	–
Disposal of investments in jointly-controlled entities	**86,975**	26,634
Dividends received		
- financial investments	**9,136**	4,973
- jointly-controlled entities	**12,688**	292,816
Interest received	**27,708**	33,413
Proceeds from sale of property, plant and equipment	**125,920**	122,177
Purchase of financial assets	**(55,963)**	(10,139)
Purchase of intangible assets	**(3)**	(154)
Purchase of property, plant and equipment	**(300,066)**	(112,264)
Cash flows from investing activities	**(98,124)**	357,456
Financing activities		
Advances (to)/from related corporations	**(209,149)**	11,109
Capital contribution from/(return of capital to) minority shareholders	**2,072**	(4,635)
Dividends paid	**(119,710)**	(411,389)
Fixed deposits pledged to a financial institution	**(16)**	(1,010)
Interest paid (including amounts capitalised as property, plant and equipment and development properties)	**(161,719)**	(184,187)
Payment of transaction costs	**(2,986)**	(2,460)
Proceeds from issuance of bonds and notes	**412,601**	486,711
Proceeds from issue of shares	**42,016**	442,240
Proceeds from term loans	**1,367,905**	647,351
Repayment of bank loans	**(21,055)**	(26,450)
Repayment of bonds and notes	**(783,240)**	(411,096)
Repayment of other long-term liabilities	**(442)**	(2,531)
Repayment of term loans	**(1,386,905)**	(1,520,974)
Repayment to finance leases	**(5,361)**	(4,908)
Cash flows from financing activities	**(865,989)**	(982,229)
Net (decrease)/increase in cash and cash equivalents	**(245,266)**	258,794
Cash and cash equivalents at beginning of the year	**825,663**	566,889
Effect of exchange rate changes on balances held in foreign currencies	**(10,630)**	(20)
Cash and cash equivalents at end of the year (Note 14)	**569,767**	825,663

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 28 February 2006.

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, investment holding and a hotel owner.

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

The consolidated financial statements for the year ended 31 December 2005 relate to the Company and its subsidiaries (referred to as the Group) and the Group's interests in associates and jointly-controlled entities.

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

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS) including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

In 2005, the Group adopted the following new or revised FRSs which are relevant to its operations:

FRS 1 *(revised)*	*Presentation of Financial Statements*
FRS 2 *(revised)*	*Inventories*
FRS 8 *(revised)*	*Accounting Policies, Changes in Accounting Estimates and Errors*
FRS 10 *(revised)*	*Events After the Balance Sheet Date*
FRS 16 *(revised)*	*Property, Plant and Equipment*
FRS 17 *(revised)*	*Leases*
FRS 19 *(revised)*	*Employee Benefits*
FRS 21 *(revised)*	*The Effects of Changes in Foreign Exchange Rates*
FRS 24 *(revised)*	*Related Party Disclosures*
FRS 27 *(revised)*	*Consolidated and Separate Financial Statements*
FRS 28 *(revised)*	*Investment in Associates*
FRS 31 *(revised)*	*Interests in Joint Ventures*
FRS 32 *(revised)*	*Financial Instruments: Disclosure and Presentation*
FRS 33 *(revised)*	*Earnings Per Share*
FRS 36 *(revised)*	*Impairment of Assets*
FRS 38 *(revised)*	*Intangible Assets*
FRS 39	*Financial Instruments: Recognition and Measurement*
FRS 102	*Share-based Payment*
FRS 103	*Business Combinations*
FRS 105	*Non-current Assets Held for Sale and Discontinued Operations*

In addition, the Group has voluntarily adopted, ahead of the latest required adoption date, the Amendments to FRS 19 *Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures* and the Amendments to FRS 21 - *The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation* during the year ended 31 December 2005.

2 Summary of Significant Accounting Policies (cont'd)

2.1 Basis of preparation (cont'd)

The effects of adopting the new or revised FRSs in 2005 and the early adoption of the amendments to FRS 19 and FRS 21 are set out in Note 34.

The financial statements are presented in Singapore dollars, rounded to the nearest thousand, unless otherwise stated. They are prepared on the historical cost basis, except that certain financial assets and financial liabilities are stated at fair value.

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

2.2 Consolidation

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

Investments in subsidiaries in the Company's balance sheet are stated at cost less impairment losses. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates are companies in which the Group has significant influence, but not control, over financial and operating policies.

Jointly-controlled entities are those enterprises over whose activities the Group has joint control, established by contractual agreement.

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

In the Group's financial statements, investments in associates and jointly-controlled entities are accounted for using the equity method of accounting from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. The Group's investment in these entities includes goodwill on acquisition.

When the Group's share of losses exceeds its interest in the associate or jointly-controlled entity, the carrying amount is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or jointly-controlled entity.

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

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

All significant intra-group transactions, balances and unrealised gains are eliminated on consolidation. Unrealised gains resulting from transactions with associates and jointly-controlled entities are eliminated to the extent of the Group's interest in the enterprise. Unrea

2 Summary of Significant Accounting Policies (cont'd)

2.3 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated at foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Singapore dollars at foreign exchange rates ruling at that date. Foreign currency differences arising from translation are recognised in the profit and loss account. Non-monetary assets and liabilities measured at cost in a foreign currency are translated using exchange rates at the date of transaction. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to Singapore dollars at foreign exchange rates ruling at the dates the fair values were determined.

Net investment in a foreign operation

Exchange differences arising from monetary items that in substance form part of the Group's net investment in a foreign operation are recognised in the profit and loss account of the lender. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are released to the profit and loss account upon disposal of the investment.

Foreign operations

Assets and liabilities of foreign operations are translated to Singapore dollars for consolidation at the rates of exchange ruling at the balance sheet date. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions.

Goodwill and fair value adjustments arising on the acquisition of foreign operations after 1 January 2005 are translated to Singapore dollars at rates of exchange ruling at the balance sheet date. However, goodwill and fair value adjustments arising on acquisitions of foreign operations before 1 January 2005 continue to be translated to Singapore dollars at exchange rates ruling on transaction dates.

Exchange differences arising on translation of foreign operations are recognised directly in equity. On disposal, accumulated translation differences are recognised in the consolidated profit and loss account as part of the gain or loss on sale.

2.4 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Leased assets

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

Depreciation

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

2 Summary of Significant Accounting Policies (cont'd)

2.4 Property, plant and equipment (cont'd)

Depreciation (cont'd)

Depreciation is provided on a straight-line basis so as to write off items of property, plant and equipment over their estimated useful lives 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
• Non-hotel buildings	-	50 years, or lease term if shorter
• Non-hotel leasehold land	-	Lease term of 85 to 96 years
Freehold and leasehold properties	-	50 years, or lease term if shorter
Furniture, fittings, plant and equipment and improvements	-	3 to 20 years
Motor vehicles	-	4 to 5 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.

The useful lives and residual values, if not insignificant, are assessed annually.

2.5 Intangible assets

Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets net of liabilities and contingent liabilities acquired. Goodwill is stated at cost less impairment losses. Goodwill on the acquisition of subsidiaries is presented as intangible assets. Goodwill on the acquisition of associates and jointly-controlled entities is presented together with investments in associates and jointly-controlled entities.

Goodwill is tested for impairment on an annual basis as described in Note 2.14.

Goodwill/Negative goodwill previously written off against reserves

Goodwill in respect of acquisitions of subsidiaries, associates and jointly-controlled entities that occurred prior to 1 January 2001 that was previously taken to reserves is not taken to the profit and loss account when (i) the business is disposed or (ii) the goodwill is impaired. Similarly, negative goodwill that was previously taken to reserves is not taken to the profit and loss account when the business is disposed of.

Other intangible assets

Other intangible assets are stated at cost less accumulated amortisation and impairment losses. Other intangible assets, comprising trademarks, are amortised on a straight-line basis from the date the assets are available for use over their estimated useful lives of 10 years.

2.6 Financial assets

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the profit and loss account.

Where the Group has the positive intent and ability to hold debt securities to maturity, they are stated at amortised cost less impairment losses.

2 Summary of Significant Accounting Policies (cont'd)

2.6 Financial assets (cont'd)

Other financial instruments held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity. The exceptions are impairment losses and foreign exchange gains and losses on monetary items such as debt securities, which are recognised in the profit and loss account. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the profit and loss account. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the profit and loss account.

The fair value of the financial instruments classified as held for trading or available-for-sale is determined as the quoted bid price at the balance sheet date. Where an equity investment 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.

Financial instruments classified as held for trading or available-for-sale investments are recognised by the Group on the date it settles the purchase of the investments, and derecognised on the date a sale is settled.

2.7 Interest-free intercompany loans

In the Company's financial statements, interest-free intercompany loans to subsidiaries are stated at fair value at inception. The difference between the fair value and the loan amount at inception is recognised as additional investments in subsidiaries in the Company's financial statements. Subsequently, these loans are measured at amortised cost using the effective interest rate method. The unwinding of the difference is recognised as interest income in the Company's profit and loss account over the expected repayment period.

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

2.8 Derivatives

Derivative financial instruments are used to manage exposures to foreign exchange and interest rate risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the profit and loss account. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged as described in Note 2.9.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

2.9 Hedging

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains and losses that were recognised directly in equity are reclassified into the profit and loss account in the same period or periods during which the asset acquired or liability assumed affects the profit and loss account (i.e. when interest income or expense is recognised). For other cash flow hedges, the associated cumulative gain or loss is removed from equity and recognised in the profit and loss account in the same period or periods during which the hedged forecast transaction affects the profit and loss account. The ineffective part of any gain or loss is recognised immediately in the profit and loss account.

2 Summary of Significant Accounting Policies (cont'd)

2.9 Hedging (cont'd)

Cash flow hedges (cont'd)

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

Hedge of monetary assets and liabilities

Where a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the profit and loss account.

Hedge of net investment in a foreign operation

The gain or loss on a financial instrument used to hedge a net investment in a foreign operation is recognised in the Company's profit and loss account. On consolidation, only the portion of the gain or loss on the hedging instrument that is not determined to be an effective hedge is recognised immediately in the profit and loss account. The portion determined to be effective is reclassified to equity, and recognised in the consolidated profit and loss account on disposal of the foreign operation.

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.

Joint development properties are properties which are jointly developed by the Company together with related corporations and/or other parties. These developments are either managed by the Company or the other participants. Where the developments are managed by the Company, the interests of the other participants in the joint development properties are stated net of contributions from the other participants. Joint development properties managed by other parties are stated at the Company's share of attributable profit less surplus funds received or receivable from the developments.

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 basis.

2.12 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

2 Summary of Significant Accounting Policies (cont'd)

2.14 Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is charged to the profit and loss account.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and as and when indicators of impairment are identified.

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

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the profit and loss account even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the profit and loss account is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss account.

Calculation of recoverable amount

The recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their selling price and value in use. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment loss

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the profit and loss account. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account, the impairment loss is reversed, with the amount of the reversal recognised in the profit and loss account.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. However, an impairment loss in respect of goodwill is not reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.15 Share capital

Ordinary share capital

Ordinary shares are classified as equity.

Preference share capital

Preference shares are classified as equity if they are non-redeemable and dividend payments are discretionary. Dividends on preference shares classified as equity are recognised as distributions within equity.

2 Summary of Significant Accounting Policies (cont'd)

2.15 Share capital (cont'd)

Preference share capital (cont'd)

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

2.16 Liabilities and Interest-bearing borrowings

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost using the effective interest method.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis.

2.17 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the profit and loss account when incurred.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated 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 the present value, and the fair value of any planned assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary one every three years using the projected unit credit method; in the intervening years, the calculation is updated based on information from the actuary.

When the benefits of a plan change, the portion of the increased benefit relating to past service by employees is recognised as an expense in the profit and loss account 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 profit and loss account.

In calculating the Group's obligations in respect of a defined benefit plan, any actuarial gain or loss is recognised directly in equity. Where the calculation results in a benefit to the Group, the recognised asset is limited to the net total of past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Share-based payments

The share option programme allows the Group's employees to acquire shares of one of the Company's listed subsidiaries. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the re

The proceeds received net of any directly attributable transactions costs are credited to share capital (nominal value) and share premium when share options are exercised.

Short-term accumulating compensated absences

Short-term accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences.

2 Summary of Significant Accounting Policies (cont'd)

2.18 Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, 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, where appropriate, the risks specific to the liability.

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 Group expects to incur the liability on an onerous lease over the life of the lease until 2014.

A provision for capital expenditure is recognised for the Group's contractual obligation to incur capital expenditure under the terms of the hotel operating agreement. The liability is expected to be incurred over 5 years.

2.19 Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets and liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associates and jointly-controlled entities, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

2.20 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 through either the transfer of legal title or equitable interest in a property. In cases where the Group is obliged to perform any significant acts after the transfer of legal title or equitable interest, revenue is recognised as the acts are performed based on a 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) 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 percentage of costs incurred to date to the estimated total costs for each contract. Profits are recognised only in respect of finalised sales agreements and to the extent that such profits relate to the progress of the construction work.

Rental and car park income

Rental and car park income are recognised on an accrual basis. Lease incentives are recognised as an integral part of the total rental income to be received. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period on a

Hotel income

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

2 Summary of Significant Accounting Policies (cont'd)

2.20 Revenue recognition (cont'd)

Dividends

Dividend income is recognised in the profit and loss account when the shareholder's right to receive payment is established.

Interest income

Interest income is recognised on an accrual basis.

2.21 Operating leases

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

2.22 Finance costs

Interest expense are expensed in the profit and loss account in the period in which they are incurred, except to the extent that it is capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale. The interest component of finance lease payments is recognised in the profit and loss account using the effective interest rate method.

Interest capitalised is arrived at by reference to the actual rate of interest for property, plant and equipment and development purposes and, with regard to that part of the development cost financed out of general funds, at the average rate of interest.

2.23 Segment reporting

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

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

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

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

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

3 Property, Plant and Equipment

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Freehold properties $'000	Leasehold properties $'000	Freehold properties under development $'000	Furniture, fittings, plant and equipment and improvements $'000	Motor vehicles $'000	Chinaware, glassware, linen and utensils $'000	Renovation-in-progress $'000	Total $'000
Group										
Cost										
At 1 January 2004, as previously reported	4,975,622	2,480,596	527,971	1,034,854	210,256	579,527	7,549	46,700	18,837	9,881,912
Change in accounting policies to state hotel properties at cost less accumulated depreciation and impairment losses and to account for upfront lease premiums on long leasehold land of hotel properties as prepayments (Note 34)	(907,866)	(400,302)	–	–	–	657,156	–	–	–	(651,012)
At 1 January 2004, restated	4,067,756	2,080,294	527,971	1,034,854	210,256	1,236,683	7,549	46,700	18,837	9,230,900
Additions	3,510	1,081	653	–	25,560	54,232	1,795	210	24,514	111,555
Disposals	(5,657)	(68)	(101,309)	(129)	–	(24,371)	(1,472)	(31)	(1,169)	(134,206)
Written off during the year	–	(233)	–	–	–	(34,387)	–	(3)	–	(34,623)
Transfers	1,646	362	13,598	–	(13,112)	13,746	–	–	(16,240)	–
Transfers from trade and other receivables	18,939	–	–	–	–	2,754	–	–	–	21,693
Transfers to development properties	–	–	–	–	(112,330)	–	–	–	–	(112,330)
Translation differences on consolidation	(18,618)	8,998	(6,650)	(60)	(3,954)	9,603	(34)	238	(56)	(10,533)
At 31 December 2004	4,067,576	2,090,434	434,263	1,034,665	106,420	1,258,260	7,838	47,114	25,886	9,072,456
At 1 January 2005, as previously reported	5,029,272	2,509,385	434,263	1,034,665	106,420	602,793	7,838	47,114	25,886	9,797,636
Change in accounting policies to state hotel properties at cost less accumulated depreciation and impairment losses and to account for upfront lease premiums on long leasehold land of hotel properties as prepayments (Note 34)	(961,696)	(418,951)	–	–	–	655,467	–	–	–	(725,180)
At 1 January 2005, restated	4,067,576	2,090,434	434,263	1,034,665	106,420	1,258,260	7,838	47,114	25,886	9,072,456
Additions	7,442	2,413	270	–	11,125	76,402	1,716	289	180,981	280,638
Disposals	(45,802)	–	(25,660)	(448)	(36,937)	(25,931)	(1,926)	(379)	(345)	(137,428)
Written off during the year	–	–	–	–	–	(33,605)	–	–	–	(33,605)
Reclassifications and transfers	(37,135)	1,316	–	–	–	76,725	–	–	(40,906)	–
Transfers from trade & other receivables	12,476	–	–	–	–	–	–	–	–	12,476
Transfers to development properties	(15,378)	–	–	–	(37,605)	–	–	–	–	(52,983)
Translation differences on consolidation	47,783	(48,938)	(6,398)	(20)	5,307	(27,610)	35	(632)	(691)	(31,164)
At 31 December 2005	4,036,962	2,045,225	402,475	1,034,197	48,310	1,324,241	7,663	46,392	164,925	9,110,390

3 Property, Plant and Equipment (cont'd)

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Freehold properties $'000	Leasehold properties $'000	Freehold properties under development $'000	Furniture, fittings, plant and equipment and improvements $'000	Motor vehicles $'000	Chinaware, glassware, linen and utensils $'000	Renovation-in-progress $'000	Total $'000
Group										
Accumulated depreciation and impairment losses										
At 1 January 2004, as previously reported	97,233	139,767	108,402	238,289	–	147,292	5,270	–	–	736,253
Change in accounting policies to state hotel properties at cost less accumulated depreciation and impairment losses and to account for upfront lease premiums on long leasehold land of hotel properties as prepayments (Note 34)	403,767	70,979	–	–	–	568,362	–	–	–	1,043,108
At 1 January 2004, restated	501,000	210,746	108,402	238,289	–	715,654	5,270	–	–	1,779,361
Charge for the year	30,709	21,708	6,593	17,408	–	88,023	1,045	–	–	165,486
Disposals	(323)	(6)	(152)	–	–	(19,971)	(1,287)	–	–	(21,739)
Impairment losses	33,132	9,859	–	6,326	–	–	–	–	–	49,317
Written off during the year	–	(86)	–	–	–	(34,126)	–	–	–	(34,212)
Translation differences on consolidation	19,821	435	(2,061)	(60)	–	5,044	(36)	–	–	23,143
At 31 December 2004	584,339	242,656	112,782	261,963	–	754,624	4,992	–	–	1,961,356
At 1 January 2005, as previously reported	152,560	172,990	112,782	261,963	–	200,939	4,992	–	–	906,226
Change in accounting policies to state hotel properties at cost less accumulated depreciation and impairment losses and to account for upfront lease premiums on long leasehold land of hotel properties as prepayments (Note 34)	431,779	69,666	–	–	–	553,685	–	–	–	1,055,130
At 1 January 2005, restated	584,339	242,656	112,782	261,963	–	754,624	4,992	–	–	1,961,356
Charge for the year	24,842	21,661	6,391	17,953	–	90,359	1,024	–	–	162,230
Disposals	(4,226)	–	(4,852)	–	–	(22,811)	(1,492)	–	–	(33,381)
Impairment losses	1,446	2,669	–	700	–	19,715	–	–	–	24,530
Written off during the year	–	–	–	–	–	(32,847)	–	–	–	(32,847)
Reclassifications	(13,596)	–	–	–	–	13,596	–	–	–	–
Translation differences on consolidation	(28,028)	(3,356)	1,772	(20)	–	(3,912)	6	–	–	(33,538)
At 31 December 2005	564,777	263,630	116,093	280,596	–	818,724	4,530	–	–	2,048,350

3 Property, Plant and Equipment (cont'd)

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Freehold properties $'000	Leasehold properties $'000	Freehold properties under development $'000	Furniture, fittings, plant and equipment and improvements $'000	Motor vehicles $'000	Chinaware, glassware, linen and utensils $'000	Renovation-in-progress $'000	Total $'000
Group										
Carrying amount										
At 1 January 2004	3,566,756	1,869,548	419,569	796,565	210,256	521,029	2,279	46,700	18,837	7,451,539
At 31 December 2004	3,483,237	1,847,778	321,481	772,702	106,420	503,636	2,846	47,114	25,886	7,111,100
At 31 December 2005	3,472,185	1,781,595	286,382	753,601	48,310	505,517	3,133	46,392	164,925	7,062,040

During the financial year, interest capitalised as cost of property, plant and equipment amounted to $1,744,000 (2004: $298,000).

3 Property, Plant and Equipment (cont'd)

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Freehold properties $'000	Leasehold properties $'000	Freehold properties under development $'000	Furniture, fittings, plant and equipment and improvements $'000	Motor vehicles $'000	Total $'000
Company								
Cost								
At 1 January 2004, as previously reported	453,649	96,163	11,238	8,359	113,505	36,239	2,718	721,871
Change in accounting policy to state hotel property at cost less accumulated depreciation and impairment losses (Note 34)	14,368	–	–	–	–	6,731	–	21,099
At 1 January 2004, restated	468,017	96,163	11,238	8,359	113,505	42,970	2,718	742,970
Additions	–	–	–	–	1,470	2,068	1,340	4,878
Disposals	(5,657)	–	–	–	–	(267)	(890)	(6,814)
Transfers to development properties	–	–	–	–	(68,976)	–	–	(68,976)
At 31 December 2004	462,360	96,163	11,238	8,359	45,999	44,771	3,168	672,058
At 1 January 2005, as previously reported	447,992	96,163	11,238	8,359	45,999	38,040	3,168	650,959
Change in accounting policy to state hotel property at cost less accumulated depreciation and impairment losses (Note 34)	14,368	–	–	–	–	6,731	–	21,099
At 1 January 2005, restated	462,360	96,163	11,238	8,359	45,999	44,771	3,168	672,058
Additions	–	–	–	–	2,311	9,201	670	12,182
Disposals	(9,049)	(2,431)	–	–	–	(936)	(630)	(13,046)
Written off during the year	–	–	–	–	–	(1,667)	–	(1,667)
Reclassifications	(44,883)	–	–	–	–	44,883	–	–
At 31 December 2005	408,428	93,732	11,238	8,359	48,310	96,252	3,208	669,527
Accumulated depreciation and impairment losses								
At 1 January 2004, as previously reported	22,257	10,160	2,842	2,251	–	17,641	2,082	57,233
Change in accounting policy to state hotel property at cost less accumulated depreciation and impairment losses (Note 34)	16,524	–	–	–	–	6,731	–	23,255
At 1 January 2004, restated	38,781	10,160	2,842	2,251	–	24,372	2,082	80,488
Charge for the year	9,280	1,702	242	168	–	3,858	437	15,687
Disposals	(323)	–	–	–	–	(104)	(890)	(1,317)
At 31 December 2004	47,738	11,862	3,084	2,419	–	28,126	1,629	94,858

3 Property, Plant and Equipment (cont'd)

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Freehold properties $'000	Leasehold properties $'000	Freehold properties under development $'000	Furniture, fittings, plant and equipment and improvements $'000	Motor vehicles $'000	Total $'000
Company								
Accumulated depreciation and impairment losses (cont'd)								
At 1 January 2005, as previously reported	29,632	11,862	3,084	2,419	–	21,395	1,629	70,021
Change in accounting policy to state hotel property at cost less accumulated depreciation and impairment losses (Note 34)	18,106	–	–	–	–	6,731	–	24,837
At 1 January 2005, restated	47,738	11,862	3,084	2,419	–	28,126	1,629	94,858
Charge for the year	4,047	1,702	242	167	–	9,506	515	16,179
Disposals	(518)	(387)	–	–	–	(63)	(527)	(1,495)
Written off during the year	–	–	–	–	–	(1,015)	–	(1,015)
Reclassifications	(13,596)	–	–	–	–	13,596	–	–
At 31 December 2005	37,671	13,177	3,326	2,586	–	50,150	1,617	108,527
Carrying amount								
At 1 January 2004	429,236	86,003	8,396	6,108	113,505	18,598	636	662,482
At 31 December 2004	414,622	84,301	8,154	5,940	45,999	16,645	1,539	577,200
At 31 December 2005	370,757	80,555	7,912	5,773	48,310	46,102	1,591	561,000

During the financial year, interest capitalised as cost of property, plant and equipment amounted to $251,000 (2004: $298,000).

3 Property, Plant and Equipment (cont'd)

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

	Group	
	2005	**2004**
	$'000	**$'000**
Freehold buildings	**32,035**	38,121
Furniture, fittings, plant and equipment and improvements	**27**	3
	32,062	38,124

In prior years, the Group stated its hotel properties at cost or subsequent revaluation less accumulated depreciation and impairment losses. With effect from 1 January 2005, the Group changed its accounting policy to state its hotel properties at cost less accumulated depreciation and impairment losses (refer to Note 34). This change in accounting policy aligns the Group's accounting policy in relation to hotel properties with that of its listed subsidiary, Millennium & Copthorne Hotels plc (M&C), which holds substantially all of the Group's hotel properties. M&C had reassessed its accounting policies on 1 January 2005 upon the adoption of a new financial reporting framework for use in the European Union, which is intended to be substantially similar to International Financial Reporting Standards.

In addition, the Group changed its accounting and presentation of upfront premiums paid in respect of long leasehold land of hotel properties where land title is not anticipated to be passed to the Group under the terms of the leases from property, plant and equipment to prepayments. In prior years, such long leasehold land of hotel properties were stated at cost less residual value depreciated over the shorter of the lease period and economic useful life. With effect from 1 January 2005, such premiums made are accounted for as prepayments and amortised over the lease term on a straight-line basis. The directors are of the view that its accounting and presentation as prepayments more closely reflects the nature of the asset.

The effects of the changes in accounting policies are set out in Note 34.

In 2005, upon the Group assessing the carrying value of its property, plant and equipment for indications of impairment, the carrying amount of freehold land and buildings, leasehold land and buildings and leasehold properties was written down by $31,737,000 (2004: $49,456,000). The Group reversed impairment loss of $7,207,000 (2004: $139,000) recognised in prior years for freehold land and buildings and a leasehold property. The net amount written down is included in "other operating expenses".

In respect of the impairment losses charged, the estimates of recoverable amounts were based on the value of the freehold land and buildings, leasehold land and buildings and a leasehold property on the value-in-use basis using discount rates ranging from 3.8% to 10.0% (2004: 2.5% to 12.5%) per annum as applicable to the nature and location of the asset in question.

Included in property, plant and equipment are certain hotel properties and land and buildings of the Group with carrying value totalling $4,608,201,000 (2004: $4,542,119,000) which are mortgaged to certain financial institutions to secure credit facilities (refer to Notes 20 and 22 for more details of the facilities).

Property, plant and equipment comprise a number of commercial properties that are leased to external customers. Generally, each of the leases contains an initial non-cancellable period of 2 to 6 years.

The depreciation charge for the Group is recognised in "administrative expenses" in the profit and loss account.

4 Intangible Assets

	Group $'000
Cost	
At 1 January 2004	225
Translation differences on consolidation	(7)
At 31 December 2004	218
Additions	1
Translation differences on consolidation	2
At 31 December 2005	221
Accumulated amortisation	
At 1 January 2004	121
Charge for the year	14
Translation differences on consolidation	(5)
At 31 December 2004	130
Charge for the year	14
Translation differences on consolidation	4
At 31 December 2005	148
Carrying amount	
At 1 January 2004	104
At 31 December 2004	88
At 31 December 2005	73

Intangible assets of the Group relate to trademarks. The amortisation charge is included in "other operating expenses" in the consolidated profit and loss account.

5 Investments in and Balances with Subsidiaries

	Note	Company 2005 $'000	Company 2004 $'000
Investments in subsidiaries			
Unquoted shares, at cost		**2,261,289**	2,262,253
Discount implicit in non-current interest-free inter-company balances		**2,417**	–
Impairment losses		**(76,381)**	(60,847)
		2,187,325	2,201,406
Balances with subsidiaries			
Amounts owing by subsidiaries			
- trade, interest-free		**1,495**	849
- non-trade, interest-free		**702,690**	607,626
- non-trade, interest-bearing		**122,009**	106,995
		826,194	715,470
Allowance for doubtful receivables		**(22,960)**	(22,936)
		803,234	692,534
Receivable within 12 months	11	**695,496**	634,999
Receivable after 12 months	9	**107,738**	57,535
		803,234	692,534
Amounts owing to subsidiaries			
- trade, interest-free		**3,752**	3,294
- non-trade, interest-free		**590,093**	593,980
- non-trade, interest-bearing		**–**	161,008
		593,845	758,282
Repayable within 12 months	28	**593,845**	758,282

5 Investments in and Balances with Subsidiaries (cont'd)

Balances with subsidiaries (cont'd)

The amounts owing by and to subsidiaries are unsecured. In respect of interest-bearing amounts, interest at 0.29% to 3.99% (2004: 0.37% to 3.99%) per annum was charged. The balances with subsidiaries that are receivable or repayable within 12 months are receivable or repayable on demand.

During the year, the Company assessed the recoverable amount of its investments in subsidiaries. Based on this assessment, the Company recognised impairment losses of $15,534,000 (2004: $3,846,000) on its investments in subsidiaries. Impairment losses were quantified under the value-in-use method using discount rates ranging from 3.8% to 5.0% (2004: 2.5% to 5.0%) per annum.

In 2004, included in the amounts owing by subsidiaries were foreign currency denominated loans to subsidiaries amounting to $4,904,728 which form part of the Company's net investment in subsidiaries. With the adoption of FRS 21 (revised), the exchange differences arising from such loans are recognised in the Company's profit and loss account and reclassified to equity in the Group's consolidated financial statements.

Further details regarding subsidiaries are set out in Note 42.

6 Investments in and Balances with Associates

	Note	Group 2005 $'000	Group 2004 $'000
Investments in associates		–	1,241
Balances with associates			
Amounts owing by associates			
- non-trade, interest-free	11	–	250

As at 31 December 2004, the amounts owing by associates were unsecured and repayable within 12 months.

Further details regarding associates are set out in Note 43.

Condensed financial information relating to the associates are as follows:

	Group 2005 $'000	Group 2004 $'000
Total assets	–	6,556
Total liabilities	–	(5,088)
Revenue	–	258
Loss after taxation	–	(207)

7 Investments in and Balances with Jointly-Controlled Entities

	Note	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Investments in jointly-controlled entities		**139,270**	165,626	**52,495**	69,495
Impairment losses		**–**	–	**(3,841)**	(1,615)
		139,270	165,626	**48,654**	67,880
Balances with jointly-controlled entities					
Amounts owing by jointly-controlled entities:					
- trade, interest-free		**2,456**	2,297	**1,244**	813
- non-trade, interest-bearing		**522,007**	411,323	**418,566**	287,672
- non-trade, interest-free		**174,274**	129,460	**–**	–
		698,737	543,080	**419,810**	288,485
Allowance for doubtful receivables		**(60,000)**	(26,000)	**(60,000)**	(26,000)
		638,737	517,080	**359,810**	262,485
Receivable:					
- Within 12 months	11	**540,733**	435,241	**359,810**	262,485
- After 12 months	9	**98,004**	81,839	**–**	–
		638,737	517,080	**359,810**	262,485
Amounts owing to jointly-controlled entities (non-trade, interest-free)		**72,701**	146,055	**15,475**	86,609
Repayable within 12 months	28	**72,701**	146,055	**15,475**	86,609

7 Investments in and Balances with Jointly-Controlled Entities (cont'd)

The amounts receivable or repayable within 12 months are repayable on demand. The amounts owing by and to jointly-controlled entities are unsecured. In respect of interest-bearing amounts, interest at rates ranging from 0.6% to 5.0% (2004: 0.6% to 5.0%) per annum and 1.5% to 2.5% (2004: 0.7% to 2.5%) per annum were charged by the Group and the Company respectively.

During the year, the Company assessed the recoverable amount of its investments in jointly-controlled entities. Based on this assessment, the Company recognised impairment losses of $2,226,000 (2004: $Nil) on its investments in jointly-controlled entities. Impairment losses were quantified under the value-in-use method using discount rates ranging from 3.8% to 5% per annum.

Included in the amounts owing by jointly-controlled entities are foreign currency denominated loans to jointly-controlled entities amounting to $11,862,000 (2004: $11,493,000) which form part of the Group's net investment in jointly-controlled entities. Settlement of the loans is neither planned nor likely to occur in the foreseeable future. With the adoption of FRS 21 (revised), the exchange differences arising from such loans are recognised in the Company's profit and loss account and reclassified to equity in the Group's consolidated financial statements.

Further details regarding jointly-controlled entities are set out in Note 44.

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

	2005 $'000	2004 $'000
Results		
Revenue and other operating income	**279,104**	576,133
Cost of sales and other expenses	**(193,115)**	(303,464)
Profit before taxation	**85,989**	272,669
Taxation	**(27,364)**	8,016
Profit after taxation	**58,625**	280,685
Assets and liabilities		
Non-current assets	**735,633**	690,347
Current assets	**771,257**	696,788
Current liabilities	**(897,175)**	(576,979)
Non-current liabilities	**(470,445)**	(644,530)
Net assets	**139,270**	165,626
Commitments		
Development expenditure contracted but not provided for in the financial statements	**229,057**	281,368
Capital expenditure contracted but not provided for in the financial statements	**4,817**	7,402
Non-cancellable operating lease payables	**2**	9
Non-cancellable operating lease receivables	**6,790**	7,268

8 Financial Assets

	Group		Company	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Non-current financial assets				
Unquoted equity investments available-for-sale				
- fellow subsidiaries	**3,297**	3,336	**3,290**	3,290
- non-related companies	**46,448**	8,076	**1,340**	1,340
	49,745	11,412	**4,630**	4,630
Quoted equity investments available-for-sale				
- fellow subsidiaries	**39,390**	14,004	**33,122**	10,917
- non-related companies	**20,181**	7,761	**–**	–
	59,571	21,765	**33,122**	10,917
	109,316	33,177	**37,752**	15,547

	Group	
	2005	**2004**
	$'000	**$'000**
Current financial assets		
Quoted investments held for trading		
- equity investments	**22,018**	11,489
- others	**41**	39
Unquoted investments held for trading		
- equity investments	**12,901**	11,222
- others	**17,109**	12,892
	52,069	35,642

With the adoption of FRS 39, the Group states available-for-sale investments at fair value except for unquoted equity investments. The differences between the fair values and the carrying amounts of the investments which are stated at fair value at 1 January 2005 are taken to the opening balance of the fair value reserve at that date.

Unquoted equity investments that are available-for-sale or held for trading are measured at cost less impairment losses as there is no active market for these investments and other methods of determining fair value do not result in a reliable estimate. The carrying values of such investments are set out in the table above.

8 Financial Assets (cont'd)

Financial assets are denominated in the following currencies:

	Group		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Singapore Dollar	**69,772**	28,940	**37,752**	15,547
United States Dollar	**38,670**	207	**–**	–
Hong Kong Dollar	**28,279**	18,493	**–**	–
Sterling Pound	**24,664**	21,179	**–**	–
	161,385	68,819	**37,752**	15,547

9 Other Non-Current Assets

	Note	Group		Company	
		2005 $'000	2004 $'000	2005 $'000	2004 $'000
Amounts owing by:					
- subsidiaries	5	**–**	–	**107,738**	57,535
- jointly-controlled entities	7	**98,004**	81,839	**–**	–
Prepayments		**189,222**	205,559	**–**	–
		287,226	287,398	**107,738**	57,535

Prepayments relate to the non-current portion of upfront premiums paid in respect of long leasehold land of hotel properties where land title is not anticipated to be passed to the Group (refer to Note 34).

10 Development Properties

	Group		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Properties in the course of development, at cost	**612,628**	873,886	**612,628**	767,877
Attributable profit/(loss)	**26,485**	17,436	**26,485**	(469)
	639,113	891,322	**639,113**	767,408
Progress billings	**(107,056)**	(98,589)	**(107,056)**	(29,341)
	532,057	792,733	**532,057**	738,067
Joint development properties, at cost	**574,268**	810,259	**575,105**	812,033
Attributable profit	**6,847**	32,476	**6,847**	32,476
	581,115	842,735	**581,952**	844,509
Progress billings	**(43,765)**	(116,349)	**(43,764)**	(116,348)
	537,350	726,386	**538,188**	728,161
Contributions from other participants	**(43,747)**	(136,416)	**(43,747)**	(136,417)
	493,603	589,970	**494,441**	591,744
Joint development properties in which the Group participates through contributions:				
Share of attributable profit	**215,168**	215,168	**215,168**	215,168
Return of surplus funds	**(204,270)**	(204,073)	**(204,270)**	(204,073)
	10,898	11,095	**10,898**	11,095
Properties for development and resale representing mainly land	**528,020**	428,024	**218,752**	216,729
Completed units	**447,697**	283,783	**284,313**	124,105
	2,012,275	2,105,605	**1,540,461**	1,681,740
Allowance for foreseeable losses	**(125,787)**	(162,806)	**(55,903)**	(84,179)
Total development properties	**1,886,488**	1,942,799	**1,484,558**	1,597,561
During the year, interest capitalised (net of interest income) as cost of development properties amounted to	**12,297**	12,875	**12,306**	12,524

The Group currently 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 constructions method, is set out in Note 34.

11 Trade and Other Receivables

	Note	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Trade receivables		**137,844**	153,776	**28,434**	50,661
Allowance for doubtful receivables		**(5,247)**	(5,517)	**(98)**	(136)
		132,597	148,259	**28,336**	50,525
Other receivables, deposits and prepayments		**80,520**	105,105	**10,773**	13,134
Allowance for doubtful receivables		**(2,476)**	(6,695)	**(1,533)**	(405)
		78,044	98,410	**9,240**	12,729
Accrued receivables	12	**14,838**	12,818	**6,845**	1,853
Amounts owing by:					
- subsidiaries	5	**–**	–	**695,496**	634,999
- associates	6	**–**	250	**–**	–
- jointly-controlled entities	7	**540,733**	435,241	**359,810**	262,485
- fellow subsidiaries	13	**4,965**	7,545	**4,853**	6,959
		771,177	702,523	**1,104,580**	969,550

12 Accrued Receivables

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

13 Amounts Owing by and to Fellow Subsidiaries

	Note	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Amounts owing by fellow subsidiaries:					
- trade		**59**	730	**23**	213
- non-trade		**4,906**	6,815	**4,830**	6,746
	11	**4,965**	7,545	**4,853**	6,959
Amounts owing to fellow subsidiaries:					
- trade		**772**	351	**299**	299
- non-trade		**191**	3,306	**–**	–
	28	**963**	3,657	**299**	299

and to fellow subsidiaries are interest-free, unsecured and receivable or repayable within 12 months.

14 Cash and Cash Equivalents

	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Amounts held under the Singapore development project rules, withdrawals from which are restricted to project-related payments	**34,849**	35,935	**34,806**	34,148
Fixed deposits placed with financial institutions which are:				
- fellow subsidiaries	**19,579**	11,516	**2,704**	–
- others	**405,579**	653,546	**91,770**	345,044
	425,158	665,062	**94,474**	345,044
Cash at banks and in hand	**113,601**	127,847	**8,446**	6,090
	573,608	828,844	**137,726**	385,282
Bank overdrafts				
- secured	**(2,290)**	(2,071)	**–**	–
- unsecured	**(525)**	(100)	**–**	–
	(2,815)	(2,171)	**–**	–
	570,793	826,673	**137,726**	385,282
Fixed deposits (pledged)	**(1,026)**	(1,010)		
Cash and cash equivalents in the consolidated statement of cash flows	**569,767**	825,663		

The secured bank overdrafts are secured by a letter of credit issued by a financial institution.

Included in cash and cash equivalents is a deposit of $1,026,000 (2004: $1,010,000) placed by the Group with a related financial institution which is a fellow subsidiary. This deposit is pledged to the financial institution as collateral for facilities granted to a third party.

Cash and cash equivalents are denominated in the following currencies:

	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Singapore Dollar	**186,428**	390,760	**127,944**	312,994
New Zealand Dollar	**149,996**	104,677	**–**	–
United States Dollar	**145,506**	199,103	**9,141**	70,671
Sterling Pound	**34,331**	73,421	**–**	–
Others	**54,532**	58,712	**641**	1,617
	570,793	826,673	**137,726**	385,282

15 Share Capital

	Company			
	2005		2004	
	Number of shares	$'000	Number of shares	$'000
Authorised:				
Ordinary shares of $0.50 each	**4,000,000,000**	**2,000,000**	4,000,000,000	2,000,000
Non-redeemable convertible non-cumulative preference shares of $0.05 each	**1,000,000,000**	**50,000**	1,000,000,000	50,000
Issued and fully paid ordinary share capital:				
At 1 January	**871,994,508**	**435,997**	827,185,643	413,593
Issue of shares during the year	**16,806,550**	**8,403**	44,808,865	22,404
At 31 December	**888,801,058**	**444,400**	871,994,508	435,997
Issued and fully paid preference share capital:				
Non-redeemable convertible non-cumulative preference shares of $0.05 each	**330,874,257**	**16,544**	330,874,257	16,544
Total share capital		**460,944**		452,541

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The preference shareholders receive a discretionary dividend on the par value of their shareholding and preference shares do not carry the right to vote. All shares rank equally with regard to the Company's residual assets, except that preference shareholders participate only to the extent of the face value of the shares adjusted for any dividends in arrears.

Ordinary share capital

On 11 May 2004, the Company issued 82,718,564 bonus warrants, which were subsequently listed on the Official List of the Singapore Exchange Securities Trading Limited on 13 May 2004. Each bonus warrant carries the right to subscribe in cash for one (1) ordinary share of $0.50 each in the capital of the Company at the exercise price of $2.50, subject to adjustments under certain circumstances in accordance with the terms and conditions of the bonus warrants as set out in a Deed Poll dated 6 May 2004.

During the financial year, the Company issued 16,806,550 (2004: 44,808,865) new ordinary shares arising from the exercise of subscription rights by bonus warrant holders. As at 31 December 2005, the number of ordinary shares that may be issued on conversion of all the outstanding bonus warrants is 21,103,149 (2004: 37,909,699) ordinary shares.

Preference share capital

On 9 June 2004, the Company issued 330,874,257 non-redeemable convertible non-cumulative preference shares (Preference Shares) of $0.05 each at an issue price of $1.00 each, which were subsequently listed on the Official List of the Singapore Exchange Securities Trading Limited on 14 June 2004. The Preference Shares are convertible at the sole option of the Company at any time on or after the second anniversary of the date of issue of the Preference Shares, into fully-paid ordinary shares of $0.50 each in the capital of the Company at the conversion ratio of 0.136 ordinary shares for each Preference Share.

There were no additional Preference Shares issued for the year ended 31 December 2005.

As at 31 December 2005, the maximum number of ordinary shares that may be issued upon full conversion at the sole option of the Company of all the Preference Shares is 44,998,898 (2004: 44,998,898) ordinary shares.

On the date of commencement of the Companies (Amendment) Act 2005 on 30 January 2006:
(i) the concept of par value and authorised share capital were abolished; and
(ii) the amount standing to the credit of the Company's share premium account became part of the Company's share capital.

16 Reserves

	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Share premium	**1,492,324**	1,458,711	**1,479,202**	1,445,589
Capital reserve	**148,143**	148,143	**63,743**	63,743
Fair value reserve	**21,403**	–	**17,764**	–
Share option reserve	**1,792**	878	**–**	–
Exchange fluctuation reserve	**142,075**	145,330	**–**	–
Accumulated profits	**2,281,135**	2,146,161	**1,738,879**	1,701,172
	4,086,872	3,899,223	**3,299,588**	3,210,504

The application of the share premium account is governed by Section 69 of the Companies Act, Chapter 50.

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

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

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire without being exercised, the amount from the share option reserve is transferred to accumulated profits.

The exchange fluctuation reserve comprises:

(a) foreign exchange differences arising from the translation of the financial statements of foreign entities whose functional currencies are different from that 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 entities, provided certain conditions are met.

The accumulated profits of the Group include profits of $63,934,000 (2004: $74,290,000) attributable to associates and jointly-controlled entities.

17 Total Equity

	Note	Share capital $'000	Share premium $'000	Capital reserve $'000	Hedging reserve $'000
Group					
At 1 January 2004		413,593	1,055,419	148,143	–
Effects of adopting					
- Amendments to FRS 19	34	–	–	–	–
- FRS 102	34	–	–	–	–
Change in accounting policies to state hotel properties at cost less accumulated depreciation and impairment losses and to account for upfront premiums on long leasehold land as prepayments	34	–	–	–	–
At 1 January 2004, restated balance		413,593	1,055,419	148,143	–
Translation differences arising on consolidation of foreign subsidiaries		–	–	–	–
Exchange differences on hedge of net investments in foreign entities		–	–	–	–
Exchange differences on monetary items forming net investments in foreign entities		–	–	–	–
Actuarial losses on defined benefit plans		–	–	–	–
Net gains/(losses) recognised directly in equity		–	–	–	–
Profit for the year		–	–	–	–
Total recognised income and expenses for the year		–	–	–	–
Issue of ordinary shares	15	22,404	89,618	–	–
Issue of preference shares (net of expenses)	15	16,544	313,674	–	–
Change of interest in subsidiaries		–	–	–	–
Value of employee services received for issue of share options	34	–	–	–	–
Dividends	33	–	–	–	–
At 31 December 2004		452,541	1,458,711	148,143	–

Fair value reserve $'000	Share option reserve $'000	Asset revaluation reserve $'000	Exchange fluctuation reserve $'000	Accumulated profits $'000	Total attributable to equity holders of the parent $'000	Minority interests $'000	Total equity $'000
–	–	461,426	165,455	2,358,972	4,603,008	2,069,015	6,672,023
–	–	–	–	(6,282)	(6,282)	(5,800)	(12,082)
–	282	–	–	(282)	–	–	–
–	–	(461,426)	(31,065)	(41,512)	(534,003)	(731,137)	(1,265,140)
–	282	–	134,390	2,310,896	4,062,723	1,332,078	5,394,801
–	–	–	11,831	–	11,831	2,804	14,635
–	–	–	1,887	–	1,887	500	2,387
–	–	–	(2,778)	–	(2,778)	(2,535)	(5,313)
–	–	–	–	(4,111)	(4,111)	(3,457)	(7,568)
–	–	–	10,940	(4,111)	6,829	(2,688)	4,141
–	–	–	–	227,129	227,129	167,393	394,522
–	–	–	10,940	223,018	233,958	164,705	398,663
–	–	–	–	–	112,022	–	112,022
–	–	–	–	–	330,218	–	330,218
–	–	–	–	–	–	(4,635)	(4,635)
–	596	–	–	–	596	607	1,203
–	–	–	–	(387,753)	(387,753)	(23,636)	(411,389)
–	878	–	145,330	2,146,161	4,351,764	1,469,119	5,820,883

17 Total Equity (cont'd)

	Note	Share capital $'000	Share premium $'000	Capital reserve $'000	Hedging reserve $'000
Group					
At 31 December 2004, as previously reported		452,541	1,458,711	148,143	–
Effects of adopting					
- Amendments to FRS 19	34	–	–	–	–
- FRS 102	34	–	–	–	–
Change in accounting policies to state hotel properties at cost less accumulated depreciation and impairment losses and to account for upfront premiums on long leasehold land as prepayments	34	–	–	–	–
At 31 December 2004, restated		452,541	1,458,711	148,143	–
Effects of adopting FRS 39	34	–	–	–	(6,454)
At 1 January 2005, restated balance		452,541	1,458,711	148,143	(6,454)
Translation differences arising on consolidation of foreign subsidiaries		–	–	–	–
Exchange differences on hedges of net investments in foreign entities		–	–	–	–
Exchange differences on monetary items forming net investments in foreign entities		–	–	–	–
Change in fair value of equity investments available-for-sale		–	–	–	–
Actuarial losses on defined benefit plans		–	–	–	–
Net gains/(losses) recognised directly in equity		–	–	–	–
Profit for the year		–	–	–	–
Total recognised income and expenses for the year		–	–	–	–
Issue of ordinary shares	15	8,403	33,613	–	–
Change of interest in subsidiaries		–	–	–	–
Values of employee services received for issue of share options	34	–	–	–	–
Transfer of hedging reserve on realisation		–	–	–	6,454
Dividends	33	–	–	–	–
At 31 December 2005		460,944	1,492,324	148,143	–

Fair value reserve $'000	Share option reserve $'000	Asset revaluation reserve $'000	Exchange fluctuation reserve $'000	Accumulated profits $'000	Total attributable to equity holders of the parent $'000	Minority interests $'000	Total equity $'000
–	–	515,327	176,395	2,199,587	4,950,704	2,252,438	7,203,142
–	–	–	–	(10,393)	(10,393)	(9,257)	(19,650)
–	878	–	–	(878)	–	–	–
–	–	(515,327)	(31,065)	(42,155)	(588,547)	(774,062)	(1,362,609)
–	878	–	145,330	2,146,161	4,351,764	1,469,119	5,820,883
15,253	–	–	–	3,485	12,284	(8,358)	3,926
15,253	878	–	145,330	2,149,646	4,364,048	1,460,761	5,824,809
–	–	–	(3,836)	–	(3,836)	8,282	4,446
–	–	–	(2,084)	–	(2,084)	(1,391)	(3,475)
–	–	–	2,665	–	2,665	1,944	4,609
6,150	–	–	–	–	6,150	3,937	10,087
–	–	–	–	(3,218)	(3,218)	(3,229)	(6,447)
6,150	–	–	(3,255)	(3,218)	(323)	9,543	9,220
–	–	–	–	200,397	200,397	108,725	309,122
6,150	–	–	(3,255)	197,179	200,074	118,268	318,342
–	–	–	–	–	42,016	–	42,016
–	–	–	–	–	–	2,072	2,072
–	914	–	–	–	914	875	1,789
–	–	–	–	–	6,454	5,994	12,448
–	–	–	–	(65,690)	(65,690)	(60,525)	(126,215)
21,403	1,792	–	142,075	2,281,135	4,547,816	1,527,445	6,075,261

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 issued shares in the capital of the Company on the day preceding the relevant date of grant. The aggregate number of ordinary shares which may be offered by way of grant of options to Parent Group Employees and Parent Group Non-Executive Directors collectively under the CDL Scheme shall not exceed 20% of the total number of ordinary shares available under the CDL Scheme.

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

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

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

By Subsidiaries

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.

18 Equity Compensation Benefits

By Subsidiaries (cont'd)

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

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 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.

Millennium & Copthorne Hotels plc

M&C has the following share option schemes:
(i) Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme;
(ii) Millennium & Copthorne Hotels Executive Share Option Scheme; and
(iii) Millennium & Copthorne Hotels Sharesave Scheme.

(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 Inland Revenue has been obtained, and the "Unapproved" part which is not designed for 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 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 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.

18 Equity Compensation Benefits

By Subsidiaries (cont'd)

(ii) Millennium & Copthorne Hotels Executive Share Option Scheme

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

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

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

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

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

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

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

(iii) Millennium & Copthorne Hotels Sharesave Scheme

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

(b) Under the terms of the M&C Sharesave Scheme, UK Employees were to enter into a 3-year or 5-year savings contract commencing 1 June from year 1996 onwards, with an option to purchase shares at a pre-determined exercise price on maturity of the savings contract.

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

18 Equity Compensation Benefits

By Subsidiaries (cont'd)

(d) The options may be exercised upon maturity provided that the monies agreed under the savings contract are fully paid and the participant continues to hold office or employment with M&C. The M&C Sharesave Scheme provides that shares in M&C can be purchased at the option price up to the value of the accrued savings and interests in the event of retirement 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) 117,453 options were granted to subscribe for ordinary shares of £0.30 each in M&C; and (ii) 34,621 ordinary shares of £0.30 each in M&C were issued following the exercise of the subscription rights set out in the M&C Sharesave Scheme.

Details of the options granted under the M&C option schemes on the unissued ordinary shares of £0.30 each in a subsidiary, Millennium & Copthorne Hotels plc, 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

									Proceeds on exercise of options during the year		
Date of grant of options	**Exercise price per share £**	**Options outstanding as at 1 January**	**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**	**Options exercisable as at 31 December**	**Credited to share capital £'000**	**Credited to share premium £'000**	**Exercise period**
2004											
Part I											
10.03.2003	1.9350	102,580	–	(7,752)	(15,503)	–	79,325	–	–	–	10.03.2006 - 09.03.2013
16.03.2004	2.9167	–	82,617	–	(20,568)	–	62,049	–	–	–	16.03.2007 - 15.03.2014
Part II											
10.03.2003	1.9350	2,106,137	–	(660,012)	(247,660)	–	1,198,465	–	–	–	10.03.2006 - 09.03.2013
16.03.2004	2.9167	–	729,710	(27,428)	(33,173)	–	669,109	–	–	–	16.03.2007 - 15.03.2014
		2,208,717	812,327	(695,192)	(316,904)	–	2,008,948	–	–	–	
2005											
Part I											
10.03.2003	1.9350	79,325	–	–	(15,503)	–	63,822	–	–	–	10.03.2006 - 09.03.2013
16.03.2004	2.9167	62,049	–	–	–	–	62,049	–	–	–	16.03.2007 - 15.03.2014
24.03.2005	3.9842	–	52,703	–	–	–	52,703	–	–	–	24.03.2008 - 23.03.2015
Part II											
10.03.2003	1.9350	1,198,465	–	(52,697)	(19,639)	–	1,126,129	–	–	–	10.03.2006 - 09.03.2013
16.03.2004	2.9167	669,109	–	(34,960)	(39,429)	–	594,720	–	–	–	16.03.2007 - 15.03.2014
24.03.2005	3.9842	–	705,613	–	(29,365)	–	676,248	–	–	–	24.03.2008 - 23.03.2015
		2,008,948	758,316	(87,657)	(103,936)	–	2,575,671	–	–	–	

18 Equity Compensation Benefits (cont'd)

(ii) Millennium & Copthorne Hotels Executive Share Option Scheme

									Proceeds on exercise of options during the year		
Date of grant of options	Exercise price per share £	Options outstanding as at 1 January	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	Options exercisable as at 31 December	Credited to share capital £'000	Credited to share premium £'000	Exercise period
2004											
Part A											
24.04.1996	2.4830	1,143	–	(1,143)	–	–	–	–	–	–	24.04.1999 - 23.04.2006
05.03.1998	4.6087	13,018	–	–	(6,509)	–	6,509	6,509	–	–	05.03.2001 - 04.03.2008
05.03.1999	4.8321	4,139	–	–	(4,139)	–	–	–	–	–	05.03.2002 - 04.03.2009
19.11.1999	3.9856	7,526	–	–	–	–	7,526	7,526	–	–	19.11.2002 - 18.11.2009
17.03.2000	3.3500	27,812	–	–	(18,857)	–	8,955	8,955	–	–	17.03.2003 - 16.03.2010
23.10.2000	3.9500	7,594	–	–	–	–	7,594	7,594	–	–	23.10.2003 - 22.10.2010
20.03.2001	4.3500	75,856	–	–	(20,688)	–	55,168	55,168	–	–	20.03.2004 - 19.03.2011
15.03.2002	3.2250	101,234	–	–	(4,651)	–	96,583	–	–	–	15.03.2005 - 14.03.2012
		238,322	–	(1,143)	(54,844)	–	182,335	85,752	–	–	
2005											
Part A											
05.03.1998	4.6087	6,509	–	–	–	–	6,509	6,509	–	–	05.03.2001 - 04.03.2008
19.11.1999	3.9856	7,526	–	–	–	–	7,526	7,526	–	–	19.11.2002 - 18.11.2009
17.03.2000	3.3500	8,955	–	–	–	–	8,955	8,955	–	–	17.03.2003 - 16.03.2010
23.10.2000	3.9500	7,594	–	–	–	–	7,594	7,594	–	–	23.10.2003 - 22.10.2010
20.03.2001	4.3500	55,168	–	–	(6,896)	–	48,272	48,272	–	–	20.03.2004 - 19.03.2011
15.03.2002	3.2250	96,583	–	(68,110)	(2,117)	–	26,356	26,356	–	–	15.03.2005 - 14.03.2012
		182,335	–	(68,110)	(9,013)	–	105,212	105,212	–	–	

18 Equity Compensation Benefits (cont'd)

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

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January	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	Options exercisable as at 31 December	Proceeds on exercise of options during the year: Credited to share capital £'000	Proceeds on exercise of options during the year: Credited to share premium £'000	Exercise period
2004											
Part B											
07.03.1997	3.6084	108,156	–	–	(108,156)	–	–	–	–	–	07.03.2000 - 06.03.2004
05.03.1998	4.60875	117,158	–	–	(101,972)	–	15,186	15,186	–	–	05.03.2001 - 04.03.2005
02.04.1998	4.9527	53,738	–	–	(25,908)	–	27,830	27,830	–	–	02.04.2001 - 01.04.2005
05.03.1999	4.8321	145,624	–	–	(105,188)	–	40,436	40,436	–	–	05.03.2002 - 04.03.2006
19.11.1999	3.9856	47,670	–	–	–	–	47,670	47,670	–	–	19.11.2002 - 18.11.2006
17.03.2000	3.3500	338,357	–	–	(215,732)	–	122,625	122,625	–	–	17.03.2003 - 16.03.2007
23.10.2000	3.9500	5,570	–	–	–	–	5,570	5,570	–	–	23.10.2003 - 22.10.2007
14.03.2001	4.3250	248,235	–	–	(128,004)	–	120,231	120,231	–	–	14.03.2004 - 13.03.2008
20.03.2001	4.3500	233,839	–	–	(100,688)	–	133,151	133,151	–	–	20.03.2004 - 19.03.2008
04.12.2001	2.7350	153,787	–	–	–	–	153,787	153,787	–	–	04.12.2004 - 03.12.2008
15.03.2002	3.2250	541,689	–	(17,366)	(128,684)	–	395,639	–	–	–	15.03.2005 - 14.03.2009
		1,993,823	–	(17,366)	(914,332)	–	1,062,125	666,486	–	–	
2005											
Part B											
05.03.1998	4.60875	15,186	–	–	–	(15,186)	–	–	–	–	05.03.2001 - 04.03.2005
02.04.1998	4.9527	27,830	–	–	(7,278)	(20,552)	–	–	–	–	02.04.2001 - 01.04.2005
05.03.1999	4.8321	40,436	–	–	–	–	40,436	40,436	–	–	05.03.2002 - 04.03.2006
19.11.1999	3.9856	47,670	–	–	–	–	47,670	47,670	–	–	19.11.2002 - 18.11.2006
17.03.2000	3.3500	122,625	–	(104,256)	–	–	18,369	18,369	–	–	17.03.2003 - 16.03.2007
23.10.2000	3.9500	5,570	–	–	–	–	5,570	5,570	–	–	23.10.2003 - 22.10.2007
14.03.2001	4.3250	120,231	–	–	–	–	120,231	120,231	–	–	14.03.2004 - 13.03.2008
20.03.2001	4.3500	133,151	–	–	(1,437)	–	131,714	131,714	–	–	20.03.2004 - 19.03.2008
04.12.2001	2.7350	153,787	–	(153,787)	–	–	–	–	–	–	04.12.2004 - 03.12.2008
15.03.2002	3.2250	395,639	–	(221,684)	(23,537)	–	150,418	150,418	–	–	15.03.2005 - 14.03.2009
		1,062,125	–	(479,727)	(32,252)	(35,738)	514,408	514,408	–	–	

18 Equity Compensation Benefits (cont'd)

(iii) Millennium & Copthorne Hotels Sharesave Scheme

Date of grant of options	Exercise price per share £	Options outstanding as at 1 January	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	Options exercisable as at 31 December	Proceeds on exercise of options during the year: Credited to share capital £'000	Proceeds on exercise of options during the year: Credited to share premium £'000	Exercise period
2004											
05.05.1998	3.97466	15,090	–	–	(15,090)	–	–	–	–	–	01.07.2003 - 01.01.2004
05.05.1999	3.86748	15,192	–	–	(1,566)	–	13,626	13,626	–	–	01.07.2004 - 01.01.2005
09.05.2000	3.10000	42,932	–	–	(42,932)	–	–	–	–	–	01.07.2003 - 01.01.2004
09.05.2000	3.10000	19,021	–	–	(2,176)	–	16,845	–	–	–	01.07.2005 - 01.01.2006
08.05.2001	3.13600	57,554	–	(14,821)	(13,836)	–	28,897	28,897	–	–	01.07.2004 - 01.01.2005
08.05.2001	3.13600	29,262	–	–	(6,456)	–	22,806	–	–	–	01.07.2006 - 01.01.2007
21.05.2002	2.92000	54,952	–	(1,002)	(12,913)	–	41,037	–	–	–	01.07.2005 - 01.01.2006
21.05.2002	2.92000	33,540	–	–	(9,293)	–	24,247	–	–	–	01.07.2007 - 01.01.2008
28.04.2003	1.50400	189,581	–	(3,669)	(59,275)	–	126,637	–	–	–	01.07.2006 - 01.01.2007
28.04.2003	1.50400	165,763	–	–	(22,713)	–	143,050	–	–	–	01.07.2008 - 01.01.2009
20.04.2004	2.34000	–	67,241	–	(3,222)	–	64,019	–	–	–	01.07.2007 - 01.01.2008
20.04.2004	2.34000	–	31,152	–	–	–	31,152	–	–	–	01.07.2009 - 01.01.2010
		622,887	98,393	(19,492)	(189,472)	–	512,316	42,523	–	–	
2005											
05.05.1999	3.86748	13,626	–	–	–	(13,626)	–	–	–	–	01.07.2004 - 01.01.2005
09.05.2000	3.10000	16,845	–	(11,275)	(1,436)	–	4,134	4,134	–	–	01.07.2005 - 01.01.2006
08.05.2001	3.13600	28,897	–	–	–	(28,897)	–	–	–	–	01.07.2004 - 01.01.2005
08.05.2001	3.13600	22,806	–	–	(645)	–	22,161	–	–	–	01.07.2006 - 01.01.2007
21.05.2002	2.92000	41,037	–	(23,346)	(7,350)	–	10,341	10,341	–	–	01.07.2005 - 01.01.2006
21.05.2002	2.92000	24,247	–	–	(3,173)	–	21,074	–	–	–	01.07.2007 - 01.01.2008
28.04.2003	1.50400	126,637	–	–	(4,393)	–	122,244	–	–	–	01.07.2006 - 01.01.2007
28.04.2003	1.50400	143,050	–	–	(33,633)	–	109,417	–	–	–	01.07.2008 - 01.01.2009
20.04.2004	2.34000	64,019	–	–	(14,656)	–	49,363	–	–	–	01.07.2007 - 01.01.2008
20.04.2004	2.34000	31,152	–	–	(2,653)	–	28,499	–	–	–	01.07.2009 - 01.01.2010
23.03.2005	3.08000	–	74,112	–	(6,705)	–	67,407	–	–	–	01.07.2008 - 01.01.2009
23.03.2005	3.08000	–	43,341	–	(3,862)	–	39,479	–	–	–	01.07.2010 - 01.01.2011
		512,316	117,453	(34,621)	(78,506)	(42,523)	474,119	14,475	–	–	

For options exercised during 2005, the weighted average share price at the date of exercise is £3.86 (2004: £2.85). Options were exercised on a regular basis throughout the year. The weighted average contractual life of options outstanding at 31 Dec 2005 is 8 years.

18 Equity Compensation Benefits (cont'd)

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 expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

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 expected volatility of the share price is based upon the movement in the share price over a certain period until the grant date. The length of the period is reviewed commensurate with the expected term of the option granted. The expected yield is based on dividends announced in the 12 months prior to grant date calculated as a percentage of the share price on the date of grant.

The variables used in estimating the fair value of options issued under the M&C option schemes, presented in Sterling Pound, are as follows:

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

Date of grant of options	Fair value per share at measurement date £	Share price per share prevailing on date of grant £	Exercise price per share £	Expected volatility	Expected option life	Expected dividends	Risk-free interest rate
Part I							
10.03.2003	0.40	1.95	1.9350	33.9%	*	6.40%	3.73%
16.03.2004	1.07	2.88	2.9167	36.0%	*	1.43%	4.56%
24.03.2005	1.45	3.96	3.9842	33.2%	*	1.58%	4.79%
Part II							
10.03.2003	0.39	1.95	1.9350	33.9%	#	6.40%	3.73%
16.03.2004	0.98	2.88	2.9167	36.0%	#	1.43%	4.56%
24.03.2005	1.28	3.96	3.9842	33.2%	#	1.58%	4.79%

* Directors: 30% exercise after 3 years if gain; 25% of the remainder in the following year using reducing balance method; 1% exercise in years 4 to 10 (on reducing balance method) and the balance of options exercised at maturity (year 10) if "in the money".

Non-directors: 45% after 3 years if gain; 25% of the remainder in following years using reducing balance method; 10% exercise in years 1 to 3 (straight-line); 5% exercise on third anniversary; 5% exercise in years 4 to 10 (on reducing balance method) and the balance of options exercised at maturity (year 10) if "in the money".

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

18 Equity Compensation Benefits (cont'd)

(ii) Millennium & Copthorne Hotels Sharesave Scheme

Date of grant of options	Fair value per share at measurement date £	Share price per share prevailing on date of grant £	Exercise price per share £	Expected volatility	Expected option life	Expected dividends	Risk-free interest rate
28.04.2003	0.52	1.95	1.5040	36.1%	3.25 years	6.42%	3.68%
28.04.2003	0.52	1.95	1.5040	35.6%	5.25 years	6.42%	4.03%
20.04.2004	1.36	3.22	2.3400	38.4%	3.25 years	1.28%	4.70%
20.04.2004	1.49	3.22	2.3400	34.8%	5.25 years	1.28%	4.84%
23.03.2005	1.41	3.96	3.0800	31.5%	3.25 years	1.58%	4.77%
23.03.2005	1.66	3.96	3.0800	33.6%	5.25 years	1.58%	4.79%

The expected volatility is based on the historic volatility (calculated based on the weighted average expected useful life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the grant date fair value measurement of the services received.

19 Interest-Bearing Borrowings

	Note	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Term loans	20	**2,173,722**	2,217,424	**530,845**	540,782
Finance lease creditors	21	**11,812**	18,960	**25**	–
Bonds and notes	22	**1,393,588**	1,754,244	**550,635**	610,566
Bank loans	23	**11,226**	18,306	**11,226**	18,306
		3,590,348	4,008,934	**1,092,731**	1,169,654
Repayable:					
- Within 1 year		**910,422**	1,414,262	**175,264**	236,617
- After 1 year but within 5 years		**2,679,926**	2,484,765	**917,467**	823,130
- After 5 years		**–**	109,907	**–**	109,907
		2,679,926	2,594,672	**917,467**	933,037
		3,590,348	4,008,934	**1,092,731**	1,169,654

Interest-bearing borrowings are denominated in the following currencies:

	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Singapore Dollar	**2,050,867**	2,438,934	**1,060,532**	1,127,217
United States Dollar	**741,055**	828,516	**–**	–
Sterling Pound	**428,571**	407,375	**–**	–
Others	**369,855**	334.109	**32,199**	42,437
	3,590,348	4,008,934	**1,092,731**	1,169,654

20 Term Loans

	Note	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Secured		**1,114,112**	1,620,695	**–**	–
Unsecured		**1,059,610**	596,729	**530,845**	540,782
	19	**2,173,722**	2,217,424	**530,845**	540,782
Repayable:					
- Within 1 year		**611,123**	807,180	**131,040**	48,332
- After 1 year but within 5 years		**1,562,599**	1,410,244	**399,805**	492,450
		2,173,722	2,217,424	**530,845**	540,782

The term loans are obtained from bank and financial institutions.

	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Secured term loans				
Repayable:				
- Within 1 year	**405,099**	702,009	**–**	–
- After 1 year but within 5 years	**709,013**	918,686	**–**	–
	1,114,112	1,620,695	**–**	–

The secured term loans are generally secured by:
- mortgages on the borrowing subsidiaries' land and buildings and hotel properties; and
- assignment of all rights and benefits to sale, lease and insurance proceeds and any alienation of properties.

The Group's secured term loans bear interest at rates ranging from 1.96% to 8.15% (2004: 1.35% to 7.20%) per annum.

	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Unsecured term loans				
Repayable:				
- Within 1 year	**206,024**	105,171	**131,040**	48,332
- After 1 year but within 5 years	**853,586**	491,558	**399,805**	492,450
	1,059,610	596,729	**530,845**	540,782

The Group's unsecured term loans bear interest at rates ranging from 0.41% to 5.29% (2004: 0.56% to 2.96%) per annum. The Company's unsecured term loans bear interest at rates ranging from 0.54% to 4.81% (2004: 0.56% to 2.96%) per annum.

21 Finance Lease Creditors

At the balance sheet date, the Group had obligations under finance leases that are repayable as follows:

Group	Principal $'000	Interest $'000	Payments $'000
2005			
Repayable:			
- Within 1 year	5,104	377	5,481
- After 1 year but within 5 years	6,708	374	7,082
	11,812	751	12,563
2004			
Repayable:			
- Within 1 year	5,465	441	5,906
- After 1 year but within 5 years	13,495	504	13,999
	18,960	945	19,905
Company			
2005			
Repayable:			
- Within 1 year	5	2	7
- After 1 year but within 5 years	20	2	22
	25	4	29

Under the terms of the lease agreements, no contingent rents are payable.

22 Bonds and Notes

	Note	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Secured		**382,376**	544,036	**–**	–
Unsecured		**1,011,212**	1,210,208	**550,635**	610,566
	19	**1,393,588**	1,754,244	**550,635**	610,566
Repayable:					
- Within 1 year		**282,969**	583,311	**32,993**	169,979
- After 1 year but within 5 years		**1,110,619**	1,061,026	**517,642**	330,680
- After 5 years		**–**	109,907	**–**	109,907
		1,110,619	1,170,933	**517,642**	440,587
		1,393,588	1,754,244	**550,635**	610,566
Secured bonds and notes					
Repayable:					
- Within 1 year		**249,976**	144,441	**–**	–
- After 1 year but within 5 years		**132,400**	399,595	**–**	–
		382,376	544,036	**–**	–

22 Bonds and Notes (cont'd)

Secured bonds and notes comprise:

(i) KRW80 billion (approximately S$132 million) non-guaranteed secured notes (Notes) issued by a subsidiary bearing interest at rates of 4.90% (2004: 4.36% to 5.28%) per annum during the year are redeemable at their principal amounts in February 2007. These Notes are secured by a mortgage on the land and hotel building of a subsidiary and an assignment of insurance proceeds in respect of insurance over the said property; and

(ii) $250 million medium term notes (MTNs) which comprise 1 series of notes issued by a subsidiary as part of a $550 million secured MTN programme established in 2001. The MTNs bear interest at 4.815% (2004: 3.92% to 4.815%) per annum and are secured by a mortgage over the commercial building and the land jointly owned by two subsidiaries, as well as rental and insurance proceeds to be derived from the said properties. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates in January 2006.

	Group		Company	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Unsecured bonds and notes				
Repayable:				
- Within 1 year	**32,993**	438,870	**32,993**	169,979
- After 1 year but within 5 years	**978,219**	661,431	**517,642**	330,680
- After 5 years	**–**	109,907	**–**	109,907
	978,219	771,338	**517,642**	440,587
	1,011,212	1,210,208	**550,635**	610,566

Unsecured bonds and notes comprise:

(i) $551 million MTNs which comprise 12 series of notes issued by the Company at various interest rates as part of a $700 million unsecured MTN programme established in 1999. The MTNs bear interest at rates ranging from 2.01% to 5.50% (2004: 1.36% to 5.50%) per annum. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective dates from August 2006 to June 2010;

(ii) $460 million MTNs which comprise 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 2.70% to 5.72% (2004: 1.97% to 5.72%) per annum. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective dates from June 2007 to June 2010.

23 Bank Loans

	Group		Company	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Bank loans (unsecured) repayable within 1 year	**11,226**	18,306	**11,226**	18,306

Interest is charged at 0.25% to 4.11% (2004: 0.35% to 2.26%) per annum.

24 Other Liabilities

	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Advances from minority shareholders of subsidiaries (unsecured and interest charged at 1.5% (2004: 1.5%) per annum)	**122**	121	**–**	–
Deferred real estate tax payable in 10 equal annual instalments commencing in July 1999	**8,728**	10,611	**–**	–
Miscellaneous (principally deposits received and payables)	**13,203**	10,983	**–**	–
Non-current retention sums payable	**6,626**	10,696	**6,626**	9,501
	28,679	32,411	**6,626**	9,501
Repayable:				
- Within 12 months	**2,394**	2,441	**–**	–
- After 12 months	**26,285**	29,970	**6,626**	9,501
	28,679	32,411	**6,626**	9,501

25 Employee Benefits

	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Net liability for:				
- defined benefit obligations	**45,877**	41,737	**–**	–
- short-term accumulating compensated absences	**15,245**	14,446	**1,191**	1,153
- long service leave	**357**	120	**–**	–
	61,479	56,303	**1,191**	1,153
Repayable:				
- within 12 months	**15,602**	14,566	**1,191**	1,153
- after 12 months	**45,877**	41,737	**–**	–
	61,479	56,303	**1,191**	1,153

Net liability for defined benefit obligations

	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Present value of unfunded obligations	**567**	472	**–**	–
Present value of funded obligations	**122,496**	112,517	**–**	–
Fair value of plan assets	**(77,186)**	(71,252)	**–**	–
Liability for defined benefit obligations	**45,877**	41,737	**–**	–

25 Employee Benefits (cont'd)

T
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 The Frank Russell Company and Legal and General Investment Management Limited as the investment managers of the Millennium & Copthorne Pension Plan. The assets of the Millennium & Copthorne Pension Plan are held separately from those of the Group.

Scheme costs are charged so as to spread the cost of providing the scheme benefits over the average remaining services lives of the employees concerned. The contributions required are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 6 April 2005 and this has been updated on an approximate basis to 31 December 2005. The contributions of the Group were 20.6% (2004: 20.6%) of pensionable salary. The contributions of employees were from 3% to 5% (2004: 3% to 5%) of pensionable salary.

As the defined benefit section is closed to new entrants, the current service cost, as a percentage of pensionable payroll, is likely to increase as the membership ages, although it will be applied to a decreasing pensionable payroll. The assumptions which have the most significant effect on the results of the valuation are those relating to mortality, the rate of return on investments and the rate of increase in salaries and pensions. The expected average remaining working lifetime of the members was calculated to be 8 years.

Korea

The Group makes contributions to a defined benefit pension plan for its employees. 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 2005. The contributions of the Group were 13% (2004: 11.7%) 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. Average future service life of participants expected to receive the benefits is 10 years.

Taiwan

The Group makes contributions to a defined benefit pension plan for its employees. 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 2004 and updated on an approximate basis to 31 December 2005. The contributions of the Group were 6% (2004: 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 average future service life of participants expected to receive the benefits is 14 years.

	Group	
	2005	**2004**
	$'000	**$'000**
Expense recognised in the profit and loss account		
Current service costs	**6,491**	6,719
Interest on obligations	**5,461**	5,002
Expected return on plan assets	**(3,689)**	(3,390)
Defined benefit obligation expenses	**8,263**	8,331

25 Employee Benefits (cont'd)

The expense is recognised in the following line items in the profit and loss account:

	Group	
	2005	**2004**
	$'000	**$'000**
Cost of sales	**3,938**	4,022
Administrative expenses	**2,565**	3,864
Other operating expenses	**1,760**	445
Defined benefit obligation expenses	**8,263**	8,331
Changes in the present value of the defined benefit obligations		
Defined benefit obligations at 1 January	**112,989**	93,141
Actuarial losses	**13,669**	10,845
Benefits paid	**(10,095)**	(7,498)
Interest cost	**5,461**	5,002
Service cost	**6,491**	6,719
Translation differences on consolidation	**(5,452)**	4,780
Defined benefit obligations at 31 December	**123,063**	112,989
Changes in the fair value of plan assets		
Fair value of plan assets at 1 January	**71,252**	61,993
Expected return	**3,689**	3,390
Actuarial gains	**6,388**	402
Contributions by employer	**9,287**	9,589
Translation differences on consolidation	**(3,335)**	3,376
Benefits paid	**(10,095)**	(7,498)
Fair value of plan assets at 31 December	**77,186**	71,252

The fair values of plan assets in each category are as follows:

Equity	**42,788**	38,190
Bonds	**12,023**	10,485
Cash	**22,375**	22,577
Fair value of plan assets	**77,186**	71,252

25 Employee Benefits (cont'd)

Principal actuarial assumptions at the balance sheet date are as follows :

	2005 %	2004 %
Discount rate at 31 December	**3.5 – 5.7**	3.5 – 5.3
Expected return on plan assets at 31 December	**3.5 – 5.77**	3.5 – 6.29
Future salary increases	**3.0 – 5.0**	3.0 – 5.8

Trend analysis

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

Defined benefit pension plans

	2001 $'000	2002 $'000	2003 $'000	2004 $'000	2005 $'000
Defined benefit obligations	55,065	81,193	93,141	112,989	123,063
Plan assets	(35,587)	(49,991)	(61,993)	(71,252)	(77,186)
Surplus	19,478	31,202	31,148	41,737	45,877
Experience adjustments on plan liabilities	(411)	2,728	(2,950)	(597)	(714)
Changes in assumptions underlying the present value of plan liabilities	1,937	(11,283)	1,812	(10,248)	(12,955)
Experience adjustments on plan assets	(8,266)	(3,684)	3,479	402	6,388

26 Provisions

	Onerous contracts $'000	Capital expenditure $'000	Total $'000
Group			
At 1 January 2005	7,543	2,784	10,327
Provisions made during the year	–	1,795	1,795
Provisions utilised during the year	(1,093)	–	(1,093)
Transfer to accruals	–	(43)	(43)
Translation differences on consolidation	(582)	(169)	(751)
At 31 December 2005	5,868	4,367	10,235
Current			1,858
Non-current			8,377
			10,235

27 Deferred Tax Liabilities

Movements in deferred tax assets and liabilities (prior to offsetting of balances) during the year are as follows:

	At 31 December 2004 $'000	Effect of change in accounting polices $'000	At 1 January 2005 $'000	Charged/ (credited) to profit and loss account $'000	Debited/ (credited) to reserves $'000	Transfer to provision for taxation $'000	Translation differences on consolidation $'000	At 31 December 2005 $'000
Group								
Deferred tax liabilities								
Property, plant and equipment	744,200	(273,801)	470,399	46,273	–	(2,647)	(6,117)	507,908
Financial assets	–	–	–	–	4,953	–	–	4,953
Others	(6,261)	(8,899)	(15,160)	(5,257)	15	–	3,407	(16,995)
	737,939	(282,700)	455,239	41,016	4,968	(2,647)	(2,710)	495,866
Deferred tax assets								
Tax losses	(58,631)	–	(58,631)	(56)	–	–	4,922	(53,765)
Others	(9,086)	–	(9,086)	171	(329)	–	692	(8,552)
	(67,717)	–	(67,717)	115	(329)	–	5,614	(62,317)
	670,222	(282,700)	387,522	41,131	4,639	(2,647)	2,904	433,549

	At 1 January 2005 $'000	Charged/ (credited) to profit and loss account $'000	Debited to reserves $'000	At 31 December 2005 $'000
Company				
Deferred tax liabilities				
Property, plant and equipment	20,162	(544)	–	19,618
Financial assets	–	–	4,442	4,442
Others	(9,256)	5,618	15	(3,623)
	10,906	5,074	4,457	20,437

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	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Deferred tax liabilities	**433,549**	387,522	**20,437**	10,906

27 Deferred Tax Liabilities (cont'd)

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom:

	Group	
	2005	**2004**
	$'000	**$'000**
Deductible temporary differences	**102,270**	93,664
Tax losses	**135,448**	146,569
	237,718	240,233

The de
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	
	2005	**2004**
	$'000	**$'000**
Expiry dates		
- Within 1 to 5 years	**4,329**	4,448
- After 5 years	**8,369**	19,645
	12,698	24,093

28 Trade and Other Payables

		Group		Company	
	Note	**2005**	**2004**	**2005**	**2004**
		$'000	**$'000**	**$'000**	**$'000**
Trade payables		**100,271**	115,419	**7,768**	7,378
Accruals		**295,109**	297,461	**135,810**	113,015
Other payables		**57,405**	59,555	**825**	729
Rental and other deposits		**53,211**	50,913	**8,891**	5,882
Retention sums payable		**31,486**	15,162	**9,914**	11,504
Amounts owing to:					
- subsidiaries	5	**–**	–	**593,845**	758,282
- jointly-controlled entities	7	**72,701**	146,055	**15,475**	86,609
- fellow subsidiaries	13	**963**	3,657	**299**	299
		611,146	688,222	**772,827**	983,698

29 Revenue

Revenue of the Company includes property development income, gross rental income, dividend income (including gross dividends from subsidiaries) and hotel income.

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 of sale proceeds of commercial and residential properties and in respect of projects under development.

	Group	
	2005	**2004**
	$'000	**$'000**
Gross dividends from investments:		
- fellow subsidiaries		
- quoted	**4,214**	1,414
- unquoted	**3,375**	1,688
- others		
- quoted equity investments	**854**	1,279
- unquoted equity investments	**693**	592
Hotel operations	**1,803,256**	1,670,612
Property development	**365,045**	489,242
Rental and car park income	**160,072**	175,058
Others	**36,770**	40,212
	2,374,279	2,380,097

30 Profit Before Taxation

Profit before taxation includes the following:

	Group	
	2005	**2004**
	$'000	**$'000**
Other operating income		
Business interruption insurance proceeds	**39,788**	–
Exchange gain (net)	**–**	1,187
Interest income		
- associates	**–**	175
- fellow subsidiaries	**226**	69
- fixed deposits with financial institutions	**19,386**	23,409
- jointly-controlled entities	**6,065**	7,537
- others	**1,574**	2,091
Management fees and miscellaneous income	**7,018**	6,647
Mark-to-market gain on financial assets held for trading	**2,488**	–
Profit on sale of financial assets	**–**	338
Profit on sale of property, plant and equipment	**21,507**	10,746
Write-back of allowance for financial assets	**–**	1,288
	98,052	53,487

30 Profit Before Taxation (cont'd)

	Group 2005 $'000	Group 2004 $'000
Staff costs		
Wages and salaries	**713,893**	666,484
Contributions to defined contribution plans	**15,763**	24,709
Increase in liability for defined benefit plans	**8,263**	8,331
Increase in liability for long service leave	**237**	50
Increase in liability for short-term accumulating compensated absences	**799**	2,655
Value of employee services received for issue of share options	**1,789**	1,203
	740,744	703,432
Less:		
Staff costs capitalised in		
- development properties	**(580)**	(944)
- property, plant and equipment	**(67)**	(86)
	740,097	702,402
Other operating expenses		
Allowance for doubtful receivables made/(written back)		
- trade	**420**	(8)
- non-trade	**1,546**	405
Allowance for foreseeable losses on development properties (written back)/made (net)	**(7,296)**	12,616
Amortisation of intangible assets	**14**	14
Amortisation of upfront premiums on long leasehold land of hotel properties	**2,490**	2,392
Depreciation of property, plant and equipment	**162,230**	165,486
Exchange loss (net)	**1,557**	–
Impairment losses for property, plant and equipment	**24,530**	49,317
Non-audit fees		
- auditors of the Company	**314**	607
- other auditors of the subsidiaries	**1,789**	1,460
Operating lease expenses	**11,952**	11,324
Property, plant and equipment written off	**758**	411

30 Profit Before Taxation (cont'd)

	Group 2005 $'000	Group 2004 $'000
Finance costs		
Allowance made for current financial assets	–	313
Amortisation of capitalised transaction costs	**5,971**	7,111
Interest expense		
- banks	**97,960**	106,697
- bonds and notes	**59,920**	62,213
- jointly-controlled entities	–	172
- others	**1,924**	15,105
Mark-to-market loss on financial assets held for trading	**1,203**	–
Total finance costs	**166,978**	191,611
Finance costs capitalised in development properties and property, plant and equipment	**(14,498)**	(13,305)
Finance costs charged in profit and loss account	**152,480**	178,306

Finance costs have been capitalised at rates ranging from 0.29% to 3.79% (2004: 0.57% to 6.29%) per annum for development properties and property, plant and equipment.

31 Income Tax Expense

	Group 2005 $'000	Group 2004 $'000
Current tax expense		
Current year	**78,526**	106,929
Overprovision in respect of prior years	**(24,917)**	(8,110)
	53,609	98,819
Deferred tax expense		
Movements in temporary differences	**35,180**	64,966
Effect of change in tax rates	**4,247**	(4,824)
Under/(over) provision in respect of prior years	**1,704**	(50,844)
	41,131	9,298
Income tax expense	**94,740**	108,117

31 Income Tax Expense (cont'd)

Reconciliation of effective tax rate

	Group	
	2005	**2004**
	$'000	**$'000**
Profit before taxation	**403,862**	502,639
Income tax using Singapore tax rate of 20% (2004: 20%)	**80,772**	100,439
Effect of changes in tax rates	**4,247**	(4,824)
Effect of different tax rates in other countries	**27,682**	80,732
Tax exempt income	**(962)**	(837)
Income not subject to tax	**(19,795)**	(17,640)
Expenses not deductible for tax purposes	**33,742**	17,865
Unrecognised deferred tax assets	**7,953**	6,127
Tax effect of losses not allowed to be set off against future taxable profits	**136**	360
Tax incentives	**(9,671)**	(10,774)
Utilisation of previously unrecognised deferred tax assets	**(6,151)**	(4,377)
Overprovision in respect of prior years	**(23,213)**	(58,954)
	94,740	108,117

32 Earnings Per Share

Basic earnings per share is calculated based on:

	Group	
	2005	**2004**
	$'000	**$'000**
		(Restated)
Profit attributable to shareholders	**200,397**	227,129
Less:		
Dividends on non-redeemable preference shares	**(12,904)**	(7,248)
Profit attributable to ordinary shareholders after deduction of non-cumulative preference dividends	**187,493**	219,881

32 Earnings Per Share (cont'd)

	Group	
	2005 Number of shares	**2004 Number of shares (Restated)**
Weighted average number of shares outstanding during the year	**882,753,739**	841,635,380
Bonus element of warrants exercised in 2005	**4,142,362**	11,425,358
Bonus element of warrants exercised in 2004	**–**	15,166,951
Weighted average number of ordinary shares	**886,896,101**	868,227,689
Basic earnings per share	**21.1 cents**	25.3 cents

Diluted earnings per share is based on:

	Group	
	2005 $'000	**2004 $'000 (Restated)**
Profit attributable to shareholders after deduction of non-cumulative preference dividends	**187,493**	219,881

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 exercise of all outstanding bonus warrants and 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	
	2005 Number of shares	**2004 Number of shares (Restated)**
Weighted average number of shares issued used in the calculation of basic earnings per share	**886,896,101**	868,227,689
Potential ordinary shares issuable under warrants	**14,346,249**	12,620,176
Weighted average number of ordinary shares issued and potential shares assuming full conversion	**901,242,350**	880,847,865
Diluted earnings per share	**20.8 cents**	25.0 cents

For 2004 and 2005, the non-redeemable convertible non-cumulative preference shares were anti-dilutive and were excluded in the calculation of diluted earnings per share.

33 Dividends

	Company 2005 $'000	Company 2004 $'000
Final ordinary dividend paid of 7.5 cents (2004: 7.5 cents) per ordinary share less tax at 20% (2004: 20%)	**52,786**	49,631
Special ordinary dividend paid of Nil (2004: 50 cents per ordinary share less tax at 20%)	**–**	330,874
Non-cumulative preference dividend paid of 2.41 cents (2004: 2.74 cents) per preference share less tax at 20% (2004: 20%)	**6,399**	7,248
Non-cumulative preference dividend declared of 2.46 cents (2004: Nil) per preference share less tax at 20%	**6,505**	–
	65,690	387,753

After the balance sheet date, the directors proposed the following ordinary dividends, which have not been provided for:

	Company 2005 $'000	Company 2004 $'000
Final ordinary dividend proposed of 7.5 cents (2004: 7.5 cents) per ordinary share less tax at 20% (2004: 20%)	**53,328**	52,786
Special ordinary dividend proposed of 5.0 cents (2004: Nil) per ordinary share less tax at 20%	**35,552**	–
	88,880	52,786

34 Changes in Accounting Policies

In 2005, the Group adopted 20 new or revised FRSs and Recommended Accounting Practice (RAP) 11 *Pre-completion Contracts for the Sale of Development Property.* The Group has also adopted early the Amendments to FRS 19 *Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures* and the Amendments to FRS 21 *The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation* for the year ended 31 December 2005, prior to its latest required effective date. In addition, the Group changed its accounting policy in relation to hotel properties.

The effects on the financial statements arising from (i) the early adoption of the Amendments to FRS 19 and FRS 21; (ii) the adoption of RAP 11, FRS 39 *Financial Instruments: Recognition and Measurement* and FRS 102 *Share-based Payment*; and (iii) other changes in accounting policies, are summarised below:

Amendments to FRS 19 *Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures*

The early adoption of the Amendments to FRS 19 has resulted in the Group recognising the actuarial gains and losses of its defined benefit plans outside the profit and loss account (i.e. directly in equity through the consolidated statement of recognised income and expenses). Previously, actuarial gains or losses were recognised in the profit and loss account over the expected average remaining working lives of the employees participating in the plans.

34 Changes in Accounting Policies (cont'd)

Amendments to FRS 19 *Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures (cont'd)*

The early adoption of the Amendments to FRS 19 has resulted in:

	Group	
	2005	**2004**
	$'000	**$'000**
Decrease/(Increase) in cost of sales	**848**	(442)
Decrease/(Increase) in administrative expenses	**2,020**	(1,197)
Decrease/(Increase) in other operating expenses	**39**	(37)
	2,907	(1,676)
Decrease in opening accumulated profits	**10,393**	6,282

There is no effect on the comparatives or the opening balance of accumulated profits of the Company.

FRS 21 (revised) *The Effects of Changes in Foreign Exchange Rates* and the Amendments to FRS 21 *The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation*

The adoption of FRS 21 (revised) resulted in the exchange differences arising from a monetary item that forms part of the Company's net investment in a foreign operation being recognised in the Company's profit and loss account. Previously, these exchange differences were recognised in equity in the financial statements of the Company.

In the consolidated financial statements, these exchange differences would have been reclassified to equity only if the loan was denominated in either the functional currency of the lender or the borrowing foreign operation. However, the adoption of the Amendments to FRS 21 changed this.

The Amendments to FRS 21 amend FRS 21 (revised) so that the exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are reclassified to equity in the consolidated financial statements irrespective of the currency of the monetary items. Taken together, these changes had the effect of requiring the Group to restore its accounting policy, that had been effective up to 31 December 2004, so that it continued to apply in the financial year ended 31 December 2005. Accordingly, the adoption of FRS 21 (revised), together with the early adoption of the Amendments to FRS 21, did not have an effect on the comparatives or the opening balance of accumulated profits of the Group.

The Company's adoption of FRS 21 (revised), which was applied retrospectively to earlier financial periods, has resulted in:

	Company	
	2005	**2004**
	$'000	**$'000**
Decrease in other operating expenses	**60**	688
Decrease in opening accumulated profits	**135**	823
Decrease in opening exchange fluctuation reserve	**135**	823

34 Changes in Accounting Policies (cont'd)

RAP 11 *Pre-completion Contracts for the Sale of Development Property*

Emerging interpretation of FRS 18 *Revenue* require that income on development property projects be recognised in a manner similar to a sale of goods, when the risks and rewards of ownership have been transferred to the buyer either through the transfer of legal title or equitable interest in a property. Further clarification was issued in October 2005, which had the effect of allowing a choice of either the completion of construction method or the percentage of completion method under certain circumstances. RAP 11 *Pre-completion Contracts for the Sale of Development Property* states that in cases where the Group is obliged to perform any significant acts after the transfer of legal title or equitable interest in a property, revenue is recognised as the acts are performed based on the percentage of completion method.

Under RAP 11, when (a) construction is beyond a preliminary stage, (b) minimum down payment criteria are 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 the criteria are met.

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. Revenue on development projects in Australasia are recognised using the completion of construction method, as they do not meet the qualifying criteria as set out in RAP 11 for the percentage of completion method. The impact on the financial statements, had revenue on the Singapore projects been recognised using the completion of construction method, is as follows:

	Group 2005 $'000	Company 2005 $'000
Increase in revenue	**177,900**	52,886
Decrease in profit for the year	**39,489**	9,257
Decrease in opening accumulated profits	**36,985**	15,983
Decrease in development properties as at 1 January	**37,884**	19,979
Decrease in development properties as at 31 December	**31,962**	31,962

FRS 39 *Financial Instruments: Recognition and Measurement*

The adoption of FRS 39 resulted in the Group measuring its derivative financial instruments, available-for-sale investments and trading investments as assets or liabilities at their fair values. Financial assets and financial liabilities are stated at amortised cost instead of cost.

In addition, the Group is required to state at fair value a derivative instrument used to hedge a net investment in a foreign operation. The portion of the gain or loss on the derivative instrument that is determined to be an effective hedge is recognised directly in equity. The ineffective portion is recognised immediately in the profit and loss account. Previously, derivative financial instruments were not recorded on the balance sheet and investments in debt and equity securities were stated at market value only if they were held for short term purposes.

The adoption of FRS 39 has resulted in the Group increasing the opening balance of the fair value reserve as at 1 January 2005 by $15,253,000, decreasing the hedging reserve by $6,454,000, increasing the accumulated profits by $3,485,000, and increasing the net profit for the year ended 31 December 2005 by $4,051,000.

The adoption of FRS 39 has resulted in the Company increasing the opening balance of the fair value reserve as at 1 January 2005 by $13,226,000 and decreasing the accumulated profits by $267,000.

Comparatives of the Group and of the Company have not been restated.

34 Changes in Accounting Policies (cont'd)

FRS 102 *Share-based Payment*

In accordance with the transitional provisions, FRS 102 has been applied retrospectively to all grants after 22 November 2002 that were not yet vested as at 1 January 2005. The adoption of FRS 102 has resulted in a change in the Group's accounting policy for share-based payments, with the Group now charging the cost of share options to the profit and loss account.

The adoption of FRS 102 resulted in:

	Group	
	2005 **$'000**	**2004** **$'000**
Increase in administrative expenses	**1,789**	1,203
Decrease in opening accumulated profits	**878**	282
Increase in opening share option reserve	**878**	282
Decrease in basic earnings per share	**0.2 cents**	0.2 cents
Decrease in diluted earnings per share	**0.2 cents**	0.1 cents

Other Changes in Accounting Policies

In addition to the changes in accounting policies arising from the adoption of new or revised FRSs as described above, the Group has also changed its accounting policy in relation to hotel properties.

In prior years, the Group stated its hotel properties at cost or subsequent revaluation less accumulated depreciation and impairment losses. With effect from 1 January 2005, the Group changed its accounting policy to state its hotel properties at cost less accumulated depreciation and impairment losses. This change in accounting policy aligns the Group's accounting policy in relation to hotel properties with that of its listed hotel subsidiary, Millennium and Copthorne Hotels plc (M&C), which holds substantially all of the Group's hotel properties. M&C had reassessed its accounting policies on 1 January 2005 upon the adoption of a new financial reporting framework for use in the European Union, which is intended to be substantially similar to International Financial Reporting Standards.

In addition, the Group changed its accounting and presentation of upfront premiums paid in respect of long leasehold land of hotel properties where land title is not anticipated to be passed to the Group. In prior years, such long leasehold land was stated at valuation less residual value and depreciated over the shorter of the lease period and its economic useful life. With effect from 1 January 2005, such premium paid is accounted for as a prepayment and amortised over the lease term on a straight-line basis.

As the effects of the changes in accounting policies are inter-related, the effects are necessarily disclosed together.

The changes in accounting policies have been applied restrospectively and resulted in:

	Group	
	2005 **$'000**	**2004** **$'000**
Increase in administrative expenses	**1,325**	1,176
Increase in share of after-tax profit of jointly-controlled entities	**–**	44,936
Decrease in opening accumulated profits	**42,155**	41,512
Decrease in opening asset revaluation reserve	**515,327**	461,426
Decrease in opening exchange fluctuation reserve	**31,065**	31,065

34 Changes in Accounting Policies (cont'd)

Other Changes in Accounting Policies (cont'd)

There is no siginificant effect on the opening balance of accumulated profits and reserves of the Company.

All changes in the accounting policies arising from the adoption of new or revised FRSs and RAP 11 and the early adoption of Amendments to FRS 19 and FRS 21 have been made in accordance with the transitional provisions in the respective standards.

The changes in accounting policies have the following impact on the net profit for the year:

	Group	
	2005	**2004**
	$'000	**$'000**
Profit for the year before changes in accounting policies	**306,107**	349,930
Effects of adopting		
- Amendments to FRS 19	**2,078**	(1,448)
- FRS 39	**4,051**	–
- FRS 102	**(1,789)**	(1,203)
Change in accounting policy to state hotel properties at cost less accumulated depreciation and impairment losses and change in accounting policy for upfront premiums on long leasehold land	**(1,325)**	47,243
Profit for the year	**309,122**	394,522

35 Acquisition of Subsidiary

On 20 August 2005, the Group acquired the remaining 50% interest in its jointly-controlled entity, Edenspring Properties Pte Ltd, for a consideration of $1. In the four months to 31 December 2005, the company contributed a net profit of $25,000 to the consolidated net profit for the year. If the acquisition had occurred on 1 January 2005, the Group's net profit for the year would have been reduced by $281,000 to $308,841,000. There is, however, no effect on the Group revenue.

The effect of the acquisition of the subsidiary is set out below:

	Carrying amounts and fair value 2005 $'000
Property, plant and equipment	**9**
Development property	**26,601**
Other current assets	**54**
Cash at bank	**74**
Other current liabilities	**(302)**
Amount owing to shareholders*	**(10,854)**
Bank loan (secured)	**(17,250)**
Net identifiable assets and liabilities	**(1,668)**
Amounts previously accounted for as jointly-controlled entity	**834**
Additional shareholder's loan acquired	**5,427**
Balance brought forward	**4,593**

35 Acquisition of Subsidiary (cont'd)

	Carrying amounts and fair value 2005 $'000
Balance carried forward	**4,593**
Cash consideration paid, satisfied in cash	**–**
Cash acquired	**(74)**
Net cash outflow	**4,519**

* This amount is eliminated on consolidations since CDL ends up owning 100% of the shareholders' loans, the effect is that on consolidation there will be zero shareholders' loan.

The carrying amount immediately before the combination approximates the fair value of the subsidiary acquired at the date of acquisition.

There were no acquisitions in the year ended 31 December 2004.

36 Commitments

The Group and the Company had the following commitments as at the balance sheet date:

	Group		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Development expenditure contracted but not provided for in the financial statements	**216,172**	125,270	**210,979**	86,012
Capital expenditure contracted but not provided for in the financial statements	**31,017**	36,792	**–**	–
Commitment in respect of purchase of properties for which deposits have been paid	**55,031**	34,756	**55,031**	34,756

In addition, the Group and the Company had the following commitments:

(a) The Group leases a number of office facilities and hotel properties under operating leases. The leases typically run for an initial period of 1 to 30 years. The Group's and the Company's commitments for future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Within 1 year	**41,689**	41,757	**6,533**	2,905
After 1 year but within 5 years	**131,488**	139,538	**8,488**	3,270
After 5 years	**131,858**	157,246	**–**	–
	305,035	338,541	**15,021**	6,175

Contingent rents, generally determined based on a percentage of gross room revenue, of $9,146,000 (2004: $1,151,000) for the Group have been recognised as an expense in the profit and loss account during the year.

36 Commitments (cont'd)

Subsequent to balance sheet date, a few of the leases were terminated or assigned by the Company. Consequently, the future minimum lease payable within 1 year and after 1 year but within 5 years of the Company are $2,088,000 and $1,477,000 respectively.

(b) The Group and the Company lease out some of the property, plant and equipment. Non-cancellable operating lease rentals are receivable as follows:

	Group		Company	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Within 1 year	**105,445**	106,455	**11,680**	12,630
After 1 year but within 5 years	**111,697**	115,190	**6,148**	7,709
After 5 years	**–**	1,724	**–**	–
	217,142	223,369	**17,828**	20,339

Subsequent to the balance sheet date, a few of the leases were terminated or assigned by the Company. Consequently, the future minimum lease receivables within 1 year and after 1 year but within 5 years of the Company are $10,148,000 and $3,749,000 respectively.

Contingent rents, generally determined based on a percentage of tenants' revenue, of $79,000 (2004: $182,000) and $31,000 (2004: $8,000) have been recognised as income by the Group and the Company respectively in the profit and loss account during the year.

(c) Certain subsidiaries of the Group have the obligations with the relevant authorities in Malaysia to reduce their present 100% interest in two hotel-owning subsidiaries to 51%, by sale of equity to Malaysians by June 2006 in one case and June 2007 in the other.

36 Commitments (cont'd)

(d) A subsidiary leases land, on which its hotel building stands, from the Ministry of Economic Affairs (MOEA) in Taiwan, for 50 years starting 7 March 1990 and extendible up to 80 years. The lease rental to be paid is based on a percentage of the published land value in Taiwan and will be adjusted when land value tax and related levies are changed. Upon expiry of the lease, the subsidiary is required to unconditionally transfer the building and its contents to the government.

The subsidiary has also committed to the MOEA:

- to spend in each year not less than 4% to 5% of the annual gross revenue of the hotel to maintain and improve the hotel's furniture and fixtures, equipment and building, and its environment.

- to pay an annual royalty to the MOEA at 6.25% of the annual gross revenue of the hotel, with a minimum sum of NT$195 million (approximately S$9.9 million) (2004: NT$195 million (approximately S$9.8 million)). In the event that the subsidiary terminates the hotel assistance and management agreement, the royalty is to be increased to 8.25% of the annual gross revenue of the hotel, subject to a minimum sum of NT$257.4 million (approximately S$13.1 million) (2004: NT$257.4 million (approximately S$12.9 million)).

(e) A subsidiary, CDL Hotels (Korea) Ltd., has entered into a hotel lease agreement for the period from 1 January 2006 to 31 December 2015. Under the terms of the lease agreement, the subsidiary has committed to incur the capital expenditure for an amount up to KRW1.4 billion (approximately S$2.3 million).

37 Significant Related Party Transactions

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Rental received and receivable from:				
- subsidiaries	**–**	–	**1,208**	1,307
- fellow subsidiaries	**643**	241	**29**	–
- jointly-controlled entities	**3,521**	–	**–**	–
	4,164	241	**1,237**	1,307
Management services received and receivable from:				
- subsidiaries	**–**	–	**2,017**	2,442
- fellow subsidiaries	**1,262**	1,228	**1,076**	1,048
- jointly-controlled entities	**5,242**	1,246	**5,242**	1,246
	6,504	2,474	**8,335**	4,736

37 Significant Related Party Transactions (cont'd)

	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Maintenance services received and receivable from:				
- fellow subsidiaries	**79**	92	**–**	–
- jointly-controlled entities	**597**	620	**–**	–
	676	712	**–**	–
Rental paid and payable to:				
- subsidiaries	**–**	–	**5,322**	3,866
- a fellow subsidiary	**–**	30	**–**	–
- jointly-controlled entities	**376**	401	**–**	–
	376	431	**5,322**	3,866
Management services paid and payable to subsidiaries	**–**	–	**2,229**	1,776
Maintenance services paid and payable to:				
- subsidiaries	**–**	–	**1,762**	1,736
- a fellow subsidiary	**316**	**–**	**–**	–
- a jointly-controlled entity	**–**	65	**–**	–
	316	65	**1,762**	1,736
Sale of properties to:				
- directors and their immediate families by a jointly-controlled entity	**–**	16,530	**–**	–
- a director and his immediate family	**651**	–	**651**	–
	651	16,530	**651**	–
Sale of property, plant and equipment to a subsidiary	**–**	–	**–**	36
Short-term employee benefits payable to key management personnel	**14,086**	8,033	**7,875**	7,323
Professional fees paid to firms of which directors of the Company are members:				
- charged to profit and loss account	**131**	136	**120**	128
- included as cost of property, plant and equipment and cost of development properties	**70**	651	**67**	645
	201	787	**187**	773

38 Contingent Liabilities (Unsecured)

As at the balance sheet date, the Company has the following indemnities and guarantees:

	Group		Company	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Guarantees issued on behalf of subsidiaries	**–**	–	**43,026**	57,024
Indemnities given to financial institutions for performance guarantees issued on behalf of:				
- subsidiaries	**–**	–	**95,923**	37,209
- a jointly-controlled entity of a subsidiary	**–**	13,650	**–**	13,650
	–	**13,650**	**138,949**	107,883

39 Financial Instruments

Financial risk management objectives and policies

Exposure to credit, interest rate and currency risks arise in the normal course of the Group's business activities. The Group's overall objectives and policies focus on managing financial risks by using financial instruments, where appropriate. Use of derivatives are for hedging purposes only against specific exposures and are entered into in a manner consistent with the overall policies of the Group. The Group does not enter into derivative transactions for speculative purposes.

Credit risk

Management 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.

At the balance sheet date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents 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.

At 31 December 2004, the notional principal amount of interest rate derivatives amounted to US$510 million (approximately S$834.4 million). At 31 December 2005, the Group did not have interest rate swaps.

With the adoption of FRS 39, the Group classifies interest rate derivatives as cash flow hedges and states them at fair value. The fair value of interest rate derivatives at 1 January 2005 was adjusted against the opening balance of the hedging reserve at that date. The net fair value of interest rate derivatives at 31 December 2004 was US$10.5 million (approximately S$17.2 million) representing a net liability.

39 Financial Instruments (cont'd)

Sensitivity analysis

At 31 December 2005, it is estimated that a general increase of one percentage point in interest rates would decrease the Group's profit before tax by approximately $35.9 million (2004: $40.0 million).

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice.

				Fixed interest rate maturing						
	Note	**Effective interest rate %**	**Floating interest rate $'000**	**Within 1 year $'000**	**1 to 2 years $'000**	**2 to 3 years $'000**	**3 to 4 years $'000**	**4 to 5 years $'000**	**After 5 years $'000**	**Total $'000**
Group										
2005										
Financial assets										
Cash and cash equivalents		0.10 to 7.53	60,029	368,190	–	–	–	–	–	428,219
Amounts owing by jointly-controlled entities	7	0.60 to 4.50	–	522,007	–	–	–	–	–	522,007
Unquoted investments held for trading		1.38	–	17,109	–	–	–	–	–	17,109
			60,029	907,306	–	–	–	–	–	967,335
Financial liabilities										
Bank overdrafts	14									
- secured		8.00	(2,290)	–	–	–	–	–	–	(2,290)
- unsecured		7.50	(525)	–	–	–	–	–	–	(525)
Term loans	20									
- secured		3.30 to 8.15	(1,114,112)	–	–	–	–	–	–	(1,114,112)
- unsecured		0.43 to 5.29	(1,059,610)	–					–	(1,059,610)
Finance lease creditors	21	2.70 to 7.96	–	(5,104)	(6,688)	(9)	(7)	(4)	–	(11,812)
Bonds and notes	22									
- secured		4.82 to 4.90	(132,400)	(249,976)	–	–	–	–	–	(382,376)
- unsecured		2.35 to 5.50	(518,554)	(12,997)	(219,898)	(49,973)	(49,929)	(159,861)	–	(1,011,212)
Bank loans (unsecured)	23	0.34 to 0.38	(11,226)	–	–	–	–	–	–	(11,226)
Advances from minority shareholders of subsidiaries	24	1.50	–	(122)	–	–	–	–	–	(122)
			(2,838,717)	(268,199)	(226,586)	(49,982)	(49,936)	(159,865)	–	(3,593,285)
Total			(2,778,688)	639,107	(226,586)	(49,982)	(49,936)	(159,865)	–	(2,625,950)

39 Financial Instruments (cont'd)

	Note	Effective interest rate %	Floating interest rate $'000	Fixed interest rate maturing: Within 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	After 5 years $'000	Total $'000
Group										
2004										
Financial assets										
Cash and cash equivalents		0.04 to 6.20	73,709	703,582	–	–	–	–	–	777,291
Amounts owing by jointly-controlled entities	7	0.60 to 5.00	–	411,323	–	–	–	–	–	411,323
Unquoted investments held for trading		0.70	–	12,892	–	–	–	–	–	12,892
			73,709	1,127,797	–	–	–	–	–	1,201,506
Financial liabilities										
Bank overdrafts	14									
- secured		7.14	(2,071)	–	–	–	–	–	–	(2,071)
- unsecured		7.50	(100)	–	–	–	–	–	–	(100)
Term loans	20									
- secured		1.96 to 7.19	(1,620,695)	–	–	–	–	–	–	(1,620,695)
- unsecured		0.68 to 2.96	(596,729)	–	–	–	–	–	–	(596,729)
Finance lease creditors	21	2.00 to 7.96	–	(5,466)	(6,305)	(7,187)	(2)	–	–	(18,960)
Bonds and notes	22									
- secured		3.92 to 4.82	(144,441)	(149,902)	(249,693)	–	–	–	–	(544,036)
- unsecured		2.01 to 5.72	(388,618)	(438,947)	(12,994)	(159,870)	(49,961)	(49,911)	(109,907)	(1,210,208)
Bank loans (unsecured)	23	0.39 to 0.40	(18,306)	–	–	–	–	–	–	(18,306)
Advances from minority shareholders of subsidiaries	24	1.50	–	(121)	–	–	–	–	–	(121)
			(2,770,960)	(594,436)	(268,992)	(167,057)	(49,963)	(49,911)	(109,907)	(4,011,226)
Total			(2,697,251)	533,361	(268,992)	(167,057)	(49,963)	(49,911)	(109,907)	(2,809,720)

39 Financial Instruments (cont'd)

	Note	Effective interest rate %	Floating interest rate $'000	Fixed interest rate maturing: Within 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	After 5 years $'000	Total $'000
Company										
2005										
Financial assets										
Cash and cash equivalents		2.06 to 4.27	–	127,495	–	–	–	–	–	127,495
Amounts owing by:										
- subsidiaries	5	0.48 to 3.36	44,285	77,724	–	–	–	–	–	122,009
- jointly-controlled entities	7	1.50 to 2.50	–	418,566	–	–	–	–	–	418,566
			44,285	623,785	–	–	–	–	–	668,070
Financial liabilities										
Term loans (unsecured)	20	0.54 to 4.24	(530,845)	–	–	–	–	–	–	(530,845)
Finance lease creditor	21	6.51	–	(5)	(5)	(6)	(6)	(3)	–	(25)
Bonds and notes (unsecured)	22	2.35 to 5.50	(87,960)	(12,997)	(189,915)	(49,973)	(49,929)	(159,861)	–	(550,635)
Bank loans (unsecured)	23	0.34 to 0.38	(11,226)	–	–	–	–	–	–	(11,226)
			(630,031)	(13,002)	(189,920)	(49,979)	(49,935)	(159,864)	–	(1,092,731)
Total			(585,746)	610,783	(189,920)	(49,979)	(49,935)	(159,864)	–	(424,661)
2004										
Financial assets										
Cash and cash equivalents		0.34 to 2.41	–	378,374	–	–	–	–	–	378,374
Amounts owing by:										
- subsidiaries	5	0.51 to 2.59	55,485	51,510	–	–	–	–	–	106,995
- jointly-controlled entities	7	1.50 to 2.50	–	287,672	–	–	–	–	–	287,672
			55,485	717,556	–	–	–	–	–	773,041
Financial liabilities										
Amounts owing to subsidiaries	5	2.09 to 3.99	(11,008)	(150,000)	–	–	–	–	–	(161,008)
Term loans (unsecured)	20	0.68 to 2.96	(540,782)	–	–	–	–	–	–	(540,782)
Bonds and notes (unsecured)	22	2.01 to 5.50	(87,912)	(169,979)	(12,994)	(129,902)	(49,961)	(49,911)	(109,907)	(610,566)
Bank loans (unsecured)	23	0.39 to 0.40	(18,306)	–	–	–	–	–	–	(18,306)
			(658,008)	(319,979)	(12,994)	(129,902)	(49,961)	(49,911)	(109,907)	(1,330,662)
Total			(602,523)	397,577	(12,994)	(129,902)	(49,961)	(49,911)	(109,907)	(557,621)

39 Financial Instruments (cont'd)

Foreign currency risk

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.

Estimating the fair values

Equity investments

The fair value of quoted investments that are classified as available-for-sale and held for trading is their quoted bid price at the balance sheet date. The fair values of unquoted securities classified as available-for-sale or held for trading have not been determined as there is no quoted market price in an active market and other methods of determining fair value do not result in a reliable estimate.

Amounts owing by jointly-controlled entities and a subsidiary

The fair values of amounts owing by jointly-controlled entities and the amount owing by a subsidiary are estimated as the present value of future cash flows, discounted at market interest rates.

Interest-bearing loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

Finance lease creditors

The fair value of finance lease creditors is estimated as the present value of future cash flows, discounted at market interest rates for homogeneous lease agreements. The estimated fair values reflect changes in interest rates.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values. 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, broker quotes are used. Those quotes are back tested using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date.

39 Financial Instruments (cont'd)

Recognised financial instruments

The aggregate net fair values of financial assets and liabilities which are not carried at fair values in the balance sheet as at 31 December are represented in the following table:

	2005 Carrying amount $'000	2005 Fair value $'000	2004 Carrying amount $'000	2004 Fair value $'000
Group				
Financial assets				
Amounts owing by jointly-controlled entities	–	–	6,204	5,646
Quoted investments				
- available-for-sale	–	–	20,096	38,886
- held for trading	–	–	11,383	20,803
	–	–	37,683	65,335
Financial liabilities				
Term loans				
- secured	(669,137)	(668,173)	(436,187)	(396,679)
- unsecured	(439,906)	(438,300)	–	–
Finance lease creditors	(11,778)	(12,349)	(18,928)	(19,650)
Bonds and notes				
- secured	–	–	(399,595)	(413,402)
- unsecured	(923,252)	(915,293)	(632,356)	(604,855)
	(2,044,073)	(2,034,115)	(1,487,066)	(1,434,586)
	(2,044,073)	(2,034,115)	(1,449,383)	(1,369,251)
Company				
Financial assets				
Amount owing by a subsidiary	11,797	11,064	11,597	11,469
Quoted investments available-for-sale	–	–	10,917	27,449
	11,797	11,064	22,514	38,918
Financial liabilities				
Bonds and notes (unsecured)	(462,675)	(458,673)	(302,714)	(314,606)
	(450,878)	(447,609)	(280,200)	(275,688)

40 Segment Reporting

Business segments

	Property Development $'000	Hotel Operations $'000	Rental Properties $'000	Others $'000	Total $'000
2005					
Revenue	365,045	1,803,256	160,072	45,906	2,374,279
Segment results	103,842	204,416	24,913	12,066	345,237
Share of after-tax profit of jointly-controlled entities	47,385	8,587	2,653	–	58,625
	151,227	213,003	27,566	12,066	403,862
Income tax expense					(94,740)
Profit for the year					309,122
Significant Non-Cash Transactions					
Depreciation	1,737	112,604	46,178	1,711	162,230
Amortisation	–	2,490	–	14	2,504
Impairment losses	–	31,661	(7,131)	–	24,530
2004					
Revenue	489,242	1,670,612	175,058	45,185	2,380,097
Segment results	74,800	83,842	54,620	8,788	222,050
Share of after-tax loss of associates	–	(96)	–	–	(96)
Share of after-tax profit of jointly-controlled entities	2,154	250,973	10,332	17,226	280,685
	76,954	334,719	64,952	26,014	502,639
Income tax expense					(108,117)
Profit for the year					394,522
Significant Non-Cash Transactions					
Depreciation	1,954	115,660	46,273	1,599	165,486
Amortisation	–	2,392	–	14	2,406
Impairment losses	–	39,012	10,305	–	49,317

40 Segment Reporting (cont'd)

Business segments (cont'd)

	Property Development $'000	Hotel Operations $'000	Rental Properties $'000	Others $'000	Total $'000
2005					
Assets and Liabilities					
Segment assets	2,471,009	5,051,595	2,829,868	403,400	10,755,872
Investments in jointly-controlled entities	(4,636)	71,689	11,154	61,063	139,270
Total assets	2,466,373	5,123,284	2,841,022	464,463	10,895,142
Segment liabilities	984,790	2,257,139	968,057	94,716	4,304,702
Deferred tax liabilities					433,549
Provision for taxation					81,630
Total liabilities					4,819,881
Capital expenditure	10,354	173,756	92,290	4,238	280,638
2004					
Assets and Liabilities					
Segment assets	2,790,769	5,108,202	2,822,113	235,236	10,956,320
Investments in associates and jointly-controlled entities	(41,772)	55,150	91,799	60,449	165,626
Total assets	2,748,997	5,163,352	2,913,912	295,685	11,121,946
Segment liabilities	894,295	2,438,056	1,344,217	121,800	4,798,368
Deferred tax liabilities					387,522
Provision for taxation					115,173
Total liabilities					5,301,063
Capital expenditure	1,507	88,788	20,430	830	111,555

40 Segment Reporting (cont'd)

Geographical Segments

	East and South East Asia $'000	North America and Europe $'000	Australia and New Zealand $'000	Total $'000
2005				
Revenue	1,023,500	1,171,627	179,152	2,374,279
Segment assets	7,637,658	3,175,939	81,545	10,895,142
Capital expenditure	185,960	72,355	22,323	280,638
2004				
Revenue	1,104,348	1,096,076	179,673	2,380,097
Segment assets	7,979,812	2,584,201	557,933	11,121,946
Capital expenditure	49,609	40,777	21,169	111,555

41 FRS Not Yet Adopted

The Group has not applied the following standards and interpretations that have been issued as of the balance sheet date but are not yet effective:

- FRS 40 *Investment Property*
- FRS 106 *Exploration and Evaluation of Mineral Resources*
- Amendments to FRS 39 *Financial Instruments: Recognition and Measurement - Cash Flow Hedge Accounting of Forecast Intragroup Transactions*
- INT FRS 104 *Determining whether an Arrangement contains a Lease*
- INT FRS 105 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*

The initial application of these standards and interpretations are not expected to have any material impact on the Group's financial statements except for FRS 40.

FRS 40 *Investment Property*, which will be effective from 1 January 2007. Under FRS 40, investment properties (currently included in property, plant and equipment) are permitted to be stated at either fair value or cost less accumulated depreciation. Investment properties held under operating leases are required to be measured at fair value. At this juncture, as the Group has not decided whether it will state its investment properties at fair value or cost less accumulated depreciation, the impact of adoption of FRS 40 on the Financial Statement has not been determined.

The Group has not adopted the amendments to FRS 39 and FRS 104 *Insurance Contracts* in relation to financial guarantee contracts which will apply for periods commencing on or after 1 Janurary 2006.

Where financial guarantee contracts are entered into by group companies to guarantee the indebtedness of other companies within the Group, these contracts are considered to be insurance contracts, and are accounted for as insurance contracts. In this respect, the Group treats the guarantee contracts as contingent liabilities until such time it becomes probable that the Group will be required to make a payment under the guarantees.

41 FRS Not Yet Adopted (cont'd)

The Group does not expect the amendments to have any impact on the financial statements for the period commencing 1 January 2006.

Except as described in the preceding paragrahs, the Group has not considered the impact of accounting standards issued after the balance sheet date.

42 Subsidiaries

The following are the Company's subsidiaries:

	Company name/Principal activities	**Place of incorporation**	**Effective percentage held by the Group 2005 %**	**2004 %**
	Direct subsidiaries			
*	Allinvest Holding Pte Ltd/Property owner	Singapore	100	100
*	Aston Properties Pte Ltd/Property owner, developer and investment holding	Singapore	100	100
*	Baynes Investments Pte Ltd/Investment holding	Singapore	100	100
^	CDL Bangkok Limited/Investment holding	Malaysia	100	100
*	CDL Land Pte Ltd/Property owner	Singapore	100	100
*	CDL Properties Ltd/Property owner and investment holding	Singapore	100	100
*	Cairns Garden Development Pte Ltd/Property owner and developer	Singapore	90	90
*	Central Mall Pte Ltd/Property owner	Singapore	100	100
*	Chester Properties Pte Ltd/Property owner and developer	Singapore	100	100
*	Cideco Pte. Ltd./Property owner	Singapore	100	100
*	City Capital Corporation Pte Ltd/Property owner	Singapore	100	100
^^	City Central Pte. Ltd. (formerly known as Bayfront Enterprises Pte. Ltd.)/ Investment holding	Singapore	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
^	Citydev (Labuan) Holdings Limited/Investment holding	Malaysia	100	100
*	Citydev Properties Pte Ltd/Investment holding	Singapore	100	100
*	City Developments Realty Limited/Investment in shares and investment holding	Singapore	100	100

42 Subsidiaries (cont'd)

	Company name/Principal activities	Place of incorporation	Effective percentage held by the Group 2005 %	2004 %
	Direct subsidiaries (cont'd)			
^	City (Labuan) Holdings Limited/Investment holding	Malaysia	100	100
*	City Port Development Pte Ltd/Investment holding	Singapore	100	100
*	City Project & Property Management Pte. Ltd. (formerly known as City Project Management Pte Ltd)/Provision of project and property management and consultancy services	Singapore	100	100
*	Cliffmont 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 in shares	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 Investments Limited/Investment holding	Bermuda	100	100
*	Eton Properties Pte Ltd/Investment holding	Singapore	100	100
*	Faber-Rhine Properties Pte Ltd/Property owner, developer and investment holding	Singapore	100	100
*	Grand Waterfront Pte Ltd/Management company	Singapore	100	100
*	Guan Realty (Private) Limited/Property owner and developer	Singapore	100	100
*	Guilin Park Properties Pte Ltd/Property owner, developer and investment holding	Singapore	100	100
*	Highgrove Investments Pte Ltd/Property owner	Singapore	100	100
*	Hong Leong Properties Pte. Limited/Property owner	Singapore	100	100
*	Island City Garden Development Pte. Ltd./Property owner, developer and investment holding	Singapore	100	100
*	Le Grove Management Pte Ltd/Property management and related services	Singapore	100	100
**	Lingo Enterprises Limited/Property holding and property investment	Hong Kong	100	100

42 Subsidiaries (cont'd)

	Company name/Principal activities	Place of incorporation	Effective percentage held by the Group 2005 %	2004 %
	Direct subsidiaries (cont'd)			
	Montville Investments Pte Ltd/Property sales and ownership (liquidated during the year)	Singapore	–	80
**	Palmerston Holdings Sdn. Bhd./Property owner and developer	Malaysia	51	51
*	Richview Holdings Pte Ltd/Investment holding	Singapore	100	100
*	Singapura Developments (Private) Limited/Property owner, developer and investment holding	Singapore	100	100
*	Target Realty Limited/Property owner, developer and investment holding	Singapore	99	99
*	Sunshine Plaza Pte Ltd/Property owner, developer and investment holding	Singapore	100	100
**	Union Chain Investment Limited/Investment holding	Hong Kong	100	100
	Indirect subsidiaries			
*	City e-Solutions Limited/Investment holding and provision of consultancy services	Cayman Islands	52	52
	Subsidiary of Baynes Investments Pte Ltd			
^^@	Tagore Warehouse Holdings Pte. Ltd./Property owner	Singapore	100	100
	Subsidiaries of City e-Solutions Limited			
**	CDL Nominees Limited/Nominee holding	Hong Kong	52	52
**	Chancery Limited/Investment holding	Hong Kong	52	52
*	CDL Hotels (Singapore) Pte Ltd/Hotel and resort management	Singapore	52	52
^	SWAN Holdings Limited/Investment holding	Bermuda	52	52
	Subsidiaries of SWAN Holdings Limited			
**	SWAN USA, Inc./Holding company	United States of America	52	52
**	Swan Risk Services Ltd./Provision of risk management services	Bermuda	52	52
	Subsidiaries of SWAN USA, Inc.			
**	Richfield Hospitality, Inc./Investment holding and provision of hospitality related services	United States of America	52	52
**	Sceptre Hospitality Resources, Inc./Provision of reservation system services	United States of America	52	52#

42 Subsidiaries (cont'd)

	Company name/Principal activities	Place of incorporation	Effective percentage held by the Group 2005 %	2004 %
	Indirect subsidiaries (cont'd)			
	Subsidiary of Richfield Hospitality, Inc			
**	Cygnet Waco AB Corp./Liquor licence holder	United States of America	52	52
	Subsidiaries of Singapura Developments (Private) Limited			
*	Bloomsville Investments Pte Ltd/Property owner, developer and investment holding	Singapore	100	100
*	City Building Management Pte Ltd/Building maintenance, security, cleaning, car park and related services to commercial and residential buildings	Singapore	100	100
^^	City Sunshine Holdings Pte. Ltd./Property owner	Singapore	100	100
*	Citydev Investments Pte. Ltd./Investment in shares and investment holding	Singapore	100	100
**	Millennium & Copthorne Hotels plc/Investment holding	United Kingdom	52	52
*	Trans Oil Pte Ltd/Investment holding	Singapore	100	100
Ø	Venus Real Estate Investments Limited/Investment holding	Mauritius	100	–
^	Wideachieve Holdings Limited/Investment holding	British Virgin Islands	100	100
	Subsidiaries of Target Realty Limited			
*	The Corporate Office Pte Ltd/Property holding	Singapore	99	99
*	The Office Chamber Pte Ltd/Property holding	Singapore	99	99
*	100G Pasir Panjang Road Pte Ltd/Property holding	Singapore	99	99
*	North Bridge Commercial Complex Pte Ltd/Property holding	Singapore	99	99
*	The Corporate Building Pte Ltd/Property holding	Singapore	99	99
##	496 North Bridge Road Pte Ltd/Property holding	Singapore	–	99
	Subsidiaries of City Building Management Pte Ltd			
*	Empire City Consultant Pte Ltd/Management of properties	Singapore	100	100
Ø	CBM-GCA Limited/Investment holding	Hong Kong	70	70

42 Subsidiaries (cont'd)

	Company name/Principal activities	Place of incorporation	Effective percentage held by the Group 2005 %	2004 %
	Indirect subsidiaries (cont'd)			
	Subsidiary of Citydev Investments Pte. Ltd.			
*	Edenspring Properties Pte Ltd/Property sales and ownership	Singapore	100	50
	Subsidiary of Wideachieve Holdings Limited			
	Rich Pioneer Investments Limited/Investment holding (disposed during the year)	British Virgin Islands	–	100
	Subsidiaries of Millennium & Copthorne Hotels plc			
^	M&C Hotels Holdings USA Limited/Investment holding	Cayman Islands	52	52
**	Copthorne Hotel Holdings Limited/Investment holding	United Kingdom	52	52
**	Millennium & Copthorne Share Trustees Limited/ Share trustee company	United Kingdom	52	52
**	Millennium Hotel Holdings EMEA Limited/ Investment holding	United Kingdom	52	52
**	Millennium Hotels London Limited/Investment holding	United Kingdom	52	52
**	Millennium & Copthorne (Austrian Holdings) Limited/ Investment holding	United Kingdom	52	52
	Subsidiary of Millennium & Copthorne Hotels plc, also held as an Associate of ATOS Holding AG, a wholly-owned subsidiary of Millennium & Copthorne (Austrian Holdings) Limited			
**	M&C Hotels Holdings Limited/Investment holding	United Kingdom	52	52
	Subsidiaries of Millennium Hotel Holdings EMEA Limited			
**	Millennium Hotels & Resorts Services Limited/ Management contract holding company	United Kingdom	52	52
**	Millennium Partnercard Services Limited/ Loyalty card scheme operator	United Kingdom	52	52
	Indirect subsidiary of Millennium & Copthorne Hotels plc, which is held as an Associate of Copthorne Hotel Holdings Limited and Copthorne Hotels Limited			
**	M&C Hotels Partnership France SNC/Investment holding	France	52	52

42 Subsidiaries (cont'd)

	Company name/Principal activities	Place of incorporation	Effective percentage held by the Group 2005 %	2004 %
	Indirect subsidiaries (cont'd)			
	Subsidiaries of M&C Hotels Partnership France SNC			
**	Millennium CDG Paris SAS/Hotel operator	France	52	52
**	M&C Hotels France SAS/Hotel owner	France	52	52
**	Millennium Opéra Paris SAS/Hotel operator	France	52	52
	Subsidiaries of M&C Hotels Holdings USA Limited			
**	M & C (CB) Limited/Investment company	United Kingdom	52	52
**	M & C (CD) Limited/Investment company	United Kingdom	52	52
Ø	Millenium & Copthorne Hotels (Hong Kong) Limited/ Hotel management	Hong Kong	52	–
**	M & C Management Services (USA) Inc./ Management services company	United States of America	52	52
	Subsidiary of M & C (CB) Limited, M & C (CD) Limited and M & C Management Services (USA) Inc.			
**	M & C Holdings Delaware Partnership/Property investment holding and investment company	United States of America	52	52
	Subsidiary of M & C Holdings Delaware Partnership			
**	CDL Hotels USA, Inc./Hotel investment holding company	United States of America	52	52
	Subsidiaries of CDL Hotels USA, Inc.			
**	Anchorage Lakefront Limited Partnership/Hotel ownership	United States of America	52	52
**	CDL Management L.L.C./Hotel management	United States of America	52	52
**	CDL (New York) L.L.C./Hotel owner	United States of America	52	52
**	CDL (NYL) Limited/Investment holding	United States of America	52	52

42 Subsidiaries (cont'd)

	Company name/Principal activities	Place of incorporation	Effective percentage held by the Group 2005 %	2004 %
	Indirect subsidiaries (cont'd)			
	Subsidiaries of CDL Hotels USA, Inc. (cont'd)			
**	CDL West 45th Street L.L.C./Hotel owner	United States of America	52	52
**	M&C Colorado Hotel Corporation/Holding company	United States of America	52	52
**	Richfield Holdings Corporation I/Holding company	United States of America	52	52
**	Regal Grand Holdings Corporation I/Holding company	United States of America	52	52
**	Gateway Holdings Corporation I/Holding company	United States of America	52	52
**	McCormick Ranch Operating Partnership, L.P./ Hotel ownership	United States of America	52	52
**	RHM Holdings Corporation I/Holding company	United States of America	52	52
**	RHI Boston Holdings Corporation I/Holding company	United States of America	52	52
	Subsidiary of Richfield Holdings Corporation I			
**	Richfield Holdings Corporation II/Holding company	United States of America	52	52
	Subsidiary of Richfield Holdings Corporation II			
**	Richfield Holdings, Inc./Holding company	United States of America	52	52
	Subsidiaries of Richfield Holdings, Inc.			
**	Regal Hotels International (USA), Inc./Holding company	United States of America	52	52
**	Richfield SPE, Inc./Single purpose entity	United States of America	52	52
**	M&C Hotel Interests, Inc./Hotel management	United States of America	52	52
**	AIRCOA Equity Interests, Inc./Holding company	United States of America	52	52

42 Subsidiaries (cont'd)

	Company name/Principal activities	Place of incorporation	Effective percentage held by the Group 2005 %	2004 %
	Indirect subsidiaries (cont'd)			
	Subsidiaries of M&C Hotel Interests, Inc.			
**	MHM, Inc./Hotel management	United States of America	52	52
**	Richfield Hawaiian Management, Inc./Holding company	United States of America	52	52
**	AIRCOA Hospitality Services, Inc./Holding company	United States of America	52	52
**	Park Plaza Hotel Corporation/Holding company	United States of America	52	52
	Subsidiaries of AIRCOA Hospitality Services, Inc.			
**	St. Louis Operating, Inc./Liquor licence holder	United States of America	52	52
**	AIRCOA GP Corporation/Hotel ownership	United States of America	52	52
	Subsidiary of AIRCOA GP Corporation			
**	Lakeside GP Corporation/Holding company	United States of America	52	52
	Subsidiary of Park Plaza Hotel Corporation			
**	Trimark Hotel Corporation/Hotel owner and operator	United States of America	52	52
	Subsidiary of Trimark Hotel Corporation			
**	Trimark Management, Inc./Hotel management	United States of America	52	52
	Subsidiaries of AIRCOA Equity Interests, Inc.			
**	Wynfield GP Corporation/Hotel ownership	United States of America	52	52

42 Subsidiaries (cont'd)

	Company name/Principal activities	Place of incorporation	Effective percentage held by the Group 2005 %	2004 %
	Indirect subsidiaries (cont'd)			
	Subsidiaries of AIRCOA Equity Interests, Inc. (cont'd)			
**	Harvest Associates, Inc./Holding company	United States of America	52	52
**	Newpart, L.P./Holding company	United States of America	39	39
**	Sunnyvale Partners, Ltd/Hotel ownership	United States of America	52	52
	Subsidiary of Wynfield GP Corporation			
**	Wynfield One, Ltd./Holding company	United States of America	52	52
	Subsidiary of Wynfield One, Ltd.			
**	RHM Wynfield LLC/Hotel ownership	United States of America	52	52
	Subsidiary of Harvest Associates, Inc.			
**	Boulder Hotel Associates, Ltd./Holding company	United States of America	52	52
	Subsidiary of Sunnyvale Partners, Ltd.			
**	M&C Crescent Interests, LLC/Real estate developer	United States of America	52	–
	Subsidiary of Newpart, L.P.			
**	CAMBFS Co./Holding company	United States of America	39	39
	Indirect subsidiary of AIRCOA Equity Interests, Inc., which is held as an Associate of Newpart, L.P. and Boulder Hotel Associates, Ltd.			
**	BHA-Stonehouse Associates/Holding company	United States of America	45	45

42 Subsidiaries (cont'd)

	Company name/Principal activities	Place of incorporation	Effective percentage held by the Group 2005 %	2004 %
	Indirect subsidiaries (cont'd)			
	Subsidiaries of BHA-Stonehouse Associates			
**	Regal Harvest House GP Corporation/Holding company	United States of America	45	45
**	Regal Harvest House LP/Hotel ownership	United States of America	45	45
	Subsidiary of Regal Harvest House LP			
**	RHH Operating LLC/Hotel owner	United States of America	45	45
	Subsidiary of Regal Grand Holdings Corporation I			
**	Regal Grand Holdings Corporation II/Holding company	United States of America	52	52
	Subsidiary of Regal Grand Holdings Corporation II			
**	Regal Grand Avenue, Inc./Holding company	United States of America	52	52
	Subsidiaries of Regal Grand Avenue, Inc.			
**	Regal Grand SPE, Inc./Single purpose entity	United States of America	52	52
**	WHB Corporation/Holding company	United States of America	52	52
	Subsidiaries of WHB Corporation			
**	Biltmore Place Operations Corp./Liquor licence holder	United States of America	52	52
**	S.S. Restaurant Corporation/Liquor licence holder	United States of America	52	52
**	WHB Biltmore LLC/Hotel owner	United States of America	52	52
	Subsidiary of Gateway Holdings Corporation I			
**	Gateway Holdings Corporation II/Holding company	United States of America	52	52

42 Subsidiaries (cont'd)

	Company name/Principal activities	Place of incorporation	Effective percentage held by the Group 2005 %	2004 %
	Indirect subsidiaries (cont'd)			
	Subsidiary of Gateway Holdings Corporation II			
**	Gateway Hotel Holdings, Inc./Hotel ownership	United States of America	52	52
	Subsidiaries of Gateway Hotel Holdings, Inc.			
**	Gateway Regal Holdings LLC/Hotel owner	United States of America	52	52
**	Gateway SPE, Inc./Single purpose entity	United States of America	52	52
	Subsidiary of RHM Holdings Corporation I			
**	RHM Holdings Corporation II/Holding company	United States of America	52	52
	Subsidiary of RHM Holdings Corporation II			
**	Regal Hotel Management, Inc./Holding company	United States of America	52	52
	Subsidiaries of Regal Hotel Management, Inc.			
**	AIRCOA Hotel Partners, L.P./Holding company	United States of America	52	52
**	Bostonian Hotel Limited Partnership/Hotel owner	United States of America	52	52
**	Chicago Hotel Holdings, Inc./Hotel ownership	United States of America	52	52
**	Cincinnati Regal S.I. LLC/Holding company	United States of America	52	52
**	Five Star Assurance, Inc./Captive insurance company	United States of America	52	52
**	RHM SPE, Inc./Single purpose entity	United States of America	52	52
**	RHM Management, LLC/Hotel ownership	United States of America	52	52

42 Subsidiaries (cont'd)

	Company name/Principal activities	Place of incorporation	Effective percentage held by the Group 2005 %	2004 %
	Indirect subsidiaries (cont'd)			
	Subsidiaries of Regal Hotel Management, Inc. (cont'd)			
**	RHM-88, LLC/Hotel ownership	United States of America	52	52
**	Richfield Plaza, Inc./Owner of office building	United States of America	52	52
	Subsidiary of Cincinnati Regal S.I. LLC			
**	Cincinnati S.I. Co./Hotel owner	United States of America	51	51
	Subsidiaries of AIRCOA Hotel Partners, L.P.			
**	Durham Operating Partnership, L.P./Hotel ownership	United States of America	52	52
**	Fourwinds Operating Partnership, L.P./Hotel ownership	United States of America	52	52
**	Lakeside Operating Partnership, L.P./Hotel ownership	United States of America	52	52
	Subsidiaries of Five Star Assurance, Inc.			
**	Aurora Inn Operating Partnership, L.P./Hotel ownership	United States of America	52	52
**	Buffalo Operating Partnership, L.P./Hotel ownership	United States of America	52	52
**	Avon Wynfield Inn, Ltd./Hotel ownership	United States of America	52	52
	Subsidiary of Aurora Inn Operating Partnership, L.P.			
**	RHM Aurora LLC/Hotel ownership	United States of America	52	52
	Subsidiary of Buffalo Operating Partnership, L.P.			
**	Buffalo RHM Operating LLC/Hotel owner	United States of America	52	52

42 Subsidiaries (cont'd)

	Company name/Principal activities	Place of incorporation	Effective percentage held by the Group 2005 %	2004 %
	Indirect subsidiaries (cont'd)			
	Subsidiary of Avon Wynfield Inn, Ltd.			
**	Avon Wynfield LLC/Hotel owner	United States of America	52	52
	Subsidiary of Fourwinds Operating Partnership, L.P.			
**	Fourwinds Operating LLC/Hotel owner	United States of America	52	52
	Subsidiaries of McCormick Ranch Operating Partnership, L.P.			
**	RHM Ranch LLC/Hotel owner	United States of America	52	52
**	Four Peaks Management Company/Arizona condominium management	United States of America	52	52
	Subsidiary of RHI Boston Holdings Corporation I			
**	RHI Boston Holdings Corporation II/Holding company	United States of America	52	52
	Subsidiary of RHI Boston Holdings Corporation II			
**	Millenium Bostonian, Inc./Holding company	United States of America	52	52
	Subsidiaries of Copthorne Hotel Holdings Limited			
**	Copthorne Aberdeen Limited/Hotel operator	United Kingdom	44	44
**	Copthorne Hotel (Aberdeen) Limited/Hotel management	United Kingdom	52	52
**	Copthorne Hotel (Birmingham) Limited/Hotel operator	United Kingdom	52	52
**	Copthorne Hotel (Cardiff) Limited/Hotel operator	United Kingdom	52	52
**	Copthorne Hotel (Effingham Park) Limited/Hotel operator	United Kingdom	52	52
**	Copthorne Hotel (Gatwick) Limited/Hotel operator	United Kingdom	52	52
**	Copthorne Hotels Limited/Hotel management	United Kingdom	52	52
**	Copthorne Hotel (Merry Hill) Limited/Hotel operator	United Kingdom	52	52

42 Subsidiaries (cont'd)

	Company name/Principal activities	Place of incorporation	Effective percentage held by the Group 2005 %	2004 %
	Indirect subsidiaries (cont'd)			
	Subsidiaries of Copthorne Hotel Holdings Limited (cont'd)			
**	Copthorne Hotel (Plymouth) Limited/Hotel operator	United Kingdom	52	52
**	Diplomat Hotel Holding Limited/Investment holding	United Kingdom	52	52
**	London Tara Hotel Limited/Hotel operator	United Kingdom	52	52
**	M&C Hotels France Management SARL/Management company	France	52	52
**	Copthorne Hotel (Manchester) Limited/Hotel operator	United Kingdom	52	52
**	Copthorne Hotel (Newcastle) Limited/Hotel operator	United Kingdom	49	49
**	Copthorne Hotel (Slough) Limited/Hotel operator	United Kingdom	52	52
**	Tara Hotels Deutschland GmbH/Hotel investment holding company	Germany	52	52
	Subsidiary of Copthorne Hotels Limited			
**	Copthorne (Nominees) Limited/Investment holding	United Kingdom	52	52
	Subsidiary of Copthorne Hotel (Merry Hill) Limited			
**	Copthorne Hotel (Merry Hill) Construction Limited/Hotel developer	United Kingdom	52	52
	Subsidiary of Diplomat Hotel Holding Limited			
**	Archyield Limited/Hotel operator	United Kingdom	52	52
	Subsidiary of London Tara Hotel Limited			
**	Copthorne Properties Limited/Property holding	United Kingdom	52	52
	Subsidiaries of Tara Hotels Deutschland GmbH			
**	Millennium Hotel Stuttgart GmbH/Hotel and food and beverage operator	Germany	52	52
	Stuttgart International Hotel Betriebsgesellschaft mbH/Hotel developer and operator (in liquidation)	Germany	39	39
**	Tara Hotel Hannover GmbH/Hotel operator	Germany	52	52
	Subsidiary of Millennium Hotel Stuttgart GmbH			
**	SI-Erlebnis-Centrum Stuttgart GmbH/Marketing company	Germany	52	52

42 Subsidiaries (cont'd)

	Company name/Principal activities	Place of incorporation	Effective percentage held by the Group 2005 %	2004 %
	Indirect subsidiaries (cont'd)			
	Subsidiary of Stuttgart International Hotel Betriebsgesellschaft mbH			
	SI Komplex II Gastronomiebetriebsgesellschaft mbH/Restaurant operator (in liquidation)	Germany	39	39
	Subsidiaries of Millennium Hotels London Limited			
**	Millennium Hotels Limited/Investment holding	United Kingdom	52	52
**	CDL Hotels (Baileys) Limited/Hotel owner and operator	United Kingdom	52	52
**	CDL Hotels (Chelsea) Limited/Hotel operator	United Kingdom	52	52
**	CDL Hotels (U.K.) Limited/Hotel operator	United Kingdom	52	52
	Subsidiary of Millennium Hotels Limited			
**	London Britannia Hotel Limited/Hotel operator	United Kingdom	52	52
	Subsidiary of CDL Hotels (Chelsea) Limited			
**	Millennium Chelsea Hotel Limited/Restaurant operator	United Kingdom	52	52
	Subsidiaries of Millennium & Copthorne (Austrian Holdings) Limited			
**	ATOS Holding AG/Investment holding	Austria	52	52
**	M & C (BB) Limited/Investment company	United Kingdom	52	52
**	M & C (BC) Limited/Investment company	United Kingdom	52	52
	Subsidiaries of ATOS Holding AG			
*	CDL Entertainment & Leisure Pte Ltd/Provision of management services and investment holding	Singapore	52	52
**	CDL Hotels (Malaysia) Sdn. Bhd./Hotel owner and operator	Malaysia	52	52
*	Hong Leong International Hotel (Singapore) Pte. Ltd./Investment holding	Singapore	51	51
*	Hong Leong Hotels Pte Ltd./Investment holding	Cayman Islands	52	52
*	Millennium & Copthorne International Limited/Hotels and resorts management	Singapore	52	52
*	TOSCAP Limited/Investment holding	Singapore	52	52

42 Subsidiaries (cont'd)

	Company name/Principal activities	Place of incorporation	Effective percentage held by the Group 2005 %	2004 %
	Indirect subsidiaries (cont'd)			
	Subsidiary of CDL Entertainment & Leisure Pte Ltd			
****	CDL Hotels (Phils.) Corporation/Management and consultancy services	Philippines	52	52
	Subsidiary of Hong Leong International Hotel (Singapore) Pte. Ltd.			
**	Hong Leong Hotel Development Limited/Hotel owner and operator	Taiwan	42	42
	Subsidiaries of Hong Leong Hotels Pte Ltd.			
**	The Philippine Fund Limited/Investment holding	Bermuda	31	31
**	First 2000 Limited/Investment holding	Hong Kong	52	52
	Subsidiary of The Philippine Fund Limited, also held as an Associate of Zatrio Pte Ltd, a wholly-owned subsidiary of Republic Hotels & Resorts Limited			
**	Grand Plaza Hotel Corporation/Hotel owner and operator and investment holding	Philippines	34	34
	Subsidiary of First 2000 Limited			
**	CDL Hotels Holdings New Zealand Limited/Investment holding	New Zealand	52	52
	Subsidiaries of CDL Hotels Holdings New Zealand Limited			
**@@	CDL Hotels New Zealand Limited/Investment holding, property development, hotel and marina operations	New Zealand	37	37
**	M & C NZ Limited/Holding company	United Kingdom	52	52
	Subsidiaries of CDL Hotels New Zealand Limited			
**	All Seasons Hotels & Resorts Limited/Name-holding	New Zealand	37	37
**	CDL Investments New Zealand Limited/Property investment and development	New Zealand	23	23
**	Context Securities Limited/Joint venture entity	New Zealand	37	37
**	Millennium & Copthorne Hotels Limited/Name-holding	New Zealand	37	37
**	Quantum Limited/Holding company	New Zealand	26	26
**	KIN Holdings Limited/Holding company	New Zealand	23	23

42 Subsidiaries (cont'd)

	Company name/Principal activities	Place of incorporation	Effective percentage held by the Group 2005 %	2004 %
	Indirect subsidiaries (cont'd)			
	Subsidiary of KIN Holdings Limited			
**	Kingsgate International Corporation Limited/Investment holding	New Zealand	23	23
	Subsidiaries of CDL Investments New Zealand Limited			
**	CDL Land New Zealand Limited/Property investment and development	New Zealand	23	23
	LPL Group Limited/Holding company (liquidated during the year)	New Zealand	–	23
	Subsidiary of LPL Group Limited			
	Landcorp Property Limited/Lessee company (liquidated during the year)	New Zealand	–	23
	Subsidiaries of Kingsgate International Corporation Limited			
**	Kingsgate Holdings Pty. Ltd./Holding company	Australia	23	23
**	Kingsgate Hotels Limited/Hotel owner and operator	New Zealand	23	23
	Subsidiaries of Kingsgate Holdings Pty. Ltd.			
**	Kingsgate Investments Pty. Ltd./Hotel and shopping centre operator company	Australia	23	23
**	Millennium & Copthorne Hotels Pty. Ltd./Name-holding	Australia	23	23
	Subsidiaries of Kingsgate Investments Pty. Ltd.			
**	Hotelcorp New Zealand Pty. Ltd./Holding company	Australia	23	23
**	Kingsgate Hotel Pty. Ltd./Service company	Australia	23	23
	Subsidiary of Hotelcorp New Zealand Pty. Ltd.			
**	Birkenhead Holdings Pty. Ltd./Holding company	Australia	23	23
	Subsidiary of Birkenhead Holdings Pty. Ltd.			
**	Birkenhead Investments Pty. Ltd./Shopping centre and marina operator company	Australia	23	23
	Subsidiary of Birkenhead Investments Pty. Ltd.			
**	Birkenhead Services Pty. Ltd./Service company	Australia	23	23

42 Subsidiaries (cont'd)

	Company name/Principal activities	Place of incorporation	Effective percentage held by the Group 2005 %	2004 %
	Indirect subsidiaries (cont'd)			
	Subsidiaries of Quantum Limited			
**	QINZ Holdings (New Zealand) Limited/Holding company	New Zealand	26	26
**	Hospitality Group Limited/Holding company	New Zealand	26	26
	Subsidiary of QINZ Holdings (New Zealand) Limited			
**	Kingsgate Hotels and Resorts Limited/Franchise holder (Quality)	New Zealand	26	26
	Subsidiaries of Hospitality Group Limited			
**	Hospitality Services Limited/Hotel operations and management	New Zealand	26	26
**	Hospitality Leases Limited/Lessee company	New Zealand	26	26
**	QINZ (Anzac Avenue) Limited/Hotel owner	New Zealand	26	26
	Subsidiary of M&C Hotels Holdings Limited			
*	Republic Hotels & Resorts Limited/Hotel owner and operator and investment holding	Singapore	52	52
	Subsidiaries of Republic Hotels & Resorts Limited			
**	Copthorne Orchid Penang Sdn. Bhd./Hotel owner	Malaysia	52	52
*	Copthorne Orchid Hotel Singapore Pte Ltd/Hotel owner	Singapore	52	52
*	City Hotels Pte. Ltd./Hotel owner	Singapore	52	52
^	CDL Hotels (Labuan) Limited/Investment holding	Malaysia	52	52
*	Harbour View Hotel Pte. Ltd./Hotel owner	Singapore	52	52
*	Harrow Entertainment Pte Ltd/Investment holding	Singapore	52	52
*	International Design Link Pte Ltd/Property project design consultancy services	Singapore	52	52
*	King's Tanglin Shopping Pte. Ltd./Property owner	Singapore	52	52
*	Newbury Investments Pte Ltd/Investment holding	Singapore	52	52
**	PT Millennium Hotels & Resorts/Management services	Indonesia	52	52
	Republic Hotels Holdings Pte Ltd/Investment holding (struck off from the Register of Companies during the year)	Singapore	–	52

42 Subsidiaries (cont'd)

	Company name/Principal activities	Place of incorporation	Effective percentage held by the Group 2005 %	2004 %
	Indirect subsidiaries (cont'd)			
	Subsidiaries of Republic Hotels & Resorts Limited (cont'd)			
	Republic Hotels Investments Pte Ltd/Investment holding (struck off from the Register of Companies during the year)	Singapore	–	52
*	Republic Hotels Suzhou Pte Ltd/Investment holding	Singapore	52	52
*	Zatrio Pte Ltd/Investment holding	Singapore	52	52
	Subsidiary of City Hotels Pte. Ltd.			
**	M&C Holdings (Thailand) Ltd./Investment holding and hotel management	Thailand	52	52
	Subsidiary of CDL Hotels (Labuan) Limited			
**	CDL Hotels (Korea) Ltd./Hotel owner	Republic of Korea	52	52
	Subsidiary of Harrow Entertainment Pte Ltd			
*	City Elite Pte Ltd/Restauranteur	Singapore	52	52
	Subsidiary of Newbury Investments Pte Ltd			
**	PT. Millennium Sirih Jakarta Hotel/Hotel owner	Indonesia	42	42
	Subsidiary of CDL Properties Ltd			
*	Land Equity Development Pte Ltd/Property owner	Singapore	100	100
	Subsidiary of Citydev Properties Pte Ltd			
*	Citydev Real Estate (Singapore) Pte Ltd/Property owner	Singapore	100	100
	Subsidiary of City Condominiums Pte Ltd			
^	Reach Across International Limited/Investment holding	British Virgin Islands	100	100
	Subsidiary of Eccott Pte Ltd			
*	CDL-Suzhou Investment Pte Ltd/ Investment holding	Singapore	100	100
	Subsidiary of Eton Properties Pte Ltd			
*	Republic Plaza City Club (Singapore) Pte Ltd/Owner and operator of clubs	Singapore	100	100
	Subsidiaries of Island City Garden Development Pte. Ltd.			
*	Spring Grove Development Pte Ltd/Property owner and developer	Singapore	60	60
*	City Serviced Offices Pte. Ltd./Operating serviced offices	Singapore	100	100

42 Subsidiaries (cont'd)

	Company name/Principal activities	Place of incorporation	Effective percentage held by the Group 2005 %	2004 %
	Indirect subsidiaries (cont'd)			
	Subsidiary of Union Chain Investment Limited			
**	Pacific Height Enterprises Company Limited/Property investment	Hong Kong	100	100
	Subsidiary of City Centrepoint Pte Ltd			
*	City Sovereign Pte. Ltd./Investment holding	Singapore	100	100
	Subsidiary of CBM-GCA Limited			
Ø	Global City Property Management Limited/Property management	People's Republic of China	100	–

* Audited by KPMG Singapore

** Audited by other member firms of KPMG International

*** Audited by S.Y. Yang & Company, Hong Kong

**** Audited by Fernandez Santos & Lopez, Philippines

^ Not subject to audit by law of country of incorporation

^^ Exempted from audit requirements pursuant to Section 205B of the Companies Act, Chapter 50

\# Different holding company in year 2004

\## Final meeting of the company was held on 13 December 2005 and the company shall be dissolved upon the expiration of 3 months after the lodgment of relevant returns with the Accounting & Corporate Regulatory Authority and the Official Receiver

Ø Auditors have not been appointed as at 31 December 2005

@ Name of Tagore Warehouse Holdings Pte. Ltd. was changed to Cityview Place Holdings Pte. Ltd. on 17 January 2006

@@ Name of CDL Hotels New Zealand Limited was changed to Millennium & Copthorne Hotels New Zealand Limited on 27 January 2006

43 Associates

The following are the Group's associates:

	Company name	Principal activities	Place of incorporation and business	Effective percentage held by the Group 2005 %	2004 %
	Associate of The Philippine Fund Limited				
*	Rogo Realty Corporation	Real estate owner	Philippines	13	13
	Associate of Grand Plaza Hotel Corporation and subsidiary of Rogo Realty Corporation				
*	Harbour Land Corporation	Land owner	Philippines	21	21
	Associate of AIRCOA Hospitality Services, Inc.				
*	The El Dorado Partnership, Ltd.	Hotel owner and operator	United States of America	21	21
	Associate of The El Dorado Partnership, Ltd.				
*	Guardian Santa Fe Partnership	Hotel owner and operator	United States America	5	5

* Audited by other member firms of KPMG International

44 Jointly-Controlled Entities

The following are the Group's jointly-controlled entities:

	Company name	Principal activities	Place of incorporation and business	Effective percentage held by the Group 2005 %	2004 %
	By the Company				
*	Aster Land Development Pte Ltd	Property owner and developer	Singapore	30	30
*	Branbury Investments Ltd	Property owner	Singapore	43	43
*	Brighton Development (S) Pte Ltd	Property owner and developer	Singapore	50	50
*	Camborne Developments Pte Ltd	Property owner and developer	Singapore	50	50
*	Claymore Properties Pte Ltd	Property owner and developer	Singapore	25	25
*	Cuscaden Investment Pte Ltd	Real estate developer and investment holding company	Singapore	25	25
*	Granmil Holdings Pte Ltd	Property owner and developer	Singapore	40	40
#	Isrich Properties Pte Ltd	Property owner	Singapore	–	50
*	TC Development Pte. Ltd.	Property owner and developer	Singapore	50	50
*	Tripartite Developers Pte. Limited	Property owner and developer	Singapore	33	33
	By Subsidiaries				
	Jointly-controlled entity of ATOS Holding AG				
^	New Unity Holdings Ltd.	Investment holding	British Virgin Islands and Hong Kong	26	26
	Subsidiary of New Unity Holdings Ltd.				
***	Fergurson Investment Corp.	Investment holding	British Virgin Islands and Hong Kong	26	26

44 Jointly-Controlled Entities (cont'd)

	Company name	Principal activities	Place of incorporation and business	Effective percentage held by the Group 2005 %	2004 %
	By Subsidiaries (cont'd)				
	Subsidiary of Fergurson Investment Corp.				
***	Fergurson Hotel Holdings Limited	Investment holding	Hong Kong	25	25
	Subsidiaries of Fergurson Hotel Holdings Limited				
***	Lyle Profits Limited	Investment holding	British Virgin Islands and Hong Kong	25	25
***	Hotel Nikko Hong Kong Limited	Hotel owner and operator	Hong Kong	25	25
^	Lucky Trio Ltd	Investment holding	British Virgin Islands and Hong Kong	25	25
	Fergurson Limited (struck off from the Register of Companies)	Investment	Malaysia	–	25
	Subsidiary of Lyle Profits Limited				
***	Chishore Enterprise Inc.	Investment holding	British Virgin Islands and Hong Kong	16	16
	Subsidiary of Chishore Enterprise Inc.				
***	Queensway Hotel Holdings Limited	Investment holding	Hong Kong	13	13
	Subsidiary of Queensway Hotel Holdings Limited				
***	Queensway Hotel Limited	Hotel investment	Hong Kong	13	13
	Jointly-controlled entity of City Central Pte. Ltd.				
Ø	Downtown Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	50	–
	Jointly-controlled entity of City Port Development Pte Ltd				
**	P.T. City Island Utama	Property owner and developer	Indonesia	30	30
	Jointly-controlled entity of Citydev Investments Pte. Ltd.				
*	Edenspring Properties Pte Ltd	Property sales and ownership	Singapore	@	50

44 Jointly-Controlled Entities (cont'd)

	Company name	Principal activities	Place of incorporation and business	Effective percentage held by the Group 2005 %	2004 %
	By Subsidiaries (cont'd)				
	Jointly-controlled entity of Richview Holdings Pte Ltd				
*	Richmond Hotel Pte Ltd	Property owner and developer	Singapore	33	33
	Subsidiary of Richmond Hotel Pte Ltd				
*	Tomlinson Hotel Pte. Ltd.	Hotel owner	Singapore	33	33
	Jointly-controlled entity of Faber-Rhine Properties Pte Ltd				
*	Glengary Pte. Ltd.	Property owner and developer	Singapore	50	50
	Jointly-controlled entity of Aston Properties Pte Ltd				
*	Burlington Square Properties Pte Ltd	Property sales and ownership	Singapore	25	25
	Jointly-controlled entities of Singapura Developments (Private) Limited				
*	Burlington Square Investment Pte Ltd	Property owner	Singapore	25	25
^	WREP Urban Pool Investors, L.L.C.	Investment holding	United States of America	50	50
	Jointly-controlled entity of City Condominiums Pte Ltd				
	Wrep Thailand Holdings (in liquidation)	Investment holding	Mauritius	50	50
	Jointly-controlled entity of City Hotels Pte. Ltd.				
**	Fena Estate Company Limited	Property development	Thailand	26	26
	Jointly-controlled entity of City (Labuan) Holdings Limited				
^	Yuhwa Investors, LLC	Real estate investment	United States of America	50	50
	Subsidiary of Yuhwa Investors, LLC				
+	Taravaca SGPS LDA	Investment holding	Madeira	50	50

44 Jointly-Controlled Entities (cont'd)

	Company name	Principal activities	Place of incorporation and business	Effective percentage held by the Group 2005 %	2004 %
	By Subsidiaries (cont'd)				
	Subsidiaries of Taravaca SGPS LDA				
^	Yuhwa Holdco I, LLC	Real estate investment	United States of America	50	50
^	Yuhwa Holdco II, LLC	Real estate investment	United States of America	50	50
	Subsidiary of Yuhwa Holdco I, LLC				
	Yuhwa (Labuan) Holdco I Private Limited (liquidated during the year)	Real estate investment	Malaysia	–	50
	Subsidiary of Yuhwa Holdco II, LLC				
	Yuhwa (Labuan) Holdco II Private Limited (liquidated during the year)	Real estate investment	Malaysia	–	50
	Jointly-controlled entity of CDL Hotels USA, Inc.				
^	New Plaza Associates Liquidating Trust Trustee LLC	Trustee services	United States of America	26	26
	Jointly-controlled entity of Citydev (Labuan) Holdings Limited				
^	Myungdong Investors, LLC	Real estate investment	United States of America	50	50
	Subsidiaries of Myungdong Investors, LLC				
^	Myungdong Holdco I, LLC	Real estate investment	United States of America	50	50
^	Myungdong Holdco II, LLC	Real estate investment	United States of America	50	50
+	Iquitos - SGPS LDA	Investment holding	Madeira	50	50
+	Paferban - SGPS LDA	Investment holding	Madeira	50	50
	Subsidiary of Myungdong Holdco I, LLC				
^	Myungdong (Labuan) Holdco I Private Limited	Real estate investment	Malaysia	50	50
	Subsidiary of Myungdong Holdco II, LLC				
^	Myungdong (Labuan) Holdco II Private Limited	Real estate investment	Malaysia	50	50

44 Jointly-Controlled Entities (cont'd)

	Company name	Principal activities	Place of incorporation and business	Effective percentage held by the Group 2005 %	2004 %
	By Subsidiaries (cont'd)				
	Subsidiary of Iquitos - SGPS LDA and Paferban - SGPS LDA				
	Myungdong Development Co., Ltd (in liquidation)	Real estate sale and lease	Republic of Korea	50	50
	Jointly-controlled entity of CDL Bangkok Limited				
^	Riverside Hotel Investors, LLC	Investment holding	United States of America	50	50
	Subsidiary of Riverside Hotel Investors, LLC				
**	Thai Real Estate Restructuring Fund I	Investment in hotel	Thailand	50	50
	Jointly-controlled entities of Riverside Hotel Investors, LLC				
**	Napapornthip Co., Ltd.	Investment holding	Thailand	25	25
**	Perfect Profit Enterprise Co., Ltd	Investment holding	Thailand	25	25
	Subsidiary of Napapornthip Co., Ltd.				
**	Krungthep Rimnam Ltd.	Hotel business	Thailand	25	25
	Subsidiary of Perfect Profit Enterprise Co., Ltd				
**	TWY Property Company Ltd	Property holding and development	Thailand	25	25
	Jointly-controlled entities of WREP Urban Pool Investors, L.L.C.				
^	Avalon Strategic Managers, L.L.C.	Business managers	United States of America	24	24
^	Avalon Strategic Investors, L.P.	Investment holding	United States of America	24	24
^	Casa Investors, L.P.	Investment holding	United States of America	24	24
^	Casa Portfolio Managers, LLC	Business managers	United States of America	24	24

44 Jointly-Controlled Entities (cont'd)

	Company name	Principal activities	Place of incorporation and business	Effective percentage held by the Group 2005 %	Effective percentage held by the Group 2004 %
	By Subsidiaries (cont'd)				
	Subsidiaries of Casa Investors, L.P.				
^	Casa Preferred Investors	Investment holding	Cayman Islands	24	24
	Casa Investment Corporation, Y.K. (in liquidation)	Investment holding	Japan	24	24
	Jointly-controlled entity of Venus Real Estate Investments Limited				
**	Exchange Tower Ltd. (formerly known as Nantachatr Enterprise Co. Ltd)	Investment holding	Thailand	39	–

* Audited by KPMG Singapore

** Audited by other member firms of KPMG International

*** Audited by PricewaterhouseCoopers, Hong Kong

\+ Audited by A. Goncalves Monteiro e Associados

^ Not subject to audit by law of country of incorporation

Ø Auditors have not been appointed as at 31 December 2005

@ Became a wholly-owned subsidiary during the year

Company was liquidated on 28 January 2006

45 Comparative Information

Comparatives in the financial statements have been changed from the previous year due to the changes in accounting policies and adoption of new or revised Financial Reporting Standards as described in Note 34 and to be consistent with current year presentation.

ANALYSIS OF ORDINARY SHAREHOLDINGS

as at 1 March 2006

Class of Shares	: Ordinary shares
No. of Ordinary Shares issued	: 889,860,456
No. of Ordinary Shareholders	: 10,055
Voting Rights	: 1 vote for 1 ordinary share

Range of Ordinary Shareholdings	No. of Ordinary Shareholders	%	No. of Ordinary Shares	%
1 - 999	1,331	13.23	416,067	0.05
1,000 - 10,000	7,931	78.88	20,608,894	2.32
10,001 - 1,000,000	759	7.55	37,224,069	4.18
1,000,001 and above	34	0.34	831,611,426	93.45
	10,055	100.00	889,860,456	100.00

Based on information available to the Company as at 1 March 2006, approximately 51.41% of the issued ordinary shares of the Company is held by the public, and accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

Major Ordinary Shareholders List – Top 20 As At 1 March 2006

No.	Name	No. of Ordinary Shares Held	%
1	DBS Nominees (Pte) Ltd	118,471,476	13.31
2	Raffles Nominees Pte Ltd	109,622,769	12.32
3	HSBC (Singapore) Nominees Pte Ltd	90,499,491	10.17
4	Hong Leong Investment Holdings Pte. Ltd.	72,669,335	8.17
5	Citibank Nominees (Singapore) Pte Ltd	71,355,850	8.02
6	Hong Leong Holdings Limited	59,261,343	6.66
7	The HSBC Limited	57,000,000	6.40
8	United Overseas Bank Nominees Pte Ltd	44,293,014	4.98
9	Hong Realty (Private) Limited	20,180,931	2.27
10	Overseas Union Bank Nominees Pte Ltd	16,317,743	1.83
11	Hong Leong Corporation Holdings Pte Ltd	15,929,833	1.79
12	Euroform (S) Pte. Limited	15,103,045	1.70
13	BankAmerica Nominees (1993) Pte Ltd	15,017,400	1.69
14	Merrill Lynch (Singapore) Pte Ltd	14,327,658	1.61
15	SGI Investment Holdings Pte Ltd	14,320,377	1.61
16	Singapore Nominees Pte Ltd	13,083,100	1.47
17	Garden Estates (Pte) Limited	10,790,151	1.21
18	NIN Investment Holdings Pte Ltd	10,661,490	1.20
19	Morgan Stanley Asia (Singapore) Pte Ltd	7,580,998	0.85
20	Hotel Holdings (Private) Ltd	7,173,000	0.81
		783,659,004	88.07

ANALYSIS OF ORDINARY SHAREHOLDINGS

as at 1 March 2006

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	30,170,931	27,791,598[1]	57,962,529	6.51
Hong Leong Holdings Limited	144,261,343	17,770,202[2]	162,031,545	18.21
Hong Leong Investment Holdings Pte. Ltd.	140,169,335	290,307,547[3]	430,476,882	48.38
Kwek Holdings Pte Ltd	–	430,476,882[4]	430,476,882	48.38
Davos Investment Holdings Private Limited	–	430,476,882[4]	430,476,882	48.38
Aberdeen Asset Management plc and its subsidiaries	–	53,533,388[5]	53,533,388	6.02
Aberdeen Asset Management Asia Ltd	–	45,812,388[6]	45,812,388	5.15

Notes

(1) Hong Realty (Private) Limited ("HR") is deemed under Section 7 of the Companies Act to have an interest in the 27,791,598 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 17,770,202 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 290,307,547 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 57,962,529 ordinary shares held directly and indirectly by HR; and (ii) the 162,031,545 ordinary shares held directly and indirectly by HLH, out of which 8,459,447 ordinary shares have been identified as ordinary shares in which HR is also deemed to have an interest in under note (1) above.

(4) Kwek Holdings Pte Ltd and Davos Investment Holdings Private Limited are deemed under Section 7 of the Companies Act to have an interest in the 430,476,882 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 8 February 2006 and relates to shares held by various accounts managed or advised by the Aberdeen Group whereby the Aberdeen Group is given proxy voting rights.

(6) The deemed interest of Aberdeen Asset Management Asia Ltd ("AAMAL") is based on the last notification to the Company on 8 December 2005 and relates to shares held by various accounts managed or advised by AAMAL whereby AAMAL is given proxy voting rights.

ANALYSIS OF PREFERENCE SHAREHOLDINGS
as at 1 March 2006

Class of Shares	: Non-Redeemable Convertible Non-Cumulative Preference Shares ("Preference Shares")
No. of Preference Shares issued	: 330,874,257
No. of Preference Shareholders	: 3,491
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 Issued	%
1 - 999	514	14.72	234,387	0.07
1,000 - 10,000	2,546	72.93	6,991,535	2.11
10,001 - 1,000,000	410	11.75	28,786,798	8.70
1,000,001 and above	21	0.60	294,861,537	89.12
	3,491	100.00	330,874,257	100.00

Major Preference Shareholders List – Top 20 As At 1 March 2006

No.	Name	No. of Preference Shares Held	%
1	Mandai Properties Pte Ltd	65,994,000	19.95
2	HSBC (Singapore) Nominees Pte Ltd	53,758,113	16.25
3	SingAsia Investments Pte Ltd	39,846,000	12.04
4	Citibank Nominees Singapore Pte Ltd	32,086,990	9.70
5	Aster Land Development Pte Ltd	26,913,086	8.13
6	Merrill Lynch (Singapore) Pte Ltd	22,704,377	6.86
7	Fairmount Development Pte Ltd	7,000,000	2.11
8	Lim & Tan Securities Pte Ltd	6,720,064	2.03
9	Infocomm Investments Pte Ltd	5,700,000	1.72
10	Guan Hong Plantation Private Limited	5,000,000	1.51
11	Liew Chee Kong	4,890,000	1.48
12	Hong Leong Foundation	3,564,038	1.08
13	Raffles Nominees Pte Ltd	3,368,285	1.02
14	Sun Yuan Overseas Pte Ltd	3,000,000	0.91
15	Upnorth Development Pte Ltd	3,000,000	0.91
16	HL Karimun Granite Pte Ltd	2,600,000	0.78
17	Interfab Pte Ltd	2,054,102	0.62
18	DBS Nominees (Pte) Ltd	1,986,127	0.60
19	United Overseas Bank Nominees Pte Ltd	1,957,355	0.59
20	Ng Kin In	1,550,000	0.47
		293,692,537	88.76

ANALYSIS OF WARRANTHOLDINGS
as at 1 March 2006

Range of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 - 999	5,007	88.66	965,630	4.82
1,000 - 10,000	589	10.43	1,427,504	7.12
10,001 - 1,000,000	45	0.80	4,977,140	24.83
1,000,001 and above	6	0.11	12,673,477	63.23
	5,647	100.00	20,043,751	100.00

Major Warrantholders List – Top 20 As At 1 March 2006

No.	Name	No. of Warrants Held	%
1	Hong Leong Holdings Limited	4,526,134	22.58
2	Hong Realty (Private) Limited	1,917,093	9.56
3	Garden Estates (Pte.) Limited	1,862,214	9.29
4	Raffles Nominees (Pte) Ltd	1,591,681	7.94
5	SGI Investment Holdings Pte Ltd	1,432,037	7.15
6	DBS Nominees (Pte) Ltd	1,344,318	6.71
7	Gordon Properties Pte Ltd	845,804	4.22
8	United Overseas Bank Nominees Pte Ltd	738,659	3.69
9	HSBC (Singapore) Nominees Pte Ltd	650,418	3.25
10	Interfab Pte Ltd	513,525	2.56
11	Citibank Nominees (Singapore) Pte Ltd	431,101	2.15
12	Abbottin Properties Pte Ltd	339,017	1.69
13	CIMB-GK Securities Pte. Ltd.	205,278	1.02
14	Singapore Cement Industrial Company Private Limited	136,523	0.68
15	OCBC Nominees Singapore Pte Ltd	115,278	0.58
16	Hotel Orchid Limited	77,932	0.39
17	Hwang Nian Huei	70,000	0.35
18	Merrill Lynch (Singapore) Pte Ltd	68,538	0.34
19	KI Investments (HK) Limited	66,100	0.33
20	Asia Chemical Corporation Sdn Bhd	58,927	0.29
		16,990,577	84.77

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Third Annual General Meeting of City Developments Limited (the "Company") will be held at M Hotel Singapore, Function Room C, Level 2, 81 Anson Road, Singapore 079908 on Wednesday, 26 April 2006 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 2005.

2. To declare a first and final dividend of 7.5 cents per ordinary share and a special ordinary dividend of 5.0 cents per ordinary share less 20% income tax for the year ended 31 December 2005 as recommended by the Directors.

3. To approve Directors' Fees of $241,028.00 for the year ended 31 December 2005 (year 2004 : $220,000.00) and Audit Committee Fees of $47,500.00 per quarter for the period from 1 July 2006 to 30 June 2007, with payment of the Audit Committee Fees to be made in arrears at the end of each calendar quarter (period from 1 July 2005 to 30 June 2006 : $42,500.00 per quarter).

4. To re-elect the following Directors retiring in accordance with the Articles of Association of the Company:

   a) Mr Chow Chiok Hock
   b) Mr Kwek Leng Peck

5. To consider and, if thought fit, pass the following resolutions in accordance with Section 153(6) of the Companies Act, Chapter 50:

   a) That Mr Chee Keng Soon be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting.

   b) That Mr Tang See Chim be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting.

6. To re-appoint Messrs KPMG 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 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:

(c) 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 issued ordinary shares in the capital of the Company (as calculated in accordance with paragraph (d) of this Ordinary Resolution), of which the aggregate number of ordinary shares to be issued other than on a *pro-rata* basis to shareholders of the Company (including ordinary shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding ordinary shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 20% of the issued ordinary shares in the capital of the Company (as calculated in accordance with paragraph (d) of this Ordinary Resolution);

(d) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of ordinary shares that may be issued under paragraph (c) of this Ordinary Resolution, the percentage of issued ordinary shares shall be based on the issued ordinary 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;

(ii) new ordinary shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST; and

(iii) any subsequent consolidation or subdivision of ordinary shares;

and in relation to an Instrument, the number of ordinary shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

(e) 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

(f) (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 approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the City Developments Share Option Scheme 2001 (the "Scheme") and to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options granted under the Scheme provided that the aggregate number of ordinary shares to be issued pursuant to the Scheme shall not exceed 8% of the issued ordinary shares in the capital of the Company from time to time.

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.

NOTICE OF ANNUAL GENERAL MEETING

(C) To transact any other business

By Order of the Board

Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong
Company Secretaries

Singapore
28 March 2006

The Company had on 28 February 2006 advised that the Ordinary Shares Transfer Books and Register of Holders of ordinary shares of the Company will be closed on 5 May 2006. 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 4 May 2006 will be registered to determine ordinary shareholders' entitlement to the dividends for the year ended 31 December 2005.

Directors have recommended a first and final dividend of 7.5 cents per ordinary share and a special ordinary dividend of 5.0 cents per ordinary share less 20% income tax in respect of the financial year ended 31 December 2005 for approval by ordinary shareholders at the Annual General Meeting to be held on 26 April 2006. The first and final ordinary dividend and special ordinary dividend, if approved, will be payable on 19 May 2006.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be deposited at the registered office of the Company at 36 Robinson Road, #04-01 City House, Singapore 068877 not less than 48 hours before the time appointed for holding the Meeting.

3. Completion and return of this 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. Mr Ong Pang Boon, a Director retiring at the Meeting pursuant to Section 153 of the Companies Act, Chapter 50, has notified the Company that he will not be seeking re-appointment as a Director of the Company at the Meeting.

5. With reference to Ordinary Resolution 5(a) above, Mr Chee Keng Soon will, upon re-appointment as a Director of the Company, remain as Chairman of the Audit Committee, Nominations Committee and Remuneration Committee, and is considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

6. With reference to the Ordinary Resolution 5(b) above, Mr Tang See Chim will, upon re-appointment as a Director of the Company, remain as a member of the Audit Committee and Remuneration Committee, and is considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

7. 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 to issue ordinary shares whether by way of rights, bonus or otherwise and/or make or grant Instruments that might require ordinary shares to be issued up to and not exceeding 50% of the issued ordinary shares in the capital of the Company, with an aggregate sub-limit of 20% of the issued ordinary shares in the capital of the Company for any issue of ordinary shares not made on a *pro-rata* basis to shareholders. 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.

8. The Ordinary Resolution proposed in 8 above, if passed, will empower the Directors of the Company to offer and grant options under the Scheme and to issue from time to time such number of ordinary shares in the capital of the Company pursuant to the exercise of share options under the Scheme subject to such limits or sub-limits as prescribed in the Scheme.

9. 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 the Letter to Shareholders 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 the Company's ordinary shares, this Summary Report/Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and holders of the Company's Preference shares and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the 43rd 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. 8 on required format).

* I/We, ______________________________ with NRIC / Passport Number : ____________________

of ____

being a *member/members of City Developments Limited (the "Company"), hereby appoint

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

*and/or

or failing *him/her, the Chairman of the Forty-Third Annual General Meeting of the Company ("AGM"), as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM to be held at M Hotel Singapore, Function Room C, Level 2, 81 Anson Road, Singapore 079908 on Wednesday, 26 April 2006 at 3.00 p.m., and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the AGM.

No.	Resolutions		For	Against
	ORDINARY BUSINESS:			
1.	Adoption of Reports and Financial Statements			
2.	Declaration of a Final Ordinary Dividend and a Special Ordinary Dividend			
3.	Approval of Directors' Fees and Audit Committee Fees			
4.	Re-election of Directors:	(a) Mr Chow Chiok Hock		
		(b) Mr Kwek Leng Peck		
5.	Re-appointment of Directors under Section 153(6)	(a) Mr Chee Keng Soon		
	of the Companies Act, Chapter 50:	(b) Mr Tang See Chim		
6.	Re-appointment of KPMG as Auditors			
	SPECIAL BUSINESS:			
7.	Authority for Directors to issue ordinary shares and/or make or grant offers, agreements or options pursuant to the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited			
8.	Authority for Directors to offer and grant options and issue ordinary shares in accordance with the provisions of the City Developments Share Option Scheme 2001			
9.	Renewal of IPT Mandate for Interested Person Transactions			

Dated this ______ day of ____________________ 2006

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 entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the 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. The 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.

5. The 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 body corporate, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. 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.

6. 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.

7. The Company shall be entitled to reject the 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.

8. 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 investors' name, NRIC/Passport Number, addresses and number of ordinary shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary, at the registered office of the Company not less than 48 hours before the appointed time for the AGM.

Fold Here

AGM
Proxy Form

Affix
Stamp
Here

THE SECRETARY
CITY DEVELOPMENTS LIMITED
36 ROBINSON ROAD
#04-01 CITY HOUSE
SINGAPORE 068877

Fold Here

Produced by Group Corporate Affairs, Hong Leong Group Singapore & Corporate Communications Department, City Developments Limited
Designed by Zucchini Design Pte Ltd
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CITY DEVELOPMENTS LIMITED

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