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CITY DEVELOPMENTS LIMITED

Unaudited Full Year Financial Statement And Dividend Announcement for the Period Ended 31 December 2003

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

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

These figures have not been audited.

	The Group Full Year ended 31 December		
	2003	2002	Increase/ (Decrease)
	S$'000	S$'000	%
Revenue	2,325,976	2,288,696	1.6
Cost of sales	(1,327,036)	(1,139,293)	16.5
Gross profit	998,940	1,149,403	(13.1)
Other operating income	64,896	66,945	(3.1)
Administrative expenses	(405,246)	(421,862)	(3.9)
Other operating expenses	(389,696)	(370,200)	5.3
Profit from operations (1)	268,894	424,286	(36.6)
Finance costs	(162,375)	(191,026)	(15.0)
Profit before share of results of associated companies and jointly controlled entities	106,519	233,260	(54.3)
Share of loss of associated companies	(78)	(1,049)	(92.6)
Share of profit of jointly controlled entities (2)	107,376	10,872	887.6
Profit from ordinary activities before taxation	213,817	243,083	(12.0)
Taxation (3)	(30,404)	(43,424)	(30.0)
Profit from ordinary activities after taxation	183,413	199,659	(8.1)
Minority interests	(31,131)	(48,456)	(35.8)
Net profit	152,282	151,203	0.7
Earnings per share (basic and fully diluted)	18.78 cents	18.88 cents	

Note :

(1) Profit from operations includes the following :

	The Group Full year ended 31 December 2003 S$'000	2002 S$'000
Interest income	26,985	39,686
Profit on sale of investments, property, plant and equipment (net)	15,851 (4)	412
Net exchange gain	5,661	11,768
Investment income (5)	8,806	3,105
Depreciation	(166,355)	(209,267)
Property, plant and equipment written off	(466)	(64,412)
(Allowance for)/Write-back of foreseeable losses on development properties (net)	(47,574)	11,044
Impairment losses made for property, plant and equipment	(13,522)	(31,726)
Amortisation	(6,788)	(7,373)
Allowance for doubtful debts (net)		
- trade	(2,202)	(2,206)
- non-trade	(13,935) (6)	-

(2) Share of profit of jointly controlled entities increased by $96.5 million against 2002. The increase is primarily from profits recognised on the sale of Lot 1 Shoppers' Mall by a jointly controlled entity in which the Group has a 50% interest, as well as profit from the sale of its 50% share in Seoul City Tower Co., Ltd.

(3) Taxation for the year is derived at by applying the varying statutory tax rates of the different countries in which the Group operates on its taxable profit/(losses) and taxable temporary differences.

Write-back of overprovision of taxation in prior years of $11.7 million (2002: $14.6 million) for the Group (including its share of those of its associated companies and jointly controlled entities) has been included in the tax charge for the year.

(4) This includes profit of approximately $17 million achieved on the disposal of non-core assets of subsidiaries comprising a staff hostel in London and an interest in a joint venture for a mixed development in China.

(5) Investment income includes dividend income and profit/(loss) on sale of short-term investments.

(6) This relates to a provision against a loan note on a hotel in Florida sold by a subsidiary. Part of the consideration for the sale was in the form of a loan note to the subsidiary secured on the property. The purchaser has now filed for protection from bankruptcy and the subsidiary has therefore decided that it is prudent to make a provision against the loan note.

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

	Notes	<--------- The Group --------->		<----- The Company ----->	
		As at 31.12.2003 S$'000	As at 31.12.2002 S$'000	As at 31.12.2003 S$'000	As at 31.12.2002 S$'000
Non-Current Assets					
Property, plant and equipment	(1)	9,145,659	7,397,005	664,638	670,453
Investments in subsidiaries		-	-	2,204,934	2,125,806
Investments in associated companies		1,383	27,651	-	-
Investments in jointly controlled entities	(2)	246,029	159,246	68,495	63,385
Financial assets		25,432	22,101	15,546	16,825
Deferred financial charges		13,368	19,284	397	390
Intangible assets		298	253	-	-
Other non-current assets		111,010	115,238	60,714	36,807
Current Assets					
Development properties		2,237,893	2,178,284	1,861,622	1,777,621
Consumable stocks		13,159	12,491	1,159	1,219
Financial assets		30,158	20,528	-	-
Trade and other receivables		663,264	701,596	687,134	687,451
Cash and cash equivalents		571,400	614,787	255,477	191,316
		3,515,874	**3,527,686**	**2,805,392**	**2,657,607**
Less:					
Current Liabilities					
Bank overdrafts		4,511	4,980	-	-
Trade and other payables		686,434	695,585	848,628	639,341
Bank loans		44,865	108,631	44,082	102,681
Current portion of long-term liabilities		367,906	475,581	125,000	200,000
Bonds and notes - repayable within 12 months		321,075	190,351	120,000	147,000
Employee benefits		11,861	15,045	1,112	1,519
Provision for taxation		76,308	123,302	15,081	51,138
Provisions		6,383	-	-	-
		1,519,343	**1,613,475**	**1,153,903**	**1,141,679**
Net Current Assets		**1,996,531**	**1,914,211**	**1,651,489**	**1,515,928**
Less:					
Non-Current Liabilities					
Interest-bearing loans and other borrowings		4,142,603	4,071,027	1,069,975	938,199
Employee benefits		16,125	11,784	-	-
Deferred tax liabilities	(1)	698,120	317,126	24,177	21,841
Provisions		10,839	10,335	-	-
		4,867,687	**4,410,272**	**1,094,152**	**960,040**
Less:					
Minority Interests	(1)	2,069,015	1,382,546	-	-
NET ASSETS		**4,603,008**	**3,862,171**	**3,572,061**	**3,469,554**
CAPITAL AND RESERVES					
Share capital		413,593	400,511	413,593	400,511
Reserves		4,189,415	3,461,660	3,158,468	3,069,043
		4,603,008	**3,862,171**	**3,572,061**	**3,469,554**

Explanatory Notes to Balance Sheet:

(1) The increases in property, plant and equipment, deferred tax liabilities and minority interests of the Group are primarily due to the change in accounting policy on hotel properties (refer to Item 5 of this announcement for details) and the strengthening of Sterling against Singapore dollar during the year.

(2) The increase in investments in jointly controlled entities is mainly due to the Group's 50% share of profits arising from the sale of both Lot 1 Shoppers' Mall and Seoul City Tower Co., Ltd.

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

Amount repayable in one year or less, or on demand

As at 31.12.2003		As at 31.12.2002	
Secured	Unsecured	Secured	Unsecured
$315,342,000	$420,576,000	$187,772,000	$586,988,000

Amount repayable after one year

As at 31.12.2003		As at 31.12.2002	
Secured	Unsecured	Secured	Unsecured
$2,632,492,000	$1,488,780,000	$2,780,289,000	$1,266,305,000

Details of any collateral

The borrowings by subsidiaries are generally secured by:
- mortgages on their land and buildings, properties under development, development properties for sale and/or hotel properties and/or
- assignment of all rights and benefits to sale, lease and/or insurance proceeds and any alienation of properties

The borrowings by the Company are unsecured.

1(c) A cash flow statement (for the group), together with a comparative statement for

the corresponding period of the immediately preceding financial year.

	Full Year 2003 S$'000	Full Year 2002 S$'000
Operating Activities		
Profit from ordinary activities before taxation	213,817	243,083
Adjustments for:		
Amortisation of deferred financial charges	6,774	7,359
Amortisation of intangible assets	14	14
Depreciation	166,355	209,267
Deferred financial charges written off	32	-
Property, plant and equipment written off	466	64,412
Profit on sale of property, plant and equipment	(9,755)	(412)
Share of loss of associated companies	78	1,049
Share of profit of jointly controlled entities	(107,376)	(10,872)
Interest income	(26,985)	(39,686)
Finance costs	162,375	191,026
Dividend income	(8,704)	(3,105)
Allowance for diminution in value of investments (written back)/made (net)	(1,772)	28
Allowance for foreseeable losses on development properties made/(written back) (net)	47,574	(11,044)
Allowance for doubtful debts made (net)	16,137	2,206
Impairment losses for intangible assets	-	100
Impairment losses for property, plant & equipment	13,522	31,726
Operating profit before working capital changes	472,552	685,151
Changes in working capital		
Development properties	(85,153)	182,240
Stocks, trade and other receivables	27,034	55,940
Related corporations	67,773	(1,847)
Trade and other payables	(10,966)	(92,859)
Employee benefits	1,128	(7,056)
(Decrease)/Increase in working capital	(184)	136,418
Income tax paid	(69,150)	(67,496)
Cash flows from operating activities carried forward	403,218	754,073

	Full Year 2003 S$'000	Full Year 2002 S$'000
Cash flows from operating activities brought forward	403,218	754,073
Investing Activities		
Purchase of property, plant and equipment	(109,544)	(110,303)
Proceeds from sale of property, plant and equipment	20,303	18,004
Increase in deferred financial charges	(812)	(9,381)
Increase in intangible assets	(61)	(104)
Decrease in investments in jointly controlled entities	2,198	17,800
Cash flow on acquisition of subsidiaries (net of cash)	(51,621)	-
Payment of deferred consideration(1)	(71,707)	-
(Increase)/Decrease in financial assets	(8,386)	10,298
Interest received (including amounts capitalised as property, plant and equipment and development properties)	27,149	39,686
Dividend received		
- investments	8,704	3,105
- jointly controlled entities	45,460	49,275
Cash flows from investing activities	(138,317)	18,380
Financing Activities		
Capital contribution to minority shareholders	(60,076)	(138,154)
Proceeds from term loans	210,186	405,188
Repayment of term loans	(319,286)	(618,450)
Repayment to finance lease creditors	(31,932)	(1,967)
Proceeds from issuance of bonds and notes	379,304	720,319
Repayment of bonds and notes	(190,533)	(786,400)
Decrease in other long-term liabilities	(5,006)	(18,793)
Proceeds from bank loans	-	7,585
Repayment of bank loans	(63,978)	(173,177)
Payment of interest on deferred consideration(1)	(13,551)	-
Dividend paid	(46,860)	(46,860)
Interest paid (including amounts capitalised as property, plant and equipment and development properties)	(177,619)	(209,838)
Cash flows from financing activities	(319,351)	(860,547)
Net decrease in cash and cash equivalents carried forward	(54,450)	(88,094)

	Full Year	
	2003	2002
	S$'000	S$'000
Net decrease in cash and cash equivalents brought forward	(54,450)	(88,094)
Exchange differences arising on translation of foreign subsidiaries' cash and cash equivalents	11,532	(273)
Cash and cash equivalents at the beginning of the year (net of bank overdraft)	609,807	698,174
Cash and cash equivalents at the end of the year (net of bank overdraft)	566,889	609,807

Note: -

[1] **Deferred Consideration**

In December 1999, a subsidiary of the Group acquired a number of hotels in USA and, under the terms of the acquisitions, US$45.0m (plus interest) of the consideration for these hotels was deferred for a period of two years. This consideration was not paid when it originally fell due in December 2001 pending adequate financial assurances that the vendor could honour its indemnity obligations under the terms of the agreement. The parties have now reached agreement and a total of US$48.8m (S$85.3m) was paid during the year. The full amount had already been fully provided for by the subsidiary of the Group.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or

(ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	Share Capital S$'000	Share Premium S$'000	Capital Reserve S$'000	Asset Revaluation Reserve S$'000	Exchange Fluctuation Reserve S$'000	Retained Profits S$'000	Total S$'000
At 1 January 2002	400,511	945,032	148,721	-	122,852	2,154,932	3,772,048
Exchange differences arising on consolidation of foreign subsidiaries	-	-	-	-	(2,699)	-	(2,699)
Exchange differences arising on foreign currency liabilities (net of repayment) accounted for as a hedge of net investments in foreign entities	-	-	-	-	(5,733)	-	(5,733)
Change of interests in subsidiaries			(578)	-	515	(5,725)	(5,788)
Profit for the year	-	-	-	-	-	151,203	151,203
Dividends	-	-	-	-	-	(46,860)	(46,860)
At 31 December 2002	400,511	945,032	148,143	-	114,935	2,253,550	3,862,171
Surplus on revaluation of hotel properties arising from change in accounting policy *(refer to Item 5 of this announcement for details)*	-	-	-	436,467	-	-	436,467
Exchange differences	-	-	-	24,959	-	-	24,959
Issue of ordinary shares	13,082	110,387	-	-	-	-	123,469
Exchange differences arising on consolidation of foreign subsidiaries	-	-	-	-	50,956	-	50,956
Exchange differences arising on foreign currency liabilities (net of repayment) accounted for as a hedge of net investments in foreign entities	-	-	-	-	(436)	-	(436)
Profit for the year	-	-	-	-	-	152,282	152,282
Dividends	-	-	-	-	-	(46,860)	(46,860)
At 31 December 2003	413,593	1,055,419	148,143	461,426	165,455	2,358,972	4,603,008

The Company	Share Capital S$'000	Share Premium S$'000	Capital Reserve S$'000	Asset Revaluation Reserve S$'000	Exchange Fluctuation Reserve S$'000	Retained Profits S$'000	Total S$'000
At 1 January 2002	400,511	931,910	63,743	-	(255)	2,031,267	3,427,176
Exchange differences arising on foreign currency liabilities (net of repayment) accounted for as a hedge of net investments in foreign entities	-	-	-	-	(424)	-	(424)
Profit for the year						89,662	89,662
Dividends	-	-	-	-	-	(46,860)	(46,860)
At 31 December 2002	400,511	931,910	63,743	-	(679)	2,074,069	3,469,554
Surplus on revaluation of a hotel property arising from change in accounting policy *(refer to Item 5 of this announcement for details)*	-	-	-	855	-	-	855
Issue of ordinary shares	13,082	110,387	-	-	-	-	123,469
Exchange differences arising on foreign currency liabilities (net of repayment) accounted for as a hedge of net investments in foreign entities	-	-	-	-	(144)	-	(144)
Profit for the year	-	-	-	-	-	25,187	25,187
Dividends	-	-	-	-	-	(46,860)	(46,860)
At 31 December 2003	413,593	1,042,297	63,743	855	(823)	2,052,396	3,572,061

1(d)(ii) Details of any changes in the company's share capital arising from rights issue,

bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the financial year ended 31 December 2003, the Company issued an aggregate of 26,163,919 new ordinary shares of $0.50 each fully paid, being consideration in exchange for:

(i) 120,409,779 shares of $0.05 each fully paid in Target Realty Limited ("TRL") transferred by Hong Leong Investment Holdings Pte. Ltd. and certain of its subsidiaries (collectively, the "Transferors") pursuant to a share transfer agreement entered into by the Company with the Transferors; and

(ii) 81,748,544 TRL shares acquired pursuant to the mandatory unconditional offer made by the Company for TRL shares and from the dissenting shareholders of TRL under Section 215(3) of the Companies Act, Chapter 50,

thus bringing the total issued and paid up capital as at 31 December 2003 to $413,592,821.50, comprising 827,185,643 ordinary shares of $0.50 each.

2. Whether the figures have been audited or reviewed and in accordance with

which auditing standard or practice.

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

3. Where the figures have been audited or reviewed, the auditors' report (including

any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the

issuer's most recently audited annual financial statements have been applied.

Except as disclosed in item 5 below, the accounting policies and methods of computation adopted are consistent with those applied in the audited financial statements for the year ended 31 December 2002.

5. If there are any changes in the accounting policies and methods of computation,

including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

In prior years , the Group stated all of its property, plant and equipment at cost less accumulated depreciation and impairment losses. With effect from 1 January 2003, the Group had changed its accounting policy to state its hotel properties at cost or subsequent revaluation less accumulated depreciation and impairment losses.

The valuations of the hotel properties were based on the carrying amounts of the hotel properties of its hotel subsidiary, Millennium & Copthorne Hotels plc ("M&C") which are reflective of the fair values of the hotel properties. The revaluation of the hotel properties by M&C is performed with sufficient regularity as one third of the entire portfolio of hotel properties are revalued annually by external professional valuers.

Resulting from the change in accounting policy, an asset revaluation reserve of $461.4 million on hotel properties was recognised by the Group.

Consequential to the change in accounting policy for hotel properties, the Group also re-evaluated the residual value of the core component of the hotel buildings. With this re-evaluation, the directors have concluded that the estimates of the residual values used by M&C are appropriate for use by the Group as this will better reflect the value of the core and non-core components of the hotel properties. M&C had ascribed residual values to the hotel properties, depending on the nature, location and tenure of each hotel property. No residual values are ascribed to building surfaces finishes & services.

These changes have the following impact on the net profit for the year:

	The Group $'000
Net profit before changes in accounting policy and estimates on hotel properties	131,355
Effect of changes	20,927
Net profit for the year	152,282

The Group continues to adopt its practice of stating its investment properties at cost less depreciation.

6. Earnings per ordinary share of the group for the current financial period reported

on and the corresponding period of the immediately preceding financial year,

after deducting any provision for preference dividends.

Basic earnings per ordinary share of 18.78 cents (2002: 18.88 cents) is based on net profit for the year of $152,282,000 (2002: $151,203,000) and the weighted average number of ordinary shares in issue of 810,987,566 (2002: 801,021,724 ordinary shares in issue).

7. Net asset value (for the issuer and group) per ordinary share based on issued share

capital of the issuer at the end of the:-

(a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group		The Company	
	31.12.2003 S$	31.12.2002 S$	31.12.2003 S$	31.12.2002 S$
Net asset value per ordinary share at 31.12.2003 of 827,185,643 ordinary shares in issue (at 31.12.2002 : 801,021,724 ordinary shares in issue)	5.56	4.82	4.32	4.33

8. A review of the performance of the group, to the extent necessary for a reasonable

understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Industry Review

A mood of caution, brought on by the announcement of further CPF rate cut in Q3 flowed through to Q4. Discussion of an impending wage restructuring review continued to keep homebuyers at bay, despite the economy showing some signs of improvement. Buying sentiment was still heavily laden by issues of unemployment, the proposed GST hike and other consumer-related concerns. Purchasers preferred to adopt a wait-and-see attitude. These factors contributed to the low number of transactions nationwide – of only 1,148 units in Q4. The full year volume of 5,216 units compared to 9,507 units in 2002, was a sharp drop of over 45%.

Prices of private residential properties declined by 2% in 2003 with Q4 registering a marginal decline of a mere 0.1%. Meanwhile, prices of HDB resale flats were on an upward trend. These indicators were collectively seen as signs that the residential property market was likely to be stabilising.

Group Performance

Whilst 2003 had been a challenging year, the Group nonetheless achieved growth in its revenue by 1.6% to $ 2,326 million (2002: $2,288.7 million). After making impairment provisions for investment and development properties of $77.5 million (2002:$42 million), the after-tax profit attributable to shareholders amounted to $152.3 million (2002: $151.2 million). This amount includes profit contributions from joint venture investments.

The Group continued to be the only listed Singapore property company which adopted a conservative accounting policy of depreciating its investment properties.

Net Asset Value per ordinary share as at 31 December 2003 was $5.56 compared to $4.82 in 2002.

Property

Though nationwide sales volume was down, the Group maintained its market share of approximately 12%. The Group continued to book in profits from pre-sold projects such as Nuovo Executive Condominium ("EC"), Changi Rise Condominium, Goldenhill Park Condominium and The Esparis EC.

The continuing suspension of the Confirmed List in the Government Land Sales programme, extended to June 2004, helped to moderate the oversupply of residential units in the market. However, it had little impact on market sentiments as the extension was for only six months.

The office market continued to be challenging with rental declining by 10.5% in 2003. As such, according to a recent survey by CB Richard Ellis on the world's most expensive office locations, Singapore, which used to be in the top 10 position some years back, has now dropped to the 62nd position. This could in fact turn out to be positive as it makes Singapore a more affordable and attractive destination for businesses. More importantly, economic conditions must be conducive for businesses to operate profitably and contribute to Singapore's status as a growth hub. Occupancy for Q4 continued to decline to 82.1% compared to 84.3% a year ago. Notwithstanding the challenging conditions, the Group maintained its office occupancy at 83%, slightly above the national average.

Hotel

Millennium & Copthorne Hotels plc ("M&C") operated under the most difficult trading periods in its history. Faced with circumstances beyond the Group's control such as the Iraq war, the outbreak of SARS and terrorist threats, M&C reported a pre-tax loss of £6.3 million for the first six months of 2003. However, despite the half year losses, M&C was able to make a quick rebound and returned to profitability for the whole year, the majority of the earnings coming from the recovery in the fourth quarter. For the full year ended 31 Dec 2003, M&C generated pre-tax profit of £18.7 million, of which the Group's 52% share is £9.8 million (approx. $28 million).

In the US, the Millenium Hilton in New York, which was closed as a result of the September 11 incident, eventually re-opened in phases from May 2003 after restoration and refurbishment. Despite incurring pre-opening costs and ongoing legal fees with respect to the legal claims, the hotel's performance has improved significantly and is now operating profitably. Whilst the insurance company has paid another US$6.5m in the year, the Board of M&C has decided, as a matter of prudence, not to recognise any further business interruption income until the legal dispute has been resolved.

The impact of SARS on our hotel operations was unprecedented, particularly in Asia. Our major assets in Taipei, Hong Kong and Singapore were severely hit. Fortunately, as soon as the crisis was over, we saw the rapid recovery of our hotels. The operating profit for Asia in the second half was in line with 2002 despite the RevPAR being down by 7%. In the final quarter of the year, the RevPAR had recovered to be only 1% down on the prior year.

M&C's hotels in Australasia, particularly in New Zealand continued to perform very well.

9. Where a forecast, or a prospect statement, has been previously disclosed to

shareholders, any variance between it and the actual results.

The Group's performance for the year under review is in line with its expectations as disclosed in the announcement of results for third quarter ended 30 September 2003.

10. A commentary at the date of the announcement of the significant trends and

competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Property

Sentiments have improved after the Lunar New Year with the economy showing credible gains. GDP growth is expected to be between 3.5% and 5% for 2004 barring any major surprises. Reports have indicated that the unemployment situation is improving and companies are starting to recruit workers again in anticipation of better business prospects.

Many property consultants and analysts have also forecasted a recovery for the residential property market towards the middle of the year, with prices increasing by 5% to 10% for the year. We also note the strong recovery of the property market in other Asian cities particularly in Hong Kong, Bangkok, Jakarta and Kuala Lumpur. We are optimistic that Singapore will follow this trend.

The Group will launch Phase 2 of its Monterey Park Condominium and the remaining phases of Savannah CondoPark in the first half of the year. It also expects to launch the exciting White Site project at Marina Boulevard, of approximately 1,100 apartment units, in the middle of the year. Towards the end of Q4, it plans to launch the 850-unit residential project at City Square in Kitchener Road. The City Square project also comprises a separate parcel of land with about 721,000 sq ft of retail space. The property has a low book cost and should yield good profits when it is sold.

Provisional Planning approvals for both the Marina Project and the City Square Project have been obtained.

The Group continued with its selective replenishment of its landbank by acquiring two adjoining land parcels at Mount Emily totalling 128,931 sq ft for a consideration of about $88 million. The acquisition was done through Trevose Crescent Development Pte Ltd, in which the Group has a 50% interest.

Though there are some signs of a bottoming out in the Office sector, the Government's impending release of the Business Financial Centre ("BFC") in May remains a major cause of concern. Whilst the stated intent is to get major financial institutions and MNCs to locate here to boost Singapore's status as a financial hub, there is prevailing fear that the BFC will compete with and cannibalise existing offices. It needs to be emphasized that introducing the BFC project according to the timeline proposed, without securing any new demand for office space, is likely to dash any hope of an early recovery for this sector.

With much effort and hard work, the Group is pleased to have signed on a prestigious anchor tenant to take over the space to be vacated by IBM Singapore at IBM Tower. The new tenant will get naming rights for the building.

Hotel

M&C is undergoing a renewal of leadership with the retirement of its Chief Executive in March 2004. The interim team that has been put together will provide the necessary continuity and their priority would be to bring the earnings back to a healthy position as soon as possible. The experience gained during the most testing trading period will help the team to respond swiftly and effectively to any change in market conditions.

The outlook for the hospitality industry for 2004 is positive. With its well-maintained quality assets in key locations, M&C is well-positioned to benefit from the upturn in the market.

Diversification of Earnings

Over the last few years, as a result of slower market conditions here in Singapore, the Group decided to diversify its earnings streams by identifying real estate opportunities in the region. Together with US Funds, we have selectively invested in Bangkok, Seoul and Tokyo. Going forward, we expect to be more active in this area.

Group Prospects

The Board is confident that the Group will continue to remain profitable in the next 12 months.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Proposed First & Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	7.5 cents per ordinary share (less tax)
Optional:- Dividend Rate (in %)	15 % per ordinary share (less tax)
Par value of shares	$0.50 per ordinary share
Tax Rate	22%

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	First & Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	7.5 cents per ordinary share (less tax)
Optional:- Dividend Rate (in %)	15 % per ordinary share (less tax)
Par value of shares	$0.50 per ordinary share
Tax Rate	22%

(c) Date payable

Subject to shareholders' approval at the Annual General Meeting to be held on 29 April 2004, the proposed first and final dividend for 2003 will be payable on 19 May 2004.

(d) Books closure date

NOTICE IS HEREBY GIVEN that subject to the shareholders' approval of the payment of a first and final dividend of 15% less 22% Singapore income tax in respect of the financial year ended 31 December 2003 at the Annual General Meeting to be held on 29 April 2004, the Share Transfer Books and Register of Members of the Company will be closed on 7 May 2004. 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 5.00p.m. on 6 May 2004 will be registered to determine shareholders' entitlement to the dividend. In respect of shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the said final dividend, if approved, will be paid by the Company to CDP who will distribute the dividend to the holders of the securities accounts.

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

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the

group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

By Business Segments	The Group Revenue 2003 S$'000	Revenue 2002 S$'000	Profit before Tax 2003 S$'000	Profit before Tax 2002 S$'000
Property Development	644,679	552,482	42,846	150,790
Hotel Operations	1,461,129	1,493,982	26,745	72,217
Rental Properties	179,368	201,764	129,945	18,574
Others	40,800	40,468	14,281	1,502
	2,325,976	2,288,696	213,817	243,083

Note :
(1) Comparatives have been changed from the previous year to conform with current year's presentation.

14. In the review of performance, the factors leading to any material changes in

contributions to turnover and earnings by the business or geographical segments.

Property Development

Revenue increased by $92.2 million to $644.7 million in 2003 which represented a 16.7% increase over $552.5 million in 2002. The improvement is primarily due to the progressive recognition of sales from Goldenhill Park Condominium, Nuovo Executive Condominium, The Esparis and Savannah CondoPark. However, pre-tax profit fell by $108 million to $42.8 million (2002: $150.8 million) mainly due to allowances made for foreseeable losses on certain development properties of the Group and its jointly controlled entities. There was also better profit contribution from Summerhill and Dahlia in 2002 as these projects were completed in that year.

Hotel Operations

Revenue of $1,461.1 million in 2003 is 2.2% lower than $1,494 million for 2002 and pre-tax profit decreased by $45.5 million to $26.7 million. These resulted from the effect of the SARS outbreak, the Iraq war and the terrorist threats on the hotel business of the Group. Pre-opening costs and ongoing legal fees with respect to the insurance claim for Millenium Hilton of £8.1 million (approx. $23.2 million) which was damaged during the September 11 incident were expensed off in the year. In addition, whilst business interruption income (net of depreciation and expenses) of £6.5 million (approx. $18.6 million) was recognised in 2002, none was recognised in 2003.

Rental Properties

Revenue decreased by 11% to $179.4 million (2002: $201.8 million) primarily due to lower average rental and occupancy rates achieved. Pre-tax profits soared from $18.6 million to $129.9 million mainly due to profits recognised on the sale of Lot 1 Shoppers' Mall by a jointly controlled entity in which the Group has a 50% interest, as well as profit from the disposal of its 50% share in Seoul City Tower Co., Ltd.

Others

Revenue, which comprises mainly income from hotel management, building maintenance contracts, project management, club operations, dividend income and profit from sale of short term investments, remained relatively unchanged at $40.8 million (2002: $40.5 million). Pre-tax profit improved by $12.8 million to $14.3 million (2002: $1.5 million). This is partly due to exchange gain achieved from both dividends paid by foreign subsidiaries and proceeds from the sale of foreign investments which were placed in foreign currency deposits. Exchange differences arising from the foreign currency deposits held by the hotel subsidiaries have been reported under the hotel segment. The improvement in profit is also due to the absence of a one-off restructuring charge of HK$13.5 million (approx. $3 million) incurred in 2002 by a subsidiary.

15. A breakdown of sales.

		<-----The Group-----> 2003 S$'000	2002 S$'000	Increase/ (decrease) %
(a)	Sales reported for first half year	1,062,977	1,109,239	(4.2)
(b)	Operating profit after tax before deducting minority interests reported for first half year	50,425	79,622	(36.7)
(c)	Sales reported for second half year	1,262,999	1,179,457	7.1
(d)	Operating profit after tax before deducting minority interests reported for second half year	132,988	120,037	10.8

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

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

	Latest Full Year (S$'000)	Previous Full Year (S$'000)
Ordinary	48,390	46,860
Preference	0	0
Total:	48,390	46,860

The first and final dividend for 2003 is subject to the approval of shareholders at the forthcoming Annual General Meeting.

17. Interested Person Transactions.

For the year ended 31 December 2003, the aggregate value of all interested person transactions conducted with Hong Leong Investment Holdings Pte. Ltd. group of companies under the shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000), amounted to $7,394,775.

BY ORDER OF THE BOARD

Shufen Loh @ Catherine Shufen Loh
Company Secretary
26/02/2004